[Translation]

January 19, 2024

To whom it may concern:

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**Notice Regarding Commencement of Tender Offer for GUPPY's Inc. Share Certificates, etc. (Securities Code: 5127)**

MEDLEY, Inc. (the "Offeror") hereby gives notice that, at the meeting of the board of directors held on this date, it resolved to acquire the share certificates, etc. of GUPPY's Inc. (Securities Code: 5127, listed on the Growth Market of Tokyo Stock Exchange, Inc. (the "TSE"); the "Target") through a tender offer (the "Tender Offer") pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948; as amended; the "FIEA") as follows.

Particulars

1. Purpose, etc. of Tender Offer, etc.

(1) Overview of the Tender Offer

At the meeting of its board of directors held on this date, the Offeror has resolved to conduct the Tender Offer as part of a transaction (the "Transaction") in order to make the Target the Offeror's wholly owned subsidiary by acquiring all of the common shares of the Target (the "Target Shares") listed on the Growth Market of the TSE (including the Target Shares delivered by exercising the Share Options (defined in the following section (ii) Share Options in (2) Class of Share Certificates, etc. under 2. Outline of the Purchase, etc.; the same hereinafter), but excluding the treasury shares held by the Target) and all the Share Options. Please note that the Offeror does not currently hold any of the Target Shares or the Share Options. In addition, the Share Options have been issued to the Target's officers and employees, etc. as stock options, the exercise thereof is conditioned upon the share option holders also serving in their positions when they exercise the Share Options, and because the Offeror would not be able to exercise the Share Options if the Offeror acquires the Share Options through the Tender Offer, the price for the purchase, etc. of the Share Options in the Tender Offer (the "Share Option Purchase Price") is one yen per Share Option, and therefore the holders of the Share Options (the "Share Option Holders") are not expected to tender the Share Options in the Tender Offer rather than the Target Shares delivered by exercising the Share Options.

In the Tender Offer, as of this date, the Offeror has executed a tender-offer non-tender agreement with (i) Yoshimitsu Hida, the representative director of the Target who is a major shareholder and the largest shareholder of the Target (as of November 30, 2023) (number of shares held: 1,876,000; ownership ratio (Note 1): 48.69%; hereinafter "Mr. Hida") and (ii) Guppy Co., Ltd., the asset management company in which Mr. Hida and his family hold all of the issued shares and the second largest shareholder of the Target (as of November 30, 2023) (number of shares held: 300,000; ownership ratio: 7.79%; hereinafter "Guppy"; and Mr. Hida and Guppy are collectively referred to as the "Planned Non-Tendering Shareholders") (hereinafter the tender-offer non-tender agreement executed with Mr. Hida is referred to as the "Non-Tender Agreement (Hida)," the tender-offer non-tender agreement executed with Guppy is referred to as the "Non-Tender Agreement (Guppy), and the Non-Tender Agreement (Hida) and the Non-Tender Agreement (Guppy) are collectively referred to as the "Non-Tender Agreements") and has reached an agreement that (a) all of the 2,176,000 Target Shares held by the Planned Non-Tendering Shareholders (ownership ratio: 56.47%; hereinafter the "Shares Not Planned to be Tendered") will not be tendered in the Tender Offer, (b) if the Offeror is unable to acquire all the Target Shares (including the Target Shares delivered by exercising the Share Options, but excluding the Shares Not Planned to be Tendered and treasury shares held by the Target) and all of the Share Options through the Tender Offer, after the conclusion of the Tender Offer, it is planned that the Offeror and the Planned Non-Tendering Shareholders will become the sole shareholders of the Target, and the necessary procedures will be carried out to implement a series of procedures (the "Squeeze-Out Procedures") to delist the Target, and (c) after the completion of the Squeeze-Out Procedures and after the Target receives approval from the Prime Minister for an application to suspend the obligation to file an Annual Securities Report (the "Annual Securities Report Submission Exemption Approval") pursuant to the proviso of Article 24(1) of the FIEA, the Planned Non-Tendering Shareholders shall execute a share purchase agreement with the Offeror and transfer all of the Target Shares held by the Planned Non-Tendering Shareholders in accordance with such share purchase agreement (the "Share Transfer") (Note 2). For an overview of the Non-Tender Agreements, please see "(i) The Non-Tender Agreements" in "(6) Matters with Respect to Material Agreements in Connection with the Tender Offer" below. The Offeror has also executed a management agreement (the "Management Agreement") with Mr. Hida as of this date. For an overview of the Management Agreement, please see "(ii) The Management Agreement" in "(6) Matters with Respect to Material Agreements in Connection with the Tender Offer" below.

(Note 1) The "ownership ratio" is the ratio to the total number of issued shares as of November 30, 2023 stated in the first quarter report for the 24th fiscal year submitted by the Target as of January 15, 2024 (3,685,300 shares) plus the number of underlying Target Shares of the outstanding share options as of this date that can be exercised (according to the Target, the 276 Series 5 Share Options (defined in the following section (ii) Share Options in (2) Class of Share Certificates, etc. under 2. Outline of the Purchase, etc.; the same hereinafter) and 60 Series 6 Share Options issued pursuant to the resolution at the shareholders meeting of the Target held on November 27, 2020 and the resolution at the meeting of the board of directors of the Target held on November 27, 2020 (the "Series 6 Share Options")) (168,000 shares) (3,853,300 shares) minus the number of treasury shares held by the Target as of November 30, 2023 stated in the "Financial Results for the First Quarter of the Fiscal Year Ending August 31, 2024 (Japanese standards) (Non-Consolidated)" announced by the Target as of January 12, 2024 (26 shares)(3,853,274; hereinafter the "Base Number of Shares") (rounded to the second decimal place; hereinafter the same when calculating the ownership ratio). Furthermore, according to the Target, as of this date there are 251 Series 5 Share Options outstanding. In addition, as all the Series 6 Share Options have been exercised and none remain, the Tender Offeror will not purchase, etc. any of the Series 6 Share Options in the Tender Offer.

(Note 2) In the Non-Tender Agreements, it is agreed that the transfer price of the Target Shares to be acquired by the Offeror from the Planned Non-Tendering Shareholders through the Share Transfer (the "Total Price of the Share Transfer") shall be the amount calculated by multiplying the number of Shares Not Planned to be Tendered (2,176,000 shares (shareholding ratio: 56.47%)) by 2,931 yen and subtracting a fractional amount to be delivered to Planned Non-Tendering Shareholders in accordance with Article 235(1) of the Companies Act in connection with the consolidation of the Target Shares planned to be conducted pursuant to Article 180 of the Companies Act (Act No. 86 of 2005, as amended; the "Companies Act") (the "Share Consolidation") in the Squeeze-Out Procedures (the "Share Consolidation Fractional Amount") (if any)). Therefore, the transfer price per share of the Shares Not Planned to be Tendered before the Share Consolidation (the "Share Transfer Price") will be 2,931 yen, which is 319 yen lower than the purchase, etc. price per Target Share in the Tender Offer (the "Tender Offer Price") (3,250 yen).

The Offeror has set the minimum number of shares to be purchased in the Tender Offer at 392,800 shares (ownership ratio: 10.19%), and if the total number of shares, etc. tendered in the Tender Offer (the "Tendered Share Certificates, etc.") is less than the minimum number of shares to be purchased (392,800 shares), the Offeror will not purchase, etc. any of the Tendered Share Certificates, etc. Conversely, as discussed above, because the Offeror aims to make the Target a wholly owned subsidiary of the Offeror by acquiring all of the Target Shares (including the Target Shares delivered by exercising the Share Options, but excluding treasury shares held by the Target) and all of the Share Options, no maximum number of shares to be purchased has been set, and if the total number of Tendered Share Certificates, etc. is equal to or greater than the minimum number of shares to be purchased (392,800 shares), the Offeror will purchase, etc. all of the Tendered Share Certificates, etc. Please note that the minimum number of shares to be purchased (392,800 shares) is the number of shares (392,800 shares) calculated by subtracting the number of Shares Not Planned to be Tendered (2,176,000 shares) from the number of shares (2,568,800 shares) calculated by multiplying 38,532, which is the number of voting rights of the Base Number of Shares (3,853,274 shares), by 2/3 (25,688 voting rights), multiplying that by the number of shares comprising one share unit of the Target (100 shares). This is because the Offeror aims to make the Target a wholly owned subsidiary of the Offeror in the Transaction and Article 309(2) of the Companies Act stipulates that an extraordinary resolution of the general meeting of shareholders is required when implementing the share consolidation procedures discussed below in "(4) Reorganization, etc. Policy After the Tender Offer (Matters Concerning Two-Stage Acquisitions)," so to ensure that the Transaction is successful, this number has been set to satisfy such requirement by the Offeror and Planned Non-Tendering Shareholders holding at least 2/3 of the total number of voting rights of all shareholders of the Target after the Tender Offer. As explained above, as it is not anticipated that the Share Options will be tendered in the Tender Offer, if the Offeror acquires at least the minimum number of the Target Shares to be purchased through the Tender Offer, the Offeror and Planned Non-Tendering Shareholders will hold at least 2/3 of the voting rights of all shareholders of the Target after the Tender Offer.

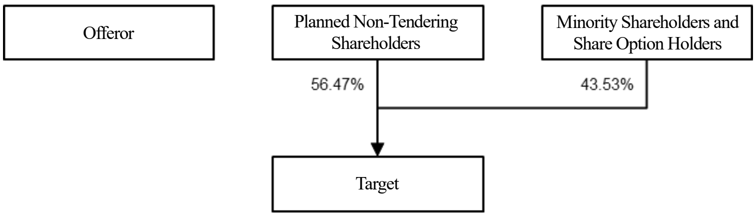
In addition, if the Offeror is unable to acquire all the Target Shares (including the Target Shares delivered by exercising the Share Options, but excluding the Shares Not Planned to be Tendered and treasury shares held by the Target) and all of the Share Options, after the formation of the Tender Offer, as discussed below in "(4) Reorganization, etc. Policy After the Tender Offer (Matters Concerning Two-Stage Acquisitions)," it is planned that the Offeror and Planned Non-Tendering Shareholders will become the sole shareholder of the Target, and the Squeeze-Out Procedures will be implemented to delist the Target.

The Offeror plans to finance the Transaction, including the Tender Offer, with cash on hand as well as a loan (hereinafter "Bank Loan") from Mizuho Bank Co., Ltd. (hereinafter "Mizuho Bank") and Sumitomo Mitsui Bank Co., Ltd. (hereinafter "Sumitomo Mitsui Bank). The Offeror expects to receive the Bank Loan a business day before the commencement date of the settlement of the Tender Offer on the condition that the completion of the Tender Offer, etc. Regarding the details of the Bank Loan conditions, it will be stipulated on the Bank Loan contract upon discussion with Mizuho Bank and Sumitomo Mitsui Bank.

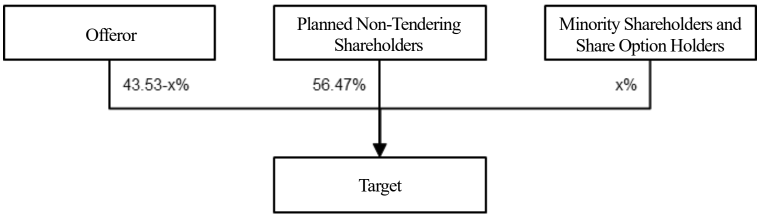
According to the Notice Regarding Opinion the Tender Offer by MEDLEY, Inc. for the Share Certificates, etc. of the Company (the "Target Press Release") announced as of this date, the Target adopted a resolution to announce an opinion approving the Tender Offer, as well as recommending that the Target's shareholders tender their shares in the Tender Offer and leaving the decision of whether to tender the Share Options up to the discretion of the Share Option Holders at the meeting of its board of directors held on this date. For the details of the decision-making process of the board of directors of the Target, please see the Target Press Release and "(v) Approval of All Non-Interested Directors of the Target and Opinion That They Had No Objection From All Non-Interested Company Auditors of the Target," in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price and measures to avoid a conflict of interest" below.

The following diagrams show an overview of the Transaction:

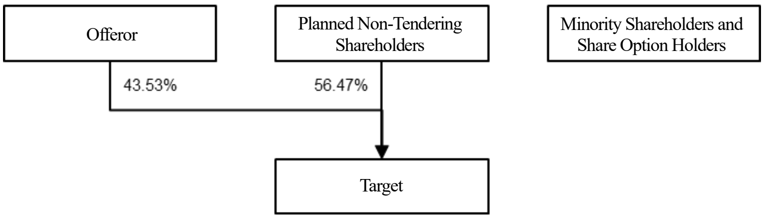
(i) Current state



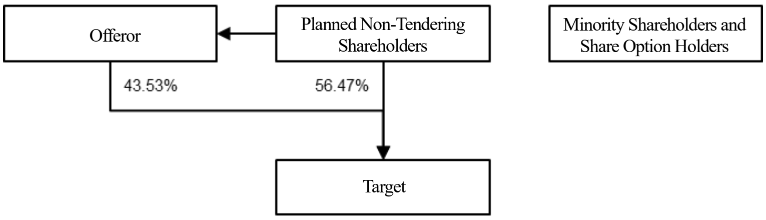

(ii) After conclusion of the Tender Offer



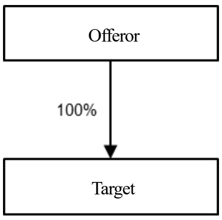

(iii) After implementation of the Squeeze-Out Procedures




(iv) When the Share Transfer is performed




(v) After the Share Transfer is performed




(2) Background to Decision to Implement the Tender Offer, Purpose and Decision-Making Process, and Post Tender Offer Management Policy

(i) Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer

The Offeror was established in June 2009 with the aim of developing and providing internet services specializing in the medical healthcare field with a philosophy to “resolve issues in the medical healthcare field.” The common shares of the Offeror were listed on the Mothers Market of the TSE in December 2019, and after being transferred to the Growth Market of the TSE when the market sections of the TSE were revised in April 2022, its listing market was changed to the Prime Market of the TSE in November 2022, where it continues to be listed to the present.

Currently, as of this date, the Offeror's group comprises the Offeror and six consolidated subsidiaries (collectively, the "Offeror Group"). With the mission of "creating the future of medical healthcare," the Offeror Group develops and provides all types of internet services in the medical healthcare field. Although medical treatment technology is evolving every day, many challenges, such as regulation and slow adoption of technology, still remain in order to achieve a state where everyone can access the benefits of improving medical treatment technology. Under these circumstances, the Offeror Group believes that resolving each issue using internet technology in collaboration with various stakeholders in the medical healthcare field, hence by providing issue resolution services to meet the needs of society, will result in a "satisfactory medical care" for both patients and healthcare professionals.

As of this date, the Offeror Group has rolled out JobMedley and JobMedley Academy as part of its human resources platform business to resolve shortages and uneven distribution of human resources in the medical healthcare field, as well as CLINICS, Pharms, MEDLEY, Dentis, and MALL as part of its medical platform business to realize improvements in business efficiency for medical institutions and improve medical access for patients, etc. The Offeror Group is also engaged in preparations for medium- to long-term growth in the development of new services, such as the nursing facility search website "Kaigo-no Honne." The following sets out the details of each business.

(Ⅰ) Human Resources Platform Business

Operation and provision of "JobMedley" a success-fee based human resources recruitment system for businesses in the medical healthcare field and "JobMedley Academy" an online training system.

(i) Human resources recruitment system, "JobMedley"

(a) Low pricing set for success-fee charged upon successful hiring

JobMedley utilizes a success-fee based business model where expenses are incurred when a candidate actually joins the business that is hiring. The usual business practice of human resource placement service providers – traditionally used to recruit human resources in the medical healthcare field – is to first interview candidates by telephone or in person, then introduce them to various businesses that are hiring, set up an interview with the business, and then adjust the hiring terms when a provisional offer is made. In contrast, JobMedley is designed in a way that candidates can view recruitment information online based on conditions narrowed down by the candidate himself or herself, directly apply to businesses of interest that are hiring, and facilitate communication to set up interviews; thereby allowing businesses that is hiring and candidates to complete the above mentioned services that human resource placement companies carried out all in JobMedley's website. As such, by cutting out labor related costs, a low-cost structure allowing hiring to be completed online can be achieved, which allows JobMedley to charge a low success fees.

(b) Registered workers are professionals from a wide range of occupations in the medical healthcare field

Of the approximately 10.2 million medical healthcare professionals in Japan, approximately 22% are doctors, nurses, and pharmacists. There is a long history of many companies engaged in human resource placement services entering this market for these occupations, and there are many competitors. On the other hand, few large companies had entered the market for occupations other than doctors, nurses, and pharmacists comprising the remaining 78% (medical administration, childcare, dental assistants/dental hygienists, care workers/helpers, nurse's aides, registered dieticians, etc.), and therefore, by handling a broad range of recruitment information including these occupations on JobMedley, the Offeror Group has successfully acquired many customer businesses looking to hire. As a result, JobMedley has been able to build a registered worker base with wide range of professionals in the medical healthcare field.

(c) Direct recruiting function

The Offeror Group believes that direct recruiting, a recruitment method whereby businesses themselves proactively "find ideal candidates, directly appeal to them, and hire them" is an effective recruiting method to secure personnel for small- and medium-sized businesses, which usually find it hard to recruit across the country. JobMedley is enhanced with a scout messaging feature to contact candidates that provides customer businesses with the means to hire the necessary personnel regardless of name recognition or location.

(ii) Online training system "JobMedley Academy"

In February 2021, the Offeror Group made MEDiPASS Co., Ltd. ("MEDiPASS"), which had developed multiple services for medical institutions and nursing businesses, a consolidated subsidiary. Since its release in 2018, JobMedley Academy developed by MEDiPASS (name changed from "MEDiPASS Academy Nursing" in May 2022) has provided a large volume of content for nursing businesses and is proud to have achieved high levels of adoption. In addition, in 2023, the Offeror Group leveraged JobMedley's existing customer base and started providing service for fields such as home-visiting dental care providers and home dispensing providers, creating synergies through horizontal expansion into fields other than nursing businesses.

(Ⅱ) Medical Platform Business

The Offeror Group's medical platform business focuses on creating platforms that are highly beneficial for both patients and medical institutions.

(i) Cloud-based telemedicine system "CLINICS"

Through the online telemedicine system "CLINICS telemedicine" , the cloud-based electronic medical record system "CLINICS EMR," and function expansion products such as "CLINICS reservation" and "CLINICS questionnaire," etc., CLINICS provides medical institutions a one-stop solution to manage everything from reservations, diagnosis and treatments, and payments to be managed in a single system and help improve the efficiency of medical care operations. In addition, CLINICS also helps improve the medical care experience of patients through the CLINICS telemedicine and medicine administration guidance mobile app for patients.

(ii) Cloud-based pharmacy support system "Pharms"

Pharms provides functions including online medicine administration guidance, online receipt of prescription, and cashless payments, that improves the efficiency of dispensing pharmacy operations and allows conversion into a patients' regular pharmacy. In response to online medicine administration guidance becoming possible throughout the country in the advent of the revision of the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (Act No. 145 of 1960, as amended), in September 2020 the Offeror Group began to operate and provide Pharms as a service for dispensing pharmacies. By adopting Pharms, dispensing pharmacies can accept reservations for online medicine administration guidance, provide medicine administration guidance online, and accept payments for filling prescriptions in a single system. In addition, by using the CLINICS mobile app, patients can have a streamlined end-to-end online medical experience from diagnosis and treatment through to medicine usage directions.

(iii) Cloud-based dental clinic support system "Dentis"

Dentis is a cloud-based operations support system for dentists that aims to provide a new patient experience and improve the efficiency of operations. Through its core systems (such as Receipt Computer (Note 1) and electronic medical records (EMR)), as well as by adopting the full package of support functions that improve the patient's medical experience (such as online reservation, online consultation, cashless payment, and recall function that promotes patients' regular visits), Dentis encourages patients to independently participate (patient engagement) and supports the shift from cure-oriented to care-oriented health care.

(Note 1) Receipt computer refers to a computer or specialized software used to prepare receipts (detailed statements of medical fees) used by medical institutions to claim medical fees from payment institutions such as health insurance associations.

(iv) Online medical encyclopedia dedicated for patients “MEDLEY”

MEDLEY is a media service aimed at helping improve patients’ and their families’ access to suitable medical information and improve the asymmetry of medical information between doctors by providing information regarding diseases, prescription medicines, medical institutions, etc. By improving patients’ and their families’ access to suitable medical information and the asymmetry of medical information between doctors, MEDLEY aims to support patients’ and their families’ ability to personally engage in their medical care. MEDLEY updates rapidly evolving medical information with the latest information using doctors affiliated to the Offeror Group and more than 800 cooperating outside doctors, and makes information on approximately 1,500 diseases, approximately 30,000 medicines, and approximately 160,000 medical institutions publicly available for free. By sharing the Offeror Group’s data, MEDLEY’s content is being used in many situations in the medical healthcare field. It has been included in EMR systems provided by other companies, in healthcare-related services operated by cell phone carriers, as well as used as supplementary material when doctors explain diseases to patients. MEDLEY also leverages knowledge obtained from existing businesses and newly developed algorithms to provide its “Symptom Checker” function that narrows down the disease likely to have been contracted after a patient enters his or her symptoms.

(v) EMR for hospitals “MALL”

In January 2021 the Offeror Group made Pacific System Co., Ltd. (name changed to Pacific Medical, Inc. in April 2021) that develops and provides an EMR system for small- and medium-sized hospitals, a consolidated subsidiary. The Offeror Group moved forward with the expansion of its market share of EMR for hospitals using its existing customer base, connectivity with telemedicine systems, and partnership with MINET - a system for group companies that promotes coordination between medical care, nursing care, and home care, and is engaged in initiatives to expand EMR for hospitals and enhance medical and nursing coordination.

(vi) Medical support

In the medical support business developed by MEDiPASS, which became a consolidated subsidiary of the Offeror Group in February 2021, the Offeror Group provides management and operational support, diagnosis and treatment support, medicine administration guidance, and sales support services to medical institutions that provide home-visiting dental and medical care to elderly care facilities. For elderly patients requiring nursing care, MEDiPASS also provides massage services that are covered by medical insurance.

(Ⅲ) New Services

The Offeror Group continuously develops new businesses aimed at medium- to long-term growth. “Kaigo-no Honne,” one of these newly developed services, is an online service posting nursing facility information. The service posts a wide range of information on its website, including basic information on nursing facilities (such as installations, photos, costs, and reviews); and also provides support for people and family members considering to enter a nursing facility such as inquiry over openings. One of the service’s strong points is that it contains a wealth of information regarding acceptance systems for taking on the medical care of patients with various disorders, which is considered important for patients discharged from medical institutions when they move into nursing facilities.

In addition, a US company was established in November 2022 where market research and test marketing is being carried out.

The factoring business developed by GCM Co., Ltd., which the Offeror Group made a consolidated subsidiary in September 2023, acquires claims (such as medical fee claims, nursing care benefit claims, etc.)

from customer medical institutions and nursing care facilities that are held against the Social Insurance Medical Fee Payment Fund or the federation of national health insurance organizations; thereby shortening the collection period which would normally take two months, and is a service that meets the needs of customers to rapidly convert claims into funds.

With respect to the market size of the human resources market in the medical healthcare field and the medical systems market which are the main business focuses of the Offeror Group, the Offeror estimates that the human resources market in the medical healthcare field is approximately 370 billion yen (Note 2) and the medical systems market is approximately 470 billion yen (Note 3). On the other hand, the Offeror is aware that, compared to the human resources market and systems market of general industry sectors, its customers are small and therefore sales per customer tends to be lower.

In order to capture a large number of customers in this kind of market environment, the Offeror Group is working to expand the number of registered customer businesses and professionals in the medical healthcare field on JobMedley – a low unit cost recruitment system – in its human resources platform business; and believes that going forward it is necessary to continue its cost leadership strategy (Note 4) and strengthen its customer base. Additionally, the Offeror Group has been growing its medical platform business by leveraging its industry-leading customer base of roughly 320,000 businesses acquired on JobMedley as of the end of September 2023. The Offeror Group is aware that on-premise type (Note 5) systems are common in the medical system market, and in order to make the operations of medical institutions more efficient and achieve a reduction in the burden on customers by promoting the use and application of medical information, it believes that the dissemination of cloud-based systems used by medical institutions is of great importance. Due to the shift to cloud-based medical systems thanks to factors such as deregulation, etc. in recent years, the Offeror Group expects the cloud-based medical system market to grow, and the Offeror Group's strategy is to provide suite of SaaS (Note 6) products for hospitals, clinics, dental clinics, and dispensing pharmacies, etc., in the form of first party and third party-linked systems. In addition, by also providing patient services such as MEDLEY – an online medical encyclopedia dedicated for patients – the Offeror Group aims to create a contact point for both customer businesses and patients in the medical healthcare field, promote the use and application of data regarding medical healthcare, as well as lower the various healthcare barriers faced by patients to "a future where patients can fully utilize healthcare services" and by extension "satisfactory healthcare."

(Note 2) Calculated by multiplying the number of people hired which is based on the average annual hiring rate for occupations that fall under the category of "medical care/welfare" and "lifestyle-related services" in FY2019 employment trend survey results (approximately 16% for the "medical care/welfare", approximately 25% for the "lifestyle-related services") for the population of professionals in the medical healthcare field by the average unit price of JobMedley placements for all occupation categories by the Offeror.

(Note 3) Source: The Current Status and Future Market Trends Related to Medical Cooperation and Medical Platforms in 2022 by Fuji Keizai Co., Ltd.

(Note 4) In a cost leadership strategy, the company that can keep the costs required for business activities comparatively lower than its competitors through economies of scale and technological advantages will be in the position to set prices, and it is a strategy that aims to secure returns even if market prices are lowered.

(Note 5) On-premise type means a form with the servers, telecommunications lines, and systems constructed within the company and operated by the company.

(Note 6) SaaS (Software as a Service) is a form where software being run on the service provider's side is provided to users over a network such as the internet.

On the other side, according to the Target's Press Release, the Target's representative director, Mr. Hida, commenced a medical human resources service. After Mr. Hida launched the medical recruitment website "GUPPY" (currently "GUPPY Kyujin") in May 2000, the Target was established in September 2000. The

Target Shares were also listed on the Growth Market of the TSE in September 2022, where they are still listed to this day.

The Target has as its mission to "make the world happy with good ideas," and has developed two businesses, a human resources service business specializing in the medical, nursing, and welfare industry and a healthcare business utilizing smartphones. The following sets out the specific details of each business.

(Ⅰ) Human Resource Service Business

Centered on operation of the recruitment website GUPPY specializing in the medical, nursing, and welfare industry, GUPPY comprises GUPPY Kyujin which provides recruitment information for mid-career hires and GUPPY Shinsotsu which provides employment information for new graduates. The Target is believed to have a track record and knowhow of operating recruitment websites specializing in the medical, nursing, and welfare industry for approximately 20 years.

(Ⅱ) Healthcare Business

The Target has developed and provides the health management mobile app "GUPPY Healthcare" that visualizes the users' health condition using a smartphone and provides functions useful for maintaining and improving their health. The app is provided to general users for free, but for companies, local governments, and health insurance associations, a paid version is provided with health points returned to users such as employees, local residents, and members, based on their health activities, and the app is used for employee welfare, local government services, and insurance business.

With respect to the operating environment of the Target, in the medical, nursing, and welfare industry human resources service market, due to the further ageing of society, etc. the ratio of jobs-to-applicants in August of FY 2023 was 2.31, with recruitment needs remaining at a high level. Additionally, the monthly year-on-year change from June 2023 to September 2023 by industry was +5,000 people in the manufacturing industry, -27,000 people in the telecommunications industry, -47,000 in the transportation and postal industry (Statistics Bureau of Japan "Labour Force Survey (Basic Tabulation)" released on October 31, 2023), with little growth; but under those circumstances, medical and welfare increased by 157,000 people, and employment in the medical, nursing, and welfare industry targeted by the Target continues to grow. The Target specializes in medical, nursing, and welfare, and differentiates itself from its competitors by providing various services in a niche field, including pay-per-click, pay-per-hire, posting for a set period, etc. Additionally, the government is focusing resources to the healthcare market due to (1) the increasing social security benefit payments, (2) the steep rise in annual medical costs per person when individuals reach over the age of 65, (3) approximately 30% of the approximately 32,420,500,000,000 yen in medical diagnosis and treatment costs in Japan in 2021 or 9,636,900,000,000 yen were for lifestyle diseases like hypertension and diabetes (Ministry of Health, Labour and Welfare: "Summary of Estimates of National Medical Care Expenditure, FY2021"), (4) the necessity for preventive measures targeting those that are yet to undergo a specified health checkup, and (5) the approximately 10 years difference between the average lifespan and the average healthy lifespan. The national strategy aims to "realize appropriate medical expenses and nursing care expenses" by simultaneously achieving the "extension of the nation's healthy life expectancy" and "development of new industries" and "realizing appropriate medical expenses and nursing care expenses," by promoting the improvement of lifestyle habits and encouraging people to seek out care, etc. through the use of preventive and health management services outside of public insurance. In addition, as companies also view initiatives to maintain and improve employee health as investments that improve future profitability, etc., is growing interest address health management from a corporate management perspective. The health management app provided by the Target contains content divided into 19 categories and differentiates itself from other companies by providing services suitable to various organizations, and not just individuals.

Under these circumstances, the Offeror has been searching for opportunities to further improve the value proposition in human resources services in the medical healthcare field by measures such as carrying out M&As with competitors, including the Target; and in early September 2023, Mr. Hida's financial advisor, SMBC Nikko Securities Inc. ("SMBC Nikko Securities"), made the initial approach for the sale of the Target Shares held by the Planned Non-Tendering Shareholders. In response to this, in order to deepen its understanding of the Target's business and operating environment, the Offeror interviewed Mr. Hida in late September 2023 and received an explanation of Mr. Hida's intentions. The Offeror also explained the details of the Offeror Group's business and proposed anticipated synergies, etc., and discussed the Target's management condition and business policies going forward, etc. Based on those discussions, the Offeror came to believe that it would be possible to achieve a further value proposition enhancements through the mutual sharing and utilization of both parties' business knowhow and assets as the Offeror and the Target have developed different business models while working to resolve the social issues faced by patients, professionals, and businesses, etc. in the same medical healthcare field,. Additionally, if the Target's listing is maintained, the Target will have to carry out business operations with a certain degree of independence from the Offeror, which from an information management standpoint, should result in limiting the mutual sharing of information between the Offeror and the Target, etc. Additionally, there are concerns that there would be certain restrictions on the mutual sharing and use of management resources and knowhow, as well as on agile decision making; so it is believed that it is desirable to make the Target a wholly owned subsidiary of the Offeror in order to maximize their mutual synergies.

Based on the above judgment, the Offeror submitted a letter of intent to Mr. Hida on September 29, 2023 as the initial proposal in the Transaction, with several options, which included making the Target a wholly owned subsidiary and also making the Target a consolidated subsidiary given Mr. Hida assumed that the Target would remain listed. Subsequently, on October 12, 2023, based on the letter of intent submitted by the Offeror, Mr. Hida determined that in order to further enhance corporate value it would be preferable for the Target to become a wholly owned subsidiary rather than a consolidated subsidiary on the assumption of maintaining its listing, and informed the Offeror he would move ahead with discussions aimed at implementing the Transaction on the assumption that the Target becomes a wholly owned subsidiary with the Offeror as the candidate. In response, on October 13, 2023, the Offeror submitted a letter of intent to the Target to the effect that it wished to make the Target a wholly owned subsidiary through a tender offer and subsequent series of procedures, and that it wanted to conduct due diligence on the Target in order to examine the Transaction in earnest. In late October 2023, the Target informed the Offeror that it agreed to undergo due diligence by the Offeror and that it would proceed with discussions aimed at implementing the Transaction. In response to this, on the assumption of the commencement of discussions regarding the Transaction with the Target, in late October 2023, the Offeror respectively appointed Mizuho Securities Co., Ltd. ("Mizuho Securities") as a third-party appraiser and financial advisor that is independent of the Offeror, the Target, and the Planned Non-Tendering Shareholders; and Anderson Mori & Tomotsune as a legal advisor that is independent of the Offeror, the Target, and the Planned Non-Tendering Shareholders. From late October 2023 to early December 2023 Mizuho Securities and Anderson Mori & Tomotsune conducted due diligence on the Target in relation to business, finance, tax, and legal matters, etc., while at the same time carrying out discussions and consideration of the significance and aims of the Transaction with the Target, and proceeded with further analysis and consideration of specific measures aimed at creating synergies between the Offeror Group and the Target, as well as business policies, etc. after the Transaction.

As a result of such consideration, in early December, 2023, the Offeror came to the conclusion that the following specific synergies could be expected from the Transaction.

(i) Business growth and improvements in operational efficiency of mid-career hire recruitment website by the Offeror and the Target

While the Offeror's JobMedley uses a pay-per-hire model the Target's mid-career hire recruitment website business, GUPPY, mainly uses a pay-per-click model. Both services have differing, unique characteristics and it is expected than an even greater variety of customers can be acquired by providing these two unique services and matching them to customer needs.

In addition, productivity enhancement through the sharing of knowhow regarding overall business activities, such as marketing measures and sales activities, and standardization of operations, and cost reductions through the common utilization of vendors can be expected. Using the savings from cost reductions would also allow for business growth through investment in additional measures.

(ii) Enhancement of expansion and initiatives for the new graduates recruitment service

From the perspective of businesses looking to hire, the Target's new graduates recruitment service is already used by many customers in the dental field, but there is opportunity for growth in other occupations. By leveraging JobMedley's customer contact points and sales operations, further growth of its new graduates recruiting service can be expected.

From the perspective of candidates, there is a strong awareness that the Target has a variety of contact points such as a dedicated website for new graduates, a recruitment information magazine, and a national examination strategy mobile app. It is also understood that many of the registered new graduate candidates acquired from these contact points tend to continue to use the Target's services when looking to make mid-career employment changes. By informing candidates that JobMedley can also be used, here as well an increase in the total volume of job matchings using the Offeror's service and the Target's service can be expected in the medium- to long-term. In addition, this increase in job matching volume will allow for additional investments to continuously grow the business of these services.

(iii) Making corporate functions more sophisticated

In order to realize continuous sales growth and organizational growth, the Offeror is strengthening personnel systems and strengthening functions in corporate divisions such as IT, HR, legal, and finance. Increased sophistication in the Target's corporate functions can be expected in the short term through sharing the Offeror's experience and expertise. In the medium- to long-term, an even stronger corporate structure can be constructed by integrating personnel from the corporate divisions of the Offeror and the Target, fluid sharing of information, and standardizing operations.

Following that, on the assumption that the Target would become a wholly owned subsidiary under the acquisition of all of the Target Shares and Share Options, including those held by Planned Non-Tendering Shareholders, through the Tender Offer and the subsequent Squeeze-Out Procedures (the "Original Scheme"), the Offeror comprehensively considered matters including the results of an evaluation of the transaction terms based on an initial valuation analysis of the Target Shares by Mizuho Securities based on the progress status of due diligence, the Target's financial condition, fluctuations in the share price of the Target Shares, and the business plan from the fiscal year ending August 31, 2024 to the fiscal year ending August 31, 2026 submitted by the Target ("Business Plan"), as well as whether the Target's board of directors would approve the Tender Offer and the prospects of shares being tendered in the Tender Offer; and thereafter, on December 6, 2023 proposed to Mr. Hida the Tender Offer Price of 2,800 yen (a price with a premium of 4.36% (rounded to the second decimal place; hereinafter the same when calculating the premium) compared to the closing price of 2,683 yen for the Target Shares on the Growth Market of the TSE on December 5, 2023, the business day before the date of the proposal, a premium of 5.86% compared to the simple average closing price of 2,645 yen (rounded to the nearest yen; hereinafter the same when calculating the simple average closing price) for the one-month period preceding that date, a 9.93% premium compared to the simple average closing price of 2,547 yen for the three-month period preceding that date, and a 4.99% premium compared the simple average closing price of 2,667 yen for the six-month period preceding that date), presented the draft tender agreements, and requested Mr. Hida and Guppy to execute the tender agreements. In addition, being of the opinion that having Mr. Hida involved in management of the Target for a certain period even after the completion of the Transaction would serve to enhance the corporate value of the Target, the Offeror determined that it was necessary for Mr. Hida to enter into the Management Agreement regarding Mr. Hida's involvement in management at the Target, and on that date, the Offeror presented a draft Management Agreement to Mr. Hida and requested that he execute it. In response to this, on December 8, 2023, the Offeror received from Mr. Hida a request to consider increasing the Tender Offer Price because the proposed price was very low compared to the premium level in precedented transactions involving other companies. In response to Mr. Hida's request, after considering the results of an evaluation of the transaction terms based on an initial valuation analysis of the Target Shares by Mizuho Securities that was based on the Business Plan, as well as whether the Target's board of directors would approve the Tender Offer and the prospects of shares being tendered in the Tender Offer, on December 12, 2023 the Offeror reproposed to Mr. Hida a Tender Offer Price of 2,800 yen (a price with a premium of 12.00% compared to the closing price of 2,500 yen for the Target Shares on the Growth Market of the TSE on December 11, 2023, the business day before the date of the proposal, a premium of 5.58% compared to the simple average closing price of 2,652 yen for the one-month period preceding that date, a 9.67% premium compared to the simple average closing price of 2,553 yen for the three-month period preceding that date, and a 5.62% premium compared the simple average closing price of 2,651 yen for the six-month period preceding that date) on the assumption that the Target would become a wholly owned subsidiary under the Original Scheme. In response to this, on December 14, 2023, the Offeror received from Mr. Hida a request to consider increasing the Tender Offer Price because the proposed price was very low compared to the premium level in precedented transactions involving other companies.

In addition, while holding discussions with Mr. Hida, on December 13, 2023, the Offeror proposed to the Target a Tender Offer Price of 2,800 yen (a price with a premium of 11.69% compared to the closing price of 2,507 yen for the Target Shares on the Growth Market of the TSE on December 12, 2023, the business day before the date of the proposal, a premium of 5.86% compared to the simple average closing price of 2,645 yen for the one-month period preceding that date, a 9.59% premium compared to the simple average closing price of 2,555 yen for the three-month period preceding that date, and a 5.90% premium compared the simple average closing price of 2,644 yen for the six-month period preceding that date) on the assumption that the Target would become a wholly owned subsidiary under the Original Scheme. On the other hand, although the Offeror also considered the Share Option Purchase Price, because the Share Options were issued to the officers and employees, etc. of the Target as stock options and the exercise thereof is conditioned upon the share option holders also serving in their positions when they exercise the Share Options, the Offeror would not be able to exercise the Share Options if the Offeror acquired the Share Options through the Tender Offer, so the Offeror proposed a Share Option Purchase Price of 1 yen per Share Option. In response to this, on December 14, 2023, the Offeror received from the Target an opinion to the effect that, as a result of repeated careful examination by the meeting of the Target's special committee held on that date that considering the results of preliminary calculations of the purchase price by the third-party appraiser, the movements in the market share price of the Target Shares, and case studies of the premium provided in similar cases, from the perspective of protecting the interests of the Target's minority shareholders, the proposed price was not acceptable, and the Target requested that the Offeror therefore reconsider the Tender Offer Price. In response to the request from the Target, the Offeror carefully reconsidered the Tender Offer Price and on December 26, 2023 submitted a second proposal with a Tender Offer Price of 2,950 yen (a price with a premium of 11.19% compared to the closing price of 2,653 yen for the Target Shares on the Growth Market of the TSE on December 25, 2023, the business day before the date of the proposal; a premium of 13.55% compared to the simple average closing price of 2,598 yen for the one-month period preceding that date; a 15.05% premium compared to the simple average closing price of 2,564 yen for the three-month period preceding that date; and a 14.08% premium compared the simple average closing price of 2,586 yen for the six-month period preceding that date) on the assumption that the Target would become a wholly owned subsidiary under the Original Scheme. In response to this, on December 27, 2023, the Offeror received from the Target an opinion to the effect that, as a result of repeated careful examination by the meeting of the Target's special committee held on that date that considering the results of preliminary calculations of the purchase price by the third-party appraiser, the movements in the share market price of the Target Shares, and case studies of the premium provided in similar cases, from the perspective of protecting the interests of the Target's minority shareholders, the proposed price was still not acceptable; and the Target requested that the Offeror therefore reconsider the Tender Offer Price. In response to the request from the Target, the Offeror carefully reconsidered the Tender Offer Price and on January 4, 2024 submitted a third proposal with a Tender Offer Price of 3,040 yen (a price with a premium of 14.76% compared to the closing price of 2,649 yen for the Target Shares on the Growth Market of the TSE on December 29, 2023, the business day before the date of the proposal; a premium of 16.83% compared to the simple average closing price of 2,602 yen for the one-month period preceding that date; a 18.10% premium compared to the simple average closing price of 2,574 yen for the three-month period preceding that date; and a 18.47% premium compared the simple average closing price of 2,566 yen for the six-month period preceding that date) on the assumption that the Target would become a wholly owned subsidiary under the Original Scheme. In response to this, on January 5, 2024, the Offeror received from the Target an opinion to the effect that, as a result of repeated careful examination by the meeting of the Target's special committee held on that date that considering the results of preliminary calculations of the purchase price by the third-party appraiser, the movements in the share market price of the Target Shares, and case studies of the premium provided in similar cases, from the perspective of protecting the interests of the Target's minority shareholders, the proposed price was still not acceptable; and the Target requested that the Offeror therefore reconsider the Tender Offer Price. In response to the request from the Target, the Offeror carefully reconsidered the Tender Offer Price and on January 9, 2024 submitted a fourth proposal with a Tender Offer Price of 3,070 yen (a price with a premium of 19.69% compared to the closing price of 2,565 yen for the Target Shares on the Growth Market of the TSE on January 5, 2024, the business day before the date of the proposal; a premium of 18.99% compared to the simple average closing price of 2,580 yen for the one-month period preceding that date; a 18.72% premium compared to the simple average closing price of 2,586 yen for the three-month period preceding that date; and a 20.34% premium compared the simple average closing price of 2,551 yen for the six-month period preceding that date) on the assumption that the Target would become a wholly owned subsidiary under the Original Scheme. In response to this, on January 10, 2024, the Offeror received a request from the Special Committee for direct discussions and held discussions with the Special Committee regarding this fourth proposal, and during the discussion, the Offeror received an opinion to the effect that, as a result of repeated careful examination by the meeting of the Target's special committee held on that date that considering the results of preliminary calculations of the purchase price by the third-party appraiser, the movements in the share market price of the Target Shares, and case studies of the premium provided in similar cases, from the perspective of protecting the interests of the Target's minority shareholders, the proposed price for the fourth time was still not acceptable; and on the same day the Target requested that the Offeror therefore reconsider the Tender Offer Price. In response to the request from the Target, the Offeror carefully reconsidered the Tender Offer Price and on January 11, 2024 submitted a fifth proposal with a Tender Offer Price of 3,100 yen (a price with a premium of 23.26% compared to the closing price of 2,515 yen for the Target Shares on the Growth Market of the TSE on January 10, 2024, the business day before the date of the proposal; a premium of 20.72% compared to the simple average closing price of 2,568 yen for the one-month period preceding that date; a 19.74% premium compared to the simple average closing price of 2,589 yen for the three-month period preceding that date; and a 21.86% premium compared the simple average closing price of 2,544 yen for the six-month period preceding that date) on the assumption that the Target would become a wholly owned subsidiary under the Original Scheme. In response to this, on January 11, 2024, the Offeror received a response from the Target and the Special Committee that the proposed Tender Offer Price of 3,100 yen was not at a level at which they could recommend that shares be tendered, and a request to propose the Tender Offer Price and Share Transfer Price under the assumption of a scheme for the Offeror making the Target into a wholly-owned subsidiary (the "Scheme") where the Offeror will acquire all of the Target Shares and Share Options held by shareholders of the Target other than the Planned Non-Tendering Shareholders through the Tender Offer and the subsequent Share Consolidation, and the Target Shares held by the Planned Non-Tendering Shareholders will be delisted through the Tender Offer and the Share Consolidation, and after receipt of the Annual Securities Report Submission Exemption Approval, acquired by the Offeror through the method of an off-market acquisition. In response to this request from the Target, the Offeror, Mr. Hida, the Target, and the Special Committee held discussions and negotiations on January 11, 2024, and as a result, the Offeror, Mr. Hida, the Target and the Special Committee confirmed the course of action of making the Tender Offer Price 3,250 yen and Share Transfer Price 2,931 yen under the assumption of the Scheme.

In addition, on January 11, 2024, the Offeror and Mr. Hida confirmed that, under the assumption of the Scheme, the Share Transfer Price would be 2,931 yen, and today the Offeror and Mr. Hida reached an agreement on the Non-Tender Agreements, including that , taking into account the possibility arising that the Share Consolidation Fractional Amount and that the Share Consolidation Fractional Amount will be delivered to Planned Non-Tendering Shareholders, the Share Transfer Price will be the amount calculated by multiplying the number of Shares Not Planned to be Tendered (2,176,000 shares (ownership ratio: 56.47%)) by 2,931 yen and subtracting the Share Consolidation Fractional Amount (if any)..

Based on the above examinations, discussions, and negotiations, at the meeting of its board of directors held on this date, the Offeror resolved to implement the Tender Offer with a Tender Offer Price of 3,250 yen, to implement the Share Transfer with a Share Transfer Price of 2,931 yen, to execute the Non-Tender Agreements with the Planned Non-Tendering Shareholders, and to execute the Management Agreement with Mr. Hida, as part of the Transaction, with the aim of making the Target a wholly owned subsidiary. On the other hand, although the Offeror also considered the Share Option Purchase Price, because the Share Options were issued to the officers and employees, etc. of the Target as stock options and the exercise thereof is conditioned upon the share option holders also serving in their positions when they exercise the Share Options, the Offeror would not be able to exercise the Share Options if the Offeror acquired the Share Options through the Tender Offer, so the Offeror resolved a Share Option Purchase Price of 1 yen per Share Option. For an overview of the Non-Tender Agreements, please refer to " (i) The Non-Tender Agreements" in "(6) Matters with Respect to Material Agreements in Connection with the Tender Offer," and for an overview of the Management Agreement please refer to "(ii) The Management Agreement" in "(6) Matters with Respect to Material Agreements in Connection with the Tender Offer" below.

(ii) Decision-making process and reasons leading to the Target approving the Tender Offer

According to the Target Press Release, in early September 2023, Mr. Hida determined that working together with a competitor would help to further enhance the Target's corporate value and came to believe that it in order to create synergies having a competitor hold some of the target's shares was unavoidable. In order to examine selling the Target Shares that he holds, he retained SMBC Nikko Securities as a financial advisor and approached multiple candidates with which synergies with the Target could be expected, including the Offeror. Subsequently, meetings were held with candidates that had shown interest, the content of the businesses of the candidates was explained and proposals were received regarding anticipated synergies and management policy after acquisition of the Target Shares, and discussions were held with respect to the management condition of the Target and business policies going forward, etc. Following these discussions, the Target received letters of intent that did not state a specific Tender Offer Price from multiple companies, including the Offeror, regarding the acquisition of the Target Shares. Then, the Target determined that by joining the Offeror Group which has developed a human resources service business in the same medical, nursing, and welfare industry as the Target would create significant synergies, such as cost reductions in the mid-career hire recruitment website by sharing business infrastructure and the development and sales promotion of shared products through consulting sales and partnership between the Target's new graduate recruitment service "GUPPY Shinsotsu" and the Offeror's "JobMedley" and would serve to enhance the Target's corporate value; hence on October 12, 2023, chose the Offeror as the final candidate.

Meanwhile, in early October 2023, Mr. Hida contacted the Target, saying that he was close to deciding the final candidate for the sale of the Target Shares, and he wanted the Target to put in place the necessary internal systems, including the handling of due diligence by the final candidate. In early October 2023, prior to choosing the final candidate, the Target proceeded to consult the examination system and appointed YAMADA Consulting Group Co., Ltd. ("YAMADA Consulting") in late October 2023 as a financial advisor and third-party appraiser independent of the Target, Mr. Hida and the Offeror in order to ensure the fairness of the various terms in the Transaction, including the Tender Offer Price, as described below in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price and measures to avoid a conflict of interest" below, and requested the third-party appraiser YAMADA Consulting to submit a share valuation report regarding the Target Shares (the "Share Valuation Report (YAMADA Consulting)") . With respect to the Share Options, given that they have been issued to the Target's officers and employees, etc. as stock options, the exercise thereof is conditioned upon the share option holders also serving in their positions when they exercise the Share Options, and because the Offeror would not be able to exercise the Share Options if the Offeror acquires the Share Options through the Tender Offer, the Share Option Purchase Price was set at one yen per Share Option, and therefore the Share Option Holders are not expected to tender the Share Options in the Tender Offer rather than the Target Shares delivered by exercising the Share Options; thus the Target has not obtained a valuation report, etc. for the Share Options from a third-party appraiser. In addition, in late October 2023 Mori Hamada & Matsumoto was appointed as a legal advisor independent of the Target and the Offeror.

Then, on October 12, 2023, the Target was informed by Mr. Hida that the Offeror proposed several options to Mr. Hida, which included making the Target a consolidated listed subsidiary, rather than making it a wholly owned subsidiary under the assumption of delisting the Target Shares, given Mr. Hida assumed that the Target would remain listed. That said, Mr. Hida determined that to further enhance corporate value it would be preferable to make the Target a wholly owned subsidiary rather than a consolidated listed subsidiary; thus the Offeror was chosen as the final candidate and that discussions would progress for the execution of the Transaction assuming that the Offeror will make the Target a wholly owned subsidiary. On October 13, 2023, the Target was provided an initial letter of intent from the Offeror regarding the acquisition of the Target Shares, setting forth an outline of the Offeror, the structure of acquisition of the Target Shares, the background and purpose of acquisition of the Target Shares, the shareholding policy after acquisition of the Target Shares, the policy regarding the treatment of the Target's officers and employees after the acquisition of the Target Shares, and an outline of the schedule. In this letter of intent, the Original Scheme was indicated as the scheme for making the Target a wholly-owned subsidiary.

Based on the fact that the Transaction contemplates the sale of shares by Mr. Hida, the major shareholder of the Target, and the risk of a structural conflict of interest with the Target or the Target's minority shareholders (general shareholders), the Target received legal advice from its legal advisor, Mori Hamada & Matsumoto from the perspective of ensuring the fairness of the overall process of examining and determining whether to undertake the Transaction and the appropriateness of its terms, and in response promptly passed a resolution at its meeting of the board of directors held on October 26, 2023 to establish a special committee (the "Special Committee"; please see "(iv) Establishment of an Independent Special Committee at the Target and Obtainment of a Report from the Special Committee" in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price and measures to avoid a conflict of interest" below with respect to the structure and specific details of activities of the Special Committee) to carry out examination and negotiation, etc. with respect to the Transaction from a position independent of the Offeror and Mr. Hida. As set forth in "(vi) Construction of the Independent Examination System at the Target in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price and measures to avoid a conflict of interest" below, the Target constructed a system within the Target to examine, negotiate, and judge the Transaction (including the scope and duties of officers and employees of the Target who would be involved in examining, negotiating, and judging the Transaction (including duties that require a high degree of independence, such as preparing the Business Plan that would be the basis for assessing the share value of the Target) from a position that is independent of Mr. Hida and the Offeror, and received the approval of the Special Committee regarding the fact that there are no independence issues with such examination structure.

Under such structure, after receiving the initial letter of intent from the Offeror, while receiving advice from its legal advisor Mori Hamada & Matsumoto and its financial advisor YAMADA Consulting, the Target carried out careful examination with respect to the pros and cons of the Transaction and the appropriateness of the transaction terms and conditions. Additionally, based on the details of the Offeror's proposal regarding the Transaction, the Special Committee received from the Target, explanations of the details of its business, operating environment, management issues, and the management measures currently contemplated with regard thereto, the details and presumptions of the Business Plan, the system in place for examining the Transaction at the Target, as well as the background, history, and synergies, etc. of the Transaction, and carried out examination and discussion of those points. In the course of examination and discussion, in relation to the Business Plan presented to the Offeror that forms the basis of calculation of the share value of the Target Shares by YAMADA Consulting, the Special Committee confirmed that the Business Plan had been prepared under the direction of persons independent of Mr. Hida and the Offeror, confirmed the rationality of the contents, material assumptions, and background to preparation, etc. of the Business Plan, and then approved it. By means such as interviewing the Offeror, the Special Committee also examined matters including the Target's operating environment, management issues, the Transaction's background, history, necessity of delisting, purpose, and synergies, the management policies after the Transaction, the scheme of the Transaction, and the terms in the Transaction. In addition, matters regarding the Transaction's background, history, synergies, and Mr. Hida's involvement at the Target after the completion of the Transaction, were examined through the exchange of written communication with Mr. Hida.

Then, based on the negotiation policy confirmed by the Special Committee in advance and opinions, directions, and requests, etc. in the negotiation stage, the Target continuously carried out discussions and negotiations with the Offeror regarding the terms of the Transaction, including the Tender Offer Price, through the Target's financial advisor, YAMADA Consulting, and the Special Committee carried out direct negotiations with the Offeror and Mr. Hida as necessary.

Specifically, although the Target received a proposal from the Offeror on December 13, 2023, on the assumption that the Target would become a wholly owned subsidiary under the Original Scheme, to make the Tender Offer Price 2,800 yen per share and the Share Option Purchase Price one yen per share, taking into account the results of calculations by the Target's third-party appraiser YAMADA Consulting estimating the purchase price, the trends in the market price of the Target Shares, and other similar cases (case studies of the premium provided in cases of successful third-party tender offers under the assumption of delisting (59 cases) between June 28, 2019 and December 6, 2023, when the Ministry of Economy, Trade and Industry published its "Fair M&A Guidelines" (median is 32.41% immediately before the date of announcement, 35.34% for the preceding month, 38.85% for preceding three months, and 44.37% for the preceding six months), the Special Committee believed that the proposed price was insufficient from the perspective of protecting the interests of the Target's minority shareholders, and the Target requested that the Offeror reconsider the Tender Offer Price. Subsequently, on December 26, 2023, the Target received from the Offeror a proposal for a Tender Offer Price of 2,950 yen and a Share Option Purchase Price of one yen on the assumption that the Target would become a wholly owned subsidiary under the Original Scheme; but on December 27, 2023, taking into account the results of calculations by the Target's third-party appraiser YAMADA Consulting estimating the purchase price, the trends in the market price of the Target Shares, and the case studies of premiums in other similar cases, the Special Committee still believed that the proposed price was insufficient from the perspective of protecting the interests of the Target's minority shareholders, and the Target requested that the Offeror to reconsider the Tender Offer Price. In response to this, on January 4, 2024 the Target received a proposal from the Offeror to make the Tender Offer Price 3,040 yen and the Share Option Purchase Price one yen on the assumption that the Target would be made a wholly owned subsidiary under the Original Scheme; but on January 5, 2024, taking into account the results of calculations by the Target's third-party appraiser YAMADA Consulting estimating the purchase price, the trends in the market price of the Target Shares, and the case studies of premiums in other similar cases, the Special Committee still believed that the proposed price was insufficient from the perspective of protecting the interests of the Target's minority shareholders, and the Target requested that the Offeror to reconsider the Tender Offer Price. Then, on January 9, 2024, the Target received a proposal from the Offeror to make the Tender Offer Price 3,070 yen and the Share Option Purchase Price one yen on the assumption that the Target would be made a wholly owned subsidiary under the Original Scheme. In response, the Special Committee discussed the proposal directly with the Offeror, but after taking into account the results of calculations by the Target's third-party appraiser YAMADA Consulting estimating the purchase price, the trends in the market price of the Target Shares, and the case studies of premiums in other similar cases, the Special Committee still believed that the proposed price was insufficient from the perspective of protecting the interests of the Target's minority shareholders, and on January 10, 2024, the Target requested that the Offeror reconsider the Tender Offer Price.

Subsequently, on January 11, 2024, the Target received a proposal from the Offeror to make the Tender Offer Price 3,100 yen and the Share Option Purchase Price one yen on the assumption that the Target would be made a wholly owned subsidiary under the Original Scheme. On the same day, the Target and the Special Committee informed the Offeror that the proposed Tender Offer Price of 3,100 yen was not at a level at which they could recommend that shares be tendered and requested the Offeror to propose a Tender Offer Price and Share Transfer Price that, under the assumption of the Scheme, the transaction terms of the Tender Offer be as favorable as possible to the minority shareholders. In response, discussions and negotiations were held between the Offeror, Mr. Hida, the Target, and the Special Committee on the same day. As a result, a policy to make the Tender Offer Price 3,250 yen and the Share Transfer Price 2,931 yen under the assumption of the Scheme was confirmed. During the discussions, the Special Committee carefully considered the results of calculations by the Target's third-party appraiser YAMADA Consulting estimating the purchase price, the trends in the market price of the Target Shares, and the case studies of premiums in other similar cases, and agreed to the Tender Offer Price of 3,250 yen.

Subsequently, on January 11, 2024, the Offeror and Mr. Hida confirmed the course of action of making the Share Transfer Price 2,931 yen under the assumption of the Scheme, and today, reached a final agreement on the Non-Tender Agreement, including the Share Transfer Price of 2,931 yen. On the other hand, the Target obtained the Share Valuation Report (YAMADA Consulting) dated January 18, 2024 from YAMADA Consulting, and received a report from the Special Committee (the "Report") dated as of the same date. On the other hand, the Share Options have been issued to the Target's officers and employees, etc. as stock options, the exercise thereof is conditioned upon the share option holders also serving in their positions when they exercise the Share Options, and because the Offeror would not be able to exercise the Share Options if the Offeror acquires the Share Options through the Tender Offer, the Share Option Purchase Price was set at one yen per Share Option, and therefore the Share Option Holders are not expected to tender the Share Options in the Tender Offer rather than the Target Shares delivered by exercising the Share Options, so the Target has not obtained a valuation report, etc. for the Share Options from a third-party appraiser. For an overview of the Share Valuation Report (YAMADA Consulting), please see "(ii) Acquisition by the Target of a Share Valuation Report From an Independent Third-Party Appraiser" in (3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price and measures to avoid a conflict of interest" below. For an overview of the Report, please see "(iv) Establishment of an Independent Special Committee at the Target and Obtainment of a Report from the Special Committee in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price and measures to avoid a conflict of interest" below.

Subsequently, based on the legal advice received from Mori Hamada & Matsumoto regarding the decision-making process regarding the Transaction including the Tender Offer, the decision-making method, and other points requiring caution in decision-making regarding the Transaction including the Tender Offer as well as advice received from a financial perspective from YAMADA Consulting and the content of the Share Valuation Report (YAMADA Consulting), the Target's board of directors conducted careful discussion and examination from perspectives including whether the Transaction can enhance the corporate value of the Target and whether the terms of the Transaction, including the Tender Offer Price, are appropriate, while respecting the content of the Report obtained from the Special Committee to the maximum extent.

As a result, the Target believes, from the following perspectives, that the Transaction serves to enhance the corporate value of the Target.

a. The Target is aware that it has a large market share in the dental industry, but as a growth strategy, it aims to expand its recruitment advertising service business to other occupations beyond dentists, while with respect to dental clinics clients, it aims to become a platformer which offers a total set of services, more than a recruitment service. The Target and the Offeror have a background of having developed their businesses in similar business fields, and it is believed that by leveraging the knowhow and organizational base that the Offeror has acquired while growing its business the Target will be able to accelerate its growth in a way that would not be possible by itself. The Target believes that customer convenience can also be improved by the Target and the Offeror mutually referring customers for sales and increasing the speed of service improvement by reflecting the functions of their respective products in function development as well and implementing technical cooperation.

b. In terms of the external environment surrounding the Target, the number of dental clinics, which are its main customers, has hardly changed from the 68,613 in 2018, and no major growth is expected in the future either. While the Target's strength the acquisition of dental clinic customers in the greater Tokyo area, the Offeror is believed to be proficient at acquiring dental clinic customers in regional areas. In order to capture an even larger share of the dental clinic market, the Target is considering to invest in acquiring dental clinic customers in provincial areas and it is currently undertaking its own initiative to do so, but discovering the needs of dental clinics in provincial areas and the sales methods to implement have not been established, and there remains uncertainty as to whether the Target can capture market share in provincial areas. Given the aforementioned issues, it is believed that if a partnership with the Offeror was achieved with respect to acquiring customers in provincial areas, a Japan-wide share of dental clinics could be acquired, enabling the Target to get closer to the form it aims to realize, which is, "if it's dentists you want, then it's GUPPY's you need".

c. With regard to growing the Target's services, the awareness is that it is essential to secure high quality personnel talent and expand its system development scheme. Thus, the Target is currently making efforts in recruiting, but it is believed that partnering with the Offeror would enhance capacity to take on high quality personnel and the development of existing personnel, allow sharing, etc. of development systems, and allow the rate of business growth to increase. Regarding the recruitment of personnel, the Target has the benefit of being a listed company, and although it is believed that delisting through the Transaction would deprive it of that benefit, the disadvantages are limited. Conversely, acceleration in the rate of business growth is regarded as potentially having a positive impact on the recruitment of personnel. In addition, although M&As, etc. are contemplated when expanding services, because the Target has not been proactively implementing M&As thus far, it is believed that discontinuous growth is possible through the utilization of personnel with knowhow regarding M&As and the subsequent integration process and, with respect to experience as well, utilization of the Offeror's knowledge and personnel to guide the way to successful M&As.

d. In terms of downsides if the Transaction is implemented, in the short term the motivation of employees could fall and the number of employees quitting could increase, etc. But it is believed that this downside could be avoided in the long term through the possibility of improved treatment in conjunction with accelerated business growth and securing career advancement opportunities through personnel exchanges between the Offeror and the Target. Normally, if shares are delisted the company loses the capability to equity finance in financial markets and it is believed that it is possible that delisting could have an impact on the Target's ability to acquire social credibility and maintain its name recognition bestowed by being a listed company. But considering the current financial condition of the Target, it does not necessarily need to raise funds from the market, so it would continue to be a group company of a listed company; and it is believed that the group would be able to raise funds from the market, so the disadvantage on the fund raising front is regarded as not being that big. The Target's financial position as of November 30, 2023 is cash and deposits: 2,223 million yen; interest bearing liabilities: 98 million yen; total assets 2,828 million yen; and net assets 2,178 million yen. With respect to credibility with customers and business partners, because the Target would continue to be a group company of a listed company and delisting would not immediately result in the loss of all the credibility and name recognition that it built up through its business operations so far, it is believed that maintenance and enhancement can be expected in conjunction with business growth, even after delisting.

Therefore, as of this date, the Target's board of directors determined that delisting of the Target Shares through the Transaction, including the Tender Offer, will serve to enhance the Target's corporate value.

Regarding the Tender Offer Price, based on the facts that (i) of the share value calculation results for the Target Shares from YAMADA Consulting stated in "(ii) Acquisition by the Target of a Share Valuation Report From an Independent Third-Party Appraiser" in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price and measures to avoid a conflict of interest" below, the Tender Offer Price is above the upper range of the result using the market share price analysis, above the upper range of the of the result using the comparable company analysis, and within the range of the result of calculations using the discounted cash flow analysis ("DCF analysis"), (ii) the Tender Offer Price of 3,250 yen implies a premium of 86.03% on the closing price of the Target Shares of 1,747 yen on the Growth Market of the TSE on January 18, 2024, the business day before the announcement, a premium of 33.63% on the simple average closing price of 2,432 yen for the preceding month (from December 19, 2023 to January 18, 2024), a premium of 28.26% on the simple average closing price of 2,534 yen for the preceding three months (from October 19, 2023 to January 18, 2024), and a premium of 29.12% on the simple average closing price of 2,517 yen for the preceding six months (from July 19, 2023 to January 18, 2024), (iii) it is a price determined based on repeated careful negotiations between the Target and the Offeror, subject to measures to ensure the fairness of the Tender Offer stated in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price and measures to avoid a conflict of interest" below, specifically, that after going through a scheme change that was advantageous to minority shareholders, the Tender Offer Price was raised 450 yen per share (16.1% (rounded to the first decimal place)) from the initially presented price (2,800 yen per share) as a results of honest and continuous discussions/negotiations between the Target and the Offeror that were based on the Special Committee's opinions, directions, and requests, etc. regarding negotiation policy and stages, as well as the results and content of the share price calculation of the Target Shares by YAMADA Consulting and legal advice regarding the Transaction's decision-making process and method and other points to note by Mori Hamada & Matsumoto, (iv) the Report of the Special Committee independent of the Target determined that the appropriateness of the transaction terms of the Transaction, including the Tender Offer Price, have been ensured, as stated in "(iv) Establishment of an Independent Special Committee at the Target and Obtainment of a Report from the Special Committee" of "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price and measures to avoid a conflict of interest" below, and (v) measures to ensure the fairness of the Tender Offer stated in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price and measures to avoid a conflict of interest" below have been taken and it is recognized that the interests of minority shareholders have been taken into account, the Target's board of directors today determined with respect to the transaction that the Transaction, including the Tender Offer, is expected to enhance the Target's corporate value, that the Tender Offer Price and other terms of the Tender Offer are appropriate for the Target's shareholders, and that the Tender Offer provides a reasonable opportunity for the Target's shareholders to sell shares.

The Target Shares were listed on the Growth Market of the TSE in September 2022, and the Target has reached the judgment to approve the Transaction involving delisting approximately one year and four months after being listed. With respect to this, as discussed above, although the Target believes that through the Transaction, the Target can implement measures that will serve to enhance the Target's corporate value regarding the accelerating growth of business fields and accelerating the speed of service improvement, customer base growth, securing and developing high quality personnel, and the expansion of system development schemes, etc., because this becomes possible by delisting the Target Shares and becoming a member of the Offeror Group, despite the length of time that the Target Shares were listed, it is specifically due to this proposal by the Offeror regarding the Transaction that the Target determined that it would serve to enhance the Target's corporate value and the Target came to approve implementation of the Transaction. In addition, because of the expectation that the Transaction would enhance the corporate value of the Target in this way and because the Tender Offer Price and the other terms of the Tender Offer are appropriate for the Target's shareholders as stated above, the Target came to determine that the Tender Offer is a reasonable opportunity for the Target's shareholders to sell their shares, irrespective of the length of time that the Target Shares were listed.

Therefore, the Target passed a resolution of the board of directors at its meeting held on this date that both represent its opinion in support of the Tender Offer, and recommends that the Target's shareholders tender in the Tender Offer. In addition, with respect to the Share Options, as the Share Option Purchase Price has been set at 1 yen, the Target is leaving the decision on whether to tender the Share Options in the Tender Offer up to the Share Option Holders.

For the details of the decision-making process of the board of directors of the Target, please see the "(v) Approval of All Non-Interested Directors of the Target and Opinion That They Had No Objection From All Non-Interested Company Auditors of the Target" in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure fairness of the Tender Offer Price and measures to avoid a conflict of interest" below.

(iii) Management Policy After Completion of the Tender Offer

In regard to the management policy after the completion of the Tender Offer, the Offeror plans to realize the synergies set forth in "(i) Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer" above, and to work to enhance the management system and business promotion system, including through the exchange of human resources between the Offeror and the Target and externally-employed human resources, from the perspective of conducting management to further enhance the corporate value of the Offeror and the Target. In addition, as set forth in "(ii) The Management Agreement" in "(6) Matters with Respect to Material Agreements in Connection with the Tender Offer" below, the Offeror has agreed to execute a Management Agreement with Mr. Hida and to have him execute duties as the director and chairperson of the Target, conditional upon his appointment or election at the shareholders meeting and board of directors of the Target. The Offeror also plans to dispatch multiple directors nominated by the Offeror to the Target, but the specific number of directors, the timing, and the candidates, etc. are undecided as of this date, and the policy will be to decide that in consultation with the Target. Consideration is being given to the construction of a management system that is optimal for measures to contribute to the enhancement of the corporate value of the Offeror and the Target, the demonstration of synergy effects, and the acceleration of business growth while maintaining the status and employment conditions of the Target's employees after the Transaction.

(3) Measures to Ensure the Fairness of the Tender Offer, such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid a Conflict of Interest

As of this date, the Target is not a subsidiary of the Offeror, and the Tender Offer does not constitute a tender offer by a controlling shareholder. In addition, all or part of the management team of the Target does not plan to directly or indirectly invest in the Offeror, and the Transaction, including the Tender Offer, does not constitute a so-called management buyout (MBO) transaction. However, in consideration of the fact that it is possible that the interests of the Planned Non-Tendering Shareholders and shareholders of the Target other than the Planned Non-Tendering Shareholders will not align because the Offeror is executing the Non-Tender Agreement (Hida) with Mr. Hida, who is the controlling shareholder and representative director of the Target (number of shares held: 1,876,000 shares; ownership ratio: 48.69%), and the Tender Offer is being implemented in connection with the purpose of making the Target the wholly owned subsidiary of the Offeror, the Offeror and the Target are taking the following measures to ensure the fairness and transparency of the Transaction by ensuring the fairness of the Tender Offer Price and excluding the risk of arbitrariness and conflict of interest in the process of the decision-making leading to the decision to implement the Tender Offer.

In addition, because the Offeror is executing the Non-Tender Agreements with the Planned Non-Tendering Shareholders regarding the 2,176,000 Shares Not Planned to be Tendered (ownership ratio: 56.47%) in the Tender Offer, the conclusion of the Tender Offer would become uncertain if the Offeror set the minimum number of shares to be purchased at the so-called majority of the minority ("MoM"), in which the minimum is the tendering of a majority of the shares owned by the minority shareholders, or in other words the shareholders who do not share material interests with the Offeror, and it may not contribute to the interests of minority shareholders who wish to tender in the Tender Offer, therefore the Offeror has not set the minimum number of shares to be purchased in the Tender Offer at the MoM. However, the Offeror believes that sufficient consideration has been given to the interests of the minority shareholders of the Target because we have taken the following measures as the Offeror and the Target to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest.

Furthermore, the statements set forth below that concern measures implemented at the Target are based on the Target Press Release and explanations received from the Target.

(i) Obtainment of a Share Valuation Report From an Independent Third-Party Appraiser by the Offeror

(I) Target Shares

When determining the Tender Offer Price, the Offeror requested that Mizuho Securities, a financial advisor, calculate the share value of the Target Shares as a third-party appraiser independent of the Offeror, the Target, and the Planned Non-Tendering Shareholders. Mizuho Securities is not a related party of the Offeror, the Target, or the Planned Non-Tendering Shareholders. Note, Mizuho Bank, which is a group company of Mizuho Securities, plans to finance the funds, etc. required by the Offeror for the Transaction, including the Tender Offer to the Offeror. However, according to Mizuho Securities, it has constructed and implemented a system to appropriately manage conflicts of interest, for example by explaining a conflict of interest situation and acquiring consent, with respect to the Offeror if the possibility of a conflict of interest arises in accordance with Article 36(2) of the FIEA, Article 70-4 of the Cabinet Office Order on Financial Instruments Business (Cabinet Office Order No. 52 of 2007; as amended; the "Financial Instruments Business, etc. Order"), and other applicable laws and regulations, and it has calculated the share value of the Target Shares in a position independent of Mizuho Bank's status as a lender. Even after Mizuho Bank decided to finance the funds, etc. required by the Offeror for the Transaction, including the Tender Offer to the Offeror, the Offeror judged that a system to appropriately manage conflicts of interest during the calculation of the share value of the Target Shares had been constructed and implemented, and decided to continue to employ Mizuho Securities as the Offeror's financial advisor and third-party appraiser. In addition, because the Offeror has judged and decided on the Tender Offer Price after comprehensively considering the factors set forth in "(i) Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer" in "(2) Background to Decision to Implement the Tender Offer, Purpose and Decision-Making Process, and Post Tender Offer Management Policy" above and through discussions and negotiations with the Target and the Planned Non-Tendering Shareholders, the Offeror has not acquired a written opinion on the fairness of the Tender Offer Price (a fairness opinion) from Mizuho Securities.

Please see "(i) Basis for Calculation" and "(ii) Background of Calculation" in "(5) Basis for Valuation of Tender Offer Price, etc." under "2. Outline of the Purchase, etc." below regarding the outline of the share valuation report concerning the share value of the Target Shares acquired by the Offeror from Mizuho Securities (the "Share Valuation Report (Mizuho Securities)").

(II) Share Options

Because the Share Options were issued to the officers and employees, etc. of the Target as stock options and the exercise thereof is conditioned upon the share option holders also serving in their positions when they exercise the Share Options, the Offeror would not be able to exercise the Share Options if the Offeror acquired the Share Options through the Tender Offer, so the Offeror has decided that Share Option Purchase Price will be one yen per Share Option. Furthermore, the Offeror did not acquire a valuation report, etc. from a third-party appraiser when it decided the Share Option Purchase Price.

(ii) Acquisition by the Target of a Share Valuation Report From an Independent Third-Party Appraiser

According to the Target Press Release, the Target requested a valuation of the price of the Target Shares from YAMADA Consulting, a financial advisor and third-party appraiser that is independent of the Target, Mr. Hida, and the Offeror, and acquired the Share Valuation Report (YAMADA Consulting) on January 18, 2024 when expressing its opinion on the Tender Offer in order to ensure fairness in the course of the decision-making on the Tender Offer Price presented by the Offeror.

In addition, YAMADA Consulting does not constitute a related party of the Target, Mr. Hida, or the Offeror, and it does not have any material interest concerning the Tender Offer that should be stated. The Target did not acquire an opinion on the fairness of the Tender Offer Price (fairness opinion) from YAMADA Consulting.

Note that the fee for YAMADA Consulting includes a success fee payable on condition of the completion of the Transaction, etc.

The Target has appointed YAMADA Consulting as its financial advisor and third-party appraiser using the aforementioned fee structure having determined that, if general practices for similar transactions and also the appropriateness of a fee structure that would generate a considerable financial burden on the Target in the event that the Transaction does not close, etc. are considered, it is not as though independence can be ruled out by the inclusion of a success fee payable on condition of closing of the Tender Offer. In addition, the Special Committee has confirmed that there are no issues with the independence of YAMADA Consulting.

After considering the calculation methods to employ for valuing the Target Shares among various calculation methods, on the assumption that the Target is a going concern, based on its belief that it is appropriate to appraise the value of the Target Shares from multiple angles, YAMADA Consulting analyzed the share value per share of the Target by using the market share price analysis due to the existence of a market price of the Target Shares, the comparable company analysis as there are several listed companies that are comparable to the Target Company, and that it is possible to analogize the share value of the Target by comparing comparable companies, and the DCF analysis in order to reflect the Target's financial results and forecasts in the assessment, and the Target acquired the Share Valuation Report (YAMADA Consulting) from YAMADA Consulting on January 18, 2024.

The ranges of the share value per each of the Target Shares calculated based on the above methods are as follows.

| | |
|---|---|
| Market share price analysis | : 1,747 yen to 2,534 yen |
| Comparable company analysis | : 2,435 yen to 2,685 yen |
| DCF analysis | : 3,110 yen to 4,359 yen |

Under the market share price analysis, using January 18, 2024 as the calculation reference date, the range of the share value per share of the Target Shares is calculated as 1,747 yen to 2,534 yen based on the 1,747 yen closing price of the Target Shares on the Growth Market of the TSE on the reference date, their 2,432 yen simple average closing price over the past one-month period until that date, their 2,534 yen simple average closing price over the past three-month period until that date, and their 2,517 yen simple average closing price over the past six-month period until that date.

Under the comparable company analysis, the per share value of the Target Shares was calculated as ranging from 2,435 yen to 2,685 yen by comparing financial indicators such as market value and profitability, etc. of the Target and listed companies engaged in similar businesses as the Target.

Under the DCF analysis, the per share value of the Target Shares was analyzed as ranging from 3,110 yen to 4,359 yen, taking into account various factors, including the earnings and investment plans set out in the business plans for three business periods (from the fiscal year ending August 2024 to the fiscal year ending August 2026) based on the Business Plan prepared by Target, and after analyzing the corporate value and share value of the Target by discounting the free cash flow that the Target is expected to generate from the second quarter of the fiscal year ending August 2024 to the present value at a certain discount rate (weighted average cost of capital).

The Business Plan prepared by the Target that YAMADA Consulting used in its calculation by the DCF analysis included fiscal years in which significant year-on-year increases or decreases are forecasted. Specifically, in the fiscal year ending in August 2024 and the fiscal year ending in August 2025, it forecasts that there will be development of new customers and an expansion in active candidates in provincial cities in regard to the mid-career human resources service business, and an increased number of users due to enhanced app function development and a revised sales policy in the healthcare business, thereby increasing operating profit at those businesses by 34.8% year-over-year to 880 million yen and by 33.1% to 1,171 million yen, respectively. In addition, the Business Plan forecasts that there will be a significant increase or decrease in free cash flow. Specifically, in the fiscal year ending in August 2026, it forecasts that there will be an increase in sales in the mid-career human resources service business in conjunction with an increase in the number of paid clicks due to the development of new customers in provincial cities, and that there will furthermore be a decrease in capital expenditure in the fiscal year ending in August 2026 following the completion of development investment in renewal of the recruitment website in the fiscal year ending in August 2025, thereby increasing free cash flow by 35.8% year-over-year to 1,134 million yen. In addition, the effect of the synergies expected to be realized through the execution of the Transaction is not taken into account in the financial projections because it was difficult to specifically estimate that as of January 18, 2024.

(iii) Advice From an Independent Law Firm to the Target

According to the Target Press Release, the Target appointed Mori Hamada & Matsumoto as its legal advisor to ensure the fairness and appropriateness of the decision-making of the Target's board of directors, and it received legal advice concerning points to note for the method and process of the decision-making of the Target's board of directors with respect to the Tender Offer and the series of procedures thereafter and on other decision-making. Furthermore, Mori Hamada & Matsumoto is independent of the Target, Mr. Hida, and the Offeror, and it does not have a material interest in the Target and the Offeror. The fee for Mori Hamada & Matsumoto does not include a success fee payable on condition of the completion of the Transaction, etc.

(iv) Establishment of an Independent Special Committee at the Target and Obtainment of a Report from the Special Committee

(i) Background of Establishment, etc.

According to the Target Press Release, from the perspective of ensuring the fairness of the overall process in which the pros and cons of the Transaction and the appropriateness of its transaction terms and conditions were examined and judged, at the meeting of its board of directors held on October 26, 2023, in regard to the outside directors and outside company auditors that would be candidates for members of the special committee, the Target established the Special Committee made up of the following three members, after confirming that they do not have an interest in the Offeror, Mr. Hida, and the Target and do not have a material interest that differs from minority shareholders in regard to the results of the Transaction, and are also competent to be members: Hiroshi Abe, who is an independent outside director of the Target with abundant knowledge and experience in finance and accounting as a certified public accountant, and who also has abundant experience and broad insight in management as the representative member of a tax accountancy corporation; Hajime Masuda, who is an independent outside company auditor of the Target with abundant knowledge and experience in finance and accounting as a certified public accountant; and Tatsuya Nakagawa, who is an independent outside company auditor of the Target with abundant knowledge and experience in corporate law and compliance as an attorney. (The members of the Special Committee have not changed since its initial establishment.) Hiroshi Abe was also appointed as the chairperson of the Special Committee by an internal vote. Furthermore, with regard to the remuneration for members of the Special Committee, a remuneration structure was adopted in which an amount that is calculated in accordance with the number of meetings of the Special Committee would be paid, regardless of the results of the Transaction.

When it decided to establish the Special Committee, the board of directors of the Target inquired with the Special Committee regarding (i) examining whether the board of directors of the Target should approve the Tender Offer and whether it should recommend that the shareholders of the Target tender in the Tender Offer, and then making a recommendation to the board of directors of the Target, (ii) considering whether a decision on the Transaction at the board of directors of the Target would be disadvantageous to the minority shareholders of the Target, and expressing their opinion to the board of directors of the Target, and, when conducting the examination set forth in (i), (a) examining and judging the pros and cons of the Transaction from the perspective of enhancing the corporate value of the Target, and (b) examining and judging the appropriateness of the transaction terms and conditions and the fairness of procedures from the perspective of working for the interests of the minority shareholders of the Target (collectively, the "Inquiry Matters"), and entrusted it with the submission of a recommendation to the Target regarding the Inquiry Matters. Furthermore, at the aforementioned meeting of the board of directors, the Target decided to respect the details of the judgment by the Special Committee to the greatest extent, including whether to approve or disapprove the Tender Offer, and that the board of directors would not approve the implementation of the Transaction (including not approving the Tender Offer) if the Special Committee judged that the implementation of the Transaction or its transaction terms and conditions were inappropriate, and decided to grant the Special Committee the authority (i) to negotiate with the Offeror regarding the transaction terms and conditions, etc. (including indirect negotiations through officers, employees, or advisors, etc. of the Target), (ii) to appoint its own financial or legal, etc. advisors or to nominate or approve the Target's financial or legal, etc. advisors (including approval after the fact), (iii) to request that persons deemed necessary by the Special Committee attend meetings of the Special Committee, and to request explanations regarding necessary information, (iv) to receive information necessary for examination and judgment of the Transaction from officers and employees of the Target, including information pertaining to the assumptions for the content and preparation of the Business Plan, and (v) for other matters recognized by the Special Committee as necessary during the examination and judgment of the Transaction.

(ii) Background of Examination

The Special Committee discussed and examined the Inquiry Matters during a total of 12 meetings they held from November 1, 2023 until January 18, 2024 over a total of approximately 18 hours, and also by reporting, sharing information, deliberating, and making decisions, etc. through e-mail between those meetings.

Specifically, after first confirming that there are no issues with its independence, expertise, or results and based on the authority held by the Special Committee set forth above, the Special Committee decided to appoint Shin Saiwai Law Office as a legal advisor independent of the Target, Mr. Hida, and the Offeror on November 1, 2023. In addition, on the same date, the Special Committee confirmed that there were no issues with the independence and expertise of Mori Hamada & Matsumoto as the legal advisor and YAMADA Consulting as the financial advisor that were appointed by the Target, and approved them respectively as advisors of the Target. Additionally, the Special Committee has confirmed that they could obtain expert advice from YAMADA Consulting as the financial advisor of the Target as necessary, and that they would not independently appoint a financial advisor as the Special Committee.

Then, based on an explanation from Mori Hamada & Matsumoto, the legal advisor of the Target, and the legal advice of Shin Saiwai Law Office, the legal advisor of the Special Committee, regarding the process and method of decision-making concerning the Transaction and other points to note, etc. during decision-making concerning the Transaction, the Special Committee has conducted an examination of measures to take in order to ensure the fairness of procedures in the Transaction.

The Special Committee has received explanations from the Target regarding the business details, management environment, management issues and the management policies currently anticipated in response thereto, the details and preconditions of the Business Plan, the system in place for examining the Transaction at the Target, and the background, history, and synergies, etc. of the Transaction, and has examined and discussed those points. As part of that, in regard to the Business Plan to be presented to the Offeror and that is based on YAMADA Consulting's calculation of the share value of the Target Shares, the Special Committee has approved the Business Plan after confirming that it was being prepared under the leadership of people independent of Mr. Hida and the Offeror, and confirming the rationality of the content, material preconditions, and preparation history, etc. of the Business Plan. Then, as set forth in "(ii) Acquisition by the Target of a Share Valuation Report From an Independent Third-Party Appraiser" above, YAMADA Consulting conducted the calculation of the share value of the Target Shares based on that Business Plan. Then the Special Committee has received an explanation from YAMADA Consulting on the details of the share value calculation, an analysis of premiums in similar cases, and the status of the negotiations of the Tender Offer Price, etc., and has conducted a question and answer session regarding that content and the material assumptions, etc. of that calculation.

In addition, as set forth in "(ii) Decision-Making Process and Reasons Leading to Approval of the Tender Offer of the Target" in "(2) Background to Decision to Implement the Tender Offer, Purpose and Decision-Making Process, and Post Tender Offer Management Policy" above, since the Target received the proposal for a Tender Offer Price of 2,800 yen per share and a Share Option Purchase Price of one yen from the Offeror on December 13, 2023, based on the share value calculation results for the Target Shares and financial advice including the negotiation policy with the Offeror, etc. from the third-party appraiser YAMADA Consulting, the explanation from Mori Hamada & Matsumoto, the legal advisor of the Target, on measures to take in order to ensure the fairness of procedures in the Transaction, the legal advice, etc. of Shin Saiwai Law Office, the legal advisor of the Special Committee, through fair procedures that excluded the influence of the Offeror and Mr.

Hida, as a result of repeated careful examination of the Tender Offer Price, the Special Committee negotiated with the Offeror multiple times through YAMADA Consulting and held repeated discussions and negotiations with the Offeror, and the Special Committee held negotiations directly with the Offeror and Mr. Hida as necessary

Furthermore, the Special Committee has received an explanation from Mori Hamada & Matsumoto, the legal advisor of the Target, regarding each draft press release and position statement pertaining to the Tender Offer that the Target plans to announce or submit, and regarding the content of the draft tender offer statement pertaining to the Tender Offer that the Offeror plans to submit, and has confirmed that a substantial information disclosure is planned.

(iii) Details of Judgment

As a result of repeated careful discussion and examination of the Inquiry Matters based on the foregoing background, the Special Committee submitted the Report on the Inquiry Matters with generally the following content to the Target's board of directors on January 18, 2024.

(a) Report content

(A) A resolution should be made in which the Board of Directors of the Target expresses its opinion approving the Tender Offer and recommends that the shareholders of the Target tender their shares in the Tender Offer, and with respect to Share Option Holders, leaves the decision of whether to tender their share options in the Tender Offer up to the discretion of the Share Option Holders.

(B) Since the details considered in Inquiry Matter (A) above will be factors to be considered, and since it is not believed that there are problems with respect to Inquiry Matter (A) above, the decision on the Transaction (the resolution to express an opinion approving of the Tender Offer, recommending that the shareholders of the Target tender their shares in the Tender Offer, and with respect to Share Option Holders, leave the decision of whether to tender their share options in the Tender Offer up to the discretion of the Share Option Holders) is not considered to be disadvantageous to the minority shareholders of the Target.

(b) Report grounds

(A) From the following points and in light of the Target's business environment, the Target's management strategy, and the synergies, etc. that are expected to be created through the closing of the Transaction, etc., the Target's judgment that making the Target a wholly-owned subsidiary of the Offeror through the Transaction would contribute to the improvement of the corporate value of the Target is found to be reasonable.

• The Target plans to further expand the scale of its human resource service business beyond its current services for recruitment and attracting patients to dental clinics, and it has decided to aims to be a platform that will become a host for all operations other than diagnosis and treatment (attracting patients, appointment management, education, operations to support greater efficiency of operations, etc.). In addition, while its healthcare business currently accounts for less than 10% of its total sales and is loss making, and the Target aims to turn it profitable in the fiscal year ending August 2025 and position it as its second core business.

• On the assumption of a business environment in which it is not expected that the number of dental clinics will expand significantly in the future, the Special Committee has also decided, for the following reasons, that the Transaction can be assessed as increasing the likelihood of realizing the Target's management strategy of targeting the conversion of the management model of its business for dental clinics and turning a profit in its healthcare business, in the awareness that making the Target a wholly-owned subsidiary by the Offeror, which has grown its business in a similar business area to the Target, would have the merits of (i) accelerated growth that could not be achieved by the Target alone by utilizing the Offeror's knowhow and organizational base, (ii) improved convenience for customers by mutually referring customers for sales and increasing the speed of service improvement, (iii) acquiring dental clinic customers in provincial areas, (iv) improved business growth speed from enhanced capacity to take on high-quality personnel and the development of existing personnel, and sharing, etc. of development systems, and (v) the realization of discontinuous growth through successful M&As that utilizes the Offeror's knowledge and personnel.

- Given the Offeror and the Target have adopted different pricing models regarding their respective human resource services for mid-career recruiting and the Offeror's explanation that it is possible for them to coexist as services to meet diverse customer needs, it is believed that it will be possible for them to respectively expand the scale of their sales by mutually referring customers in accordance with customer needs and increasing opportunities to sell to customers who previously could not be approached.
- It is believed that the speed of the execution of such measures will be accelerated by utilizing resources such as the Offeror's provincial sales bases and sales personnel, as well as its sales knowhow.
- It is believed that, after utilizing the superior marketing knowhow accumulated by the Offeror and by operating services with both companies united as one, including their marketing activities, utilized vendors, etc., it will be possible to improve efficiency and reduce costs, and possible to increase the convenience of the Target's services by, for example, investing in further function development, etc. based on those reduced costs.
- While it is thought that it will be essential for the Target, which in the medium term is aiming for a platform that will become a host for all dental clinic operations other than diagnosis and treatment, to develop and operate a system that can provide those services as a one-stop destination in the near future, the Transaction will enable a partnership with "Dentis," the comprehensive cloud-based dental clinic support system operated by the Offeror.
- With regard to healthcare services, as it is believed there is a certain affinity between "GUPPY Healthcare," which is operated by the Target, and "CLINICS," the online telemedicine and medicine administration guidance mobile app for patients that is operated by the Offeror, in the sense that their users are concerned with maintaining their health, in addition to linking their user IDs and partnership with a consumer mobile app the Offeror plans to operate in the future that has affinity with "GUPPY Healthcare," it is believed that it is possible to improve user convenience by, for example, sharing the Offeror's knowhow that it has built up by operating multiple consumer mobile apps. In addition, it can be expected that utilizing the Offeror's customer base will possibly contribute to the Target's intended customer target shift to companies with a large number of employees.

• The Special Committee does not have any particular objections regarding the demerits of delisting as there would not be a major demerit in terms of fundraising because the Target would continue to be the group company of a listed company, and it is thought that its credibility and name recognition would not be immediately harmed by delisting. In addition, with regard to demerits such as a decrease in employee motivation or an increase in the turnover rate that could arise in the short term, the Special Committee does not believe that a decrease in employee motivation or an increase in the turnover rate will be realized to an extent that they would have an adverse impact on the business because the Target will continue to be a group company of the Offeror, which is a listed company that is required to grow continuously, the Offeror has human resources policies that are believed to contribute to maximizing opportunities for active involvement by employees and is expected to appropriately operate those policies, and it has received an explanation by the Offeror that it expects no short-term changes in employment or labor conditions, as well as there is a possibility that an incentive plan will be implemented for officers and employees of its group companies. Other than the fact that, for example, the Offeror anticipates that it will maintain the Target's services and service names, as well as its basic business organization structure; at the present time, the Offeror sees no other notable demerits that are specifically expected from the Transaction.

• When the above points are comprehensively considered, it is believed that the merits of making the Target a wholly-owned subsidiary outweigh the demerits. It is thought that the Target's judgment in regard to making the Target a wholly-owned subsidiary of the Offeror through the Transaction will contribute to improving the corporate value of the Target, is reasonable.

(B) From the following points, it is found that the appropriateness of the transaction terms and conditions from the perspective of working for the interests of the minority shareholders of the Target has been ensured.

• YAMADA Consulting has calculated the range of the share value per share of the Target Shares using the market share price analysis, the DCF analysis, and the comparable company analysis. It carried out the market share price analysis calculation because the Target is listed on the Growth Market of the TSE and has a market share price, it carried out the DCF analysis calculation in order to reflect the condition of the future business activities of the Target in the calculation under the assumption that the Target is a going concern, and it further carried out the comparable company analysis calculation because it could select multiple listed companies with business details, etc. similar to the Target and it is possible to calculate a share value that reflects the business characteristics of each company. These are generally reasonable methods in light of current assessment practices.

• The Tender Offer Price of 3,250 yen represents a premium of 86.03% compared to closing price of the Target Shares of 1,747 yen on the Growth Market of the TSE on January 18, 2024, the business day before the announcement of the Tender Offer, a premium of 33.63% compared to the simple average closing price of the Target Shares of 2,432 yen for the one-month period preceding January 18, 2024, a premium of 28.26% compared to the simple average closing price of the Target Shares of 2,534 yen for the three-month period preceding that date, a premium of 29.12% compared to the simple average closing price of the Target Shares of 2,517 yen for the six-month period preceding that date, and it is believed that this provides an appropriate level of premium compared to the premium level on average closing prices in third-party tender offers under the assumption of delisting (sample of 59 companies) (median 32.41%, average 40.94% compared to the closing price on the immediately preceding day, median 35.34%, average 44.54% compared to the average closing price for the one-month period preceding the immediately preceding day, median 38.85%, average 47.83% compared to the average closing price for the three-month period preceding the immediately preceding day, and median 44.37%, average 50.68%% compared to the average closing price for the six-month period preceding the immediately preceding day).

• No particularly unreasonable points were found in the assumptions of the Business Plan on which the DCF analysis calculation is premised, and the content, material preconditions, and the reasonableness of the preparation history, etc. of the Business Plan has been confirmed. Furthermore, the reason why the Business Plan was prepared again from the Medium-Term Management Plan (defined below in "(vi) Construction of the Independent Examination System at the Target") that was already announced on October 13, 2023 was because Mr. Hida had a large involvement in the formulation of the Medium-Term Management Plan and there was a risk of a conflict of interest, and there is also the background that the Medium-Term Management Plan had been prepared with high target figures. So the Business Plan, which has a higher probability of being achieved, was prepared again because it was believed that fairness could be ensured by using it in the Transaction, and no particularly unreasonable points were found in this. In addition, no particularly unreasonable points were found in the explanation concerning WACC and other bases used in the process of calculating the business value in the DCF analysis or in the calculation logic of the business value in light of standard practices. In addition, the Tender Offer Price is within the range calculated using the DCF analysis.

• The Tender Offer Price is above the upper range calculated using the comparable company analysis. With regard to the comparable company analysis, no particularly unreasonable points were found in light of current assessment practices concerning the standards for selecting comparable companies, comparison indicators, the Target's financial data indicators, or the comparable listed companies' share price indicators.

• In the negotiation process for the Tender Offer Price, with the substantial involvement of the Special Committee, the Target conducted negotiations with the Offeror and Mr. Hida multiple times, including direct negotiations, and as a result, achieved a change in scheme that is favorable to minority shareholders, and a 16.1% increase in price from the Offeror's initial proposal. As described above, the Special Committee was proactively involved in the negotiations on the Tender Offer Price based on the authority it was granted, and it is recognized that through these negotiations, they negotiated transaction terms of the Tender Offer to be as favorable as possible to the minority shareholders.

• The money to be delivered to the minority shareholders through the Squeeze-Out Procedures in order to make the Offeror the only shareholder of the Target after the conclusion of the Tender Offer is planned to be the same amount as the Tender Offer Price, and as those details are planned to be disclosed in the tender offer statement and the Target Press Release, it can be assessed that care has been taken to avoid coercion. In addition, the method of first conducting a tender offer as the first step and then conducting a share consolidation as the second step is an ordinary and standard method for making a listed company into a wholly-owned subsidiary and delisting it. In addition, the sale price for the shares held by Mr. Hida and Guppy to the Offeror, 2,931 yen, is lower than the Tender Offer Price of 3,250 yen, and as a result, it is assessed as appropriate as a method of implementing the Transaction.

(C) As stated below, various measures to ensure fairness have been taken, and in light of the conflicts of interest based on the specific status of the Tender Offer, these measures to ensure fairness are believed to have been sufficient in content and in their combination from the perspectives of (i) ensuring a situation substantially equivalent to an arm's length transaction in the process of formulating the transaction terms and (ii) ensuring that minority shareholders have an opportunity to make an appropriate decision based on sufficient information, and to have operated effectively in reality. In other words, it is found that the procedures in the Transaction are fair from the perspective of working for the interests of the minority shareholders of the Target.

• The Target has appointed YAMADA Consulting as a financial advisor and third-party appraiser independent of the Target, Mr. Hida, and the Offeror and has obtained the Share Valuation Report (YAMADA Consulting).

• The Special Committee has effectively functioned as a measure to ensure fairness based on the independence and expertise of its members and the condition of its operations.

• The Target has appointed Mori Hamada & Matsumoto as the Target's legal advisor independent of the Target, Mr. Hida, and the Offeror and has obtained legal advice from Mori Hamada & Matsumoto.

• The Target has constructed a system within the Target to examine, negotiate, and judge the Transaction from a position independent of Mr. Hida and the Offeror (including the scope and duties (including duties that require a high degree of independence, such as preparation of the Business Plan that would be the basis for assessing the share value of the Target) of officers and employees of the Target who would be involved in examining, negotiating, and judging the Transaction) taking into consideration advice from Mori Hamada & Matsumoto, and the Special Committee has approved that there are no issues with that system from the perspective of independence.

• From the initial stage, examination and negotiation, etc. of the Transaction within the Target have been conducted with Mr. Hida excluded, and Mr. Hida has not participated in deliberations and resolutions at the board of directors concerning the Transaction.

• In this matter, Mr. Hida received proposals, including the presentation of letters of intent, from multiple candidates, including the Offeror, and through a comparison of such proposals and the results of interviews with each company, etc., he decided to execute a non-tender agreement with the Offeror, and if premised on that information, in regard to the Transaction, it is tentatively possible to assess that the opportunity for the purchase, etc. or other transaction for the Target Shares by persons other than the Offeror was substantially created.

• The period of the Tender Offer is 20 business days, which guarantees a longer period than the statutory minimum period, and the Offeror and the Target have not made any agreement with content that would restrict contact between any tender offeror other than the Offeror and the Target, such as an agreement that includes a deal protection clause that prohibits the Target from contacting rival tender offerors other than the Offeror, so it is believed that the objectivity ensuring the fairness of the Tender Offer has been guaranteed.

• The Offeror has set the minimum number shares to be purchased in the Tender Offer at 392,800 shares (ownership ratio: 10.19%), and although it has not set the minimum number to be purchased at the MoM, in this matter, the Planned Non-Tendering Shareholders hold 2,176,000 shares (ownership ratio: 56.47%) and the minimum equivalent to the MoM would be equivalent to 838,637 shares (ownership ratio: 21.76%), which would make the outcome of the Tender Offer uncertain, and conversely it is possible that it would not contribute to the interests of the minority shareholders who wish to tender in the Tender Offer. If judged from the fact that substantial measures to ensure fairness have been taken in this matter and that it can be assessed that sufficient consideration has been given to the interests of the shareholders of the Target through fair procedures, it is believed that the fairness of the Transaction cannot be denied even if a so-called MoM condition is not set.

• In the Transaction, the Squeeze-Out Procedures will be implemented if the Tender Offer is successful, and the shareholders who object to the proposal of the Share Consolidation pertaining to the Squeeze-Out Procedures are granted the right to request purchase of shares and the right to request determination of the price, and the money to be delivered to the minority shareholders through the Squeeze-Out Procedures is planned to be the same amount as the Tender Offer Price, etc., and those details are planned to be disclosed in the tender offer statement and a press release, so it can be assessed that shareholders are guaranteed the opportunity to appropriately judge whether to tender in the Tender Offer, and thus care has been taken to avoid coercion.

• The Offeror and the Target plan to disclose information concerning the Special Committee, information concerning the share valuation reports, and other information in the tender offer statement, position statement, and a press release and not only to comply with disclosure systems in accordance with laws and regulations and the timely disclosure regulations of financial instruments exchanges, so it can be assessed that there is disclosure of substantial information to contribute to appropriate judgments by shareholders of the Target.

(v) Approval of All Non-Interested Directors of the Target and Opinion That They Had No Objection From All Non-Interested Company Auditors of the Target

According to the Target Press Release, based on legal advice obtained from Mori Hamada & Matsumoto, advice from a financial perspective received from YAMADA Consulting, the content of the Share Valuation Report (YAMADA Consulting), the content of the Report obtained from the Special Committee, the content of continuing discussions held over multiple occasions with the Offeror, and other related materials, and as a result of seriously discussing and examining the content of the Offeror's terms and conditions concerning the Tender Offer, as set forth in "(ii) Decision-Making Process and Reasons Leading to Approval of the Tender Offer of the Target" in "(2) Background to Decision to Implement the Tender Offer, Purpose and Decision-Making Process, and Post Tender Offer Management Policy" above, by the unanimous concurrence of the three directors who participated in the deliberations and resolutions out of four directors at the meeting of the board of directors of the Target held on this date, the Target resolved to announce its opinion approving the Tender Offer and to recommend that the Target's shareholders tender in the Tender Offer, and with respect to Share Option Holders, to leave the decision of whether to tender in the Tender Offer up to the discretion of the Share Option Holders.

In addition, at the meeting of the board of directors set forth above, all three company auditors who participated in the deliberations expressed the opinion that they had no objection to any of the resolutions set forth above.

Furthermore, at the time of the resolution of the board of directors of the Target pertaining to the Transaction (resolution of the board of directors dated as of this date set forth above and the resolution of the board of directors dated October 26, 2023 pertaining to the establishment of the Special Committee), it was decided that

Mr. Hida, who is the current representative director of the Target, would not participate in the deliberations and resolutions in consideration of the possibility that his interests do not align with the shareholders of the Target other than the Planned Non-Tendering Shareholders, and from the perspective of excluding the risk of the deliberations and resolutions at the board of directors being affected by that issue.

(vi) Construction of the Independent Examination System at the Target

According to the Target Press Release, as set forth in "(ii) Decision-Making Process and Reasons Leading to Approval of the Tender Offer of the Target" in "(2) Background to Decision to Implement the Tender Offer, Purpose and Decision-Making Process, and Post Tender Offer Management Policy" above, the Target constructed a system within the Target to examine, negotiate, and judge the Transaction (including the scope and duties (including duties that require a high degree of independence, such as preparing the Business Plan that would be the basis for assessing the share value of the Target) of officers and employees of the Target who would be involved in examining, negotiating, and judging the Transaction) from a position that is independent of Mr. Hida and the Offeror. Specifically, the Target decided that all examination, negotiation, and judgment of the Transaction (including duties that require a high degree of independence, such as preparing the Business Plan that would be the basis for assessing the share value of the Target) would be handled by people who are independent of Mr. Hida and the Offeror, and then decided that people who participate in or assist with the examination, negotiation, and judgment of the Transaction by Mr. Hida or the Offeror would not be included in the examination system and that it would be constructed only of officers and employees who are deemed to be independent of Mr. Hida and the Offeror, and that handling continues to this day.

The Business Plan presented to the Offeror and the Business Plan that is the basis for the calculation of the share value of the Target Shares by YAMADA Consulting were prepared under the leadership of people who are independent of Mr. Hida and the Offeror while being supported by YAMADA Consulting as necessary, and the rationality of the content, material preconditions, and preparation history of the Business Plan, etc. were confirmed and approved by the Special Committee. Furthermore, the reason why the Business Plan was prepared again from the business plan that the Target announced in the "Notice Concerning the Formulation of the Medium-Term Management Plan" dated October 13, 2023 (the "Medium-Term Management Plan"), was because Mr. Hida had a large involvement in the formulation of the Medium-Term Management Plan and there was a risk of a conflict of interest. Additionally, while the achievement of the Medium-Term Management Plan is expected at the present time, this Medium-Term Management Plan had been prepared with high target figures. So in order that fairness be ensured, the Business Plan, which has a higher probability of being achieved, was prepared again.

In addition, that handling and the rest of the examination system constructed within the Target (including the scope and duties of officers and employees of the Target who would be involved in examining, negotiating, and judging the Transaction (including duties that require a high degree of independence, such as preparing the Business Plan that would be the basis for assessing the share value of the Target)) was based on advice from Mori Hamada & Matsumoto, and the Special Committee gave approval with regard to it having no problems from the perspective of independence.

(vii) Guaranteeing the Objective Condition that Ensures the Fairness of the Tender Offer

By setting the period for purchases, etc. in the Tender Offer (the "Tender Offer Period") at 32 business days, which is longer than the 20 business days that is the shortest period prescribed in laws and regulations, the Offeror has guaranteed that the shareholders of the Target have the opportunity to appropriately judge offering in the Tender Offer. In addition, as set forth in "(i) Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer" and "(ii) Decision-Making Process and Reasons Leading to Approval of the Tender Offer of the Target" in "(2) Background to Decision to Implement the Tender Offer, Purpose and Decision-Making Process, and Post Tender Offer Management Policy" above, Mr. Hida received proposals, including the presentation of letters of intent, from multiple candidates including the Offeror, and through a comparison of such proposals and the results of interviews with each company, etc., he decided to execute the Non-Tender Agreement (Hida) with the Offeror, and in regard to the Transaction, it is believed that the opportunity for the purchase, etc. or other transaction for the Target Shares by persons other than the Offeror was substantially created. Furthermore, the Offeror and the Target have not made any agreement with content that would restrict contact, etc. between a person other than the Offeror (a "Rival Offeror") and the Target, such as an agreement that includes a deal protection clause that prohibits a Rival Offeror from contacting the Target. Thus, together with setting the Tender Offer Period, it has been confirmed that an opportunity, etc. for rival purchases, etc. has been guaranteed, and consideration has been given to ensuring the fairness of the Tender Offer.

(4) Reorganization, etc. Policy After the Tender Offer (Matters Concerning Two-Stage Acquisitions)

As set forth in "(1) Overview of the Tender Offer" above, if the Offeror was unable to acquire all of the Target Shares (however, including Target Shares delivered by exercising the Share Options, but excluding the Shares Not Planned to be Tendered and treasury shares held by the Target) and all of the Share Options through the Tender Offer, after the conclusion of the Tender Offer, the Offeror plans to implement the Squeeze-Out Procedures by the method set forth below with the purpose of making the Offeror and Planned Non-Tendering Shareholders the sole shareholders of the Target and delisting the Target Shares.

Specifically, promptly after the completion of settlement of the Tender Offer, the Offeror plans to make a demand to the Target to convene an extraordinary shareholders meeting (the "Extraordinary Shareholders Meeting") at which the agenda items will include the Share Consolidation and a partial amendment to the Target's articles of incorporation to abolish the provisions on share units on the condition that the Share Consolidation takes effect. Furthermore, the Offeror plans to approve those agenda items at the Extraordinary Shareholders Meeting. In addition, as of this date, the date of the Extraordinary Shareholders Meeting is planned to be in late April 2024.

If the agenda item for the Share Consolidation is approved at the Extraordinary Shareholders Meeting, on the date that the Share Consolidation is effective the Target's shareholders will own the number of Target Shares that is in proportion to the ratio of the Share Consolidation approved at the Extraordinary Shareholders Meeting. If due to the Share Consolidation there is a fraction less than one share in the number of shares, the cash obtained by selling, etc. the Target Shares equivalent to the total number of fractional shares (if there is a fraction less than one share in the total number of fractional shares, that fraction will be rounded down; hereinafter the same) to the Target or the Offeror in accordance with the procedures set out in Article 235 of the Companies Act and other relevant laws and regulations will be delivered to the shareholders of the Target for whom fractional shares arose. With regard to the sale price of the Target Shares equivalent to the total number of fractional shares, after calculating that the amount of cash to be delivered to the shareholders of the Target who did not tender in the Tender Offer (excluding the Offeror, the Planned Non-Tendering Shareholders, and the Target) as a result of the sale will be the same as the price calculated by multiplying the Tender Offer Price by the number of shares of Target Shares owned by each such shareholder, the Offeror plans to demand that the Target petition for permission for sale by private contract with the court. In addition, the ratio for consolidation of the Target Shares has not been established as of this date, but the Offeror plans to demand that the Target determine that the number of Target Shares owned by shareholders of the Target who did not tender in the Tender Offer (excluding the Offeror, the Planned Non-Tendering Shareholders, and the Target) be a fraction that is less than one share so that only the Offeror and the Planned Non-Tendering Shareholders own all of the Target Shares (excluding treasury shares owned by the Target). According to the Target Press Release, the Target plans to comply with those demands by the Offeror if the Tender Offer is concluded. If, after the commencement date of the settlement of the Tender Offer, any shareholder other than the Offeror, Mr. Hida, or Guppy that holds the same or more Target Shares as the number of Target Shares held by the Offeror, Mr. Hida or Guppy (a "Major Shareholder") exists or is expected to arise, the Offeror, after consulting with Mr. Hida and Guppy, will take necessary measures to ensure that the Offeror, Mr. Hida and Guppy all hold more Target Shares than the number held by the Major Shareholder or take any other measures necessary to achieve the purpose of the Squeeze-Out Procedures.

In terms of provisions under the Companies Act that have the purpose of protecting the rights of minority shareholders in relation to the Share Consolidation, if due to carrying out the Share Consolidation there is a fraction less than one share in the number of shares, it is provided under the Companies Act to the effect that, in accordance with Article 182-4 and Article 182-5 of the Companies Act and other relevant laws and regulations, the Target's shareholders (excluding the Offeror, the Planned Non-Tendering Shareholders, and the Target) may demand that the Target purchase all of the fractional shares less than one share of the shares that they own at a fair price, and they may file a petition with the court to determine the price of the Target Shares.

As set forth above, in the Share Consolidation, it is planned that the number of Target Shares owned by shareholders of the Target who did not tender in the Tender Offer (excluding the Offeror, the Planned Non-Tendering Shareholders, and the Target) will be a fraction less than one share, so it is planned that shareholders of the Target who are opposed to the Share Consolidation (excluding the Offeror, the Planned Non-Tendering Shareholders, and the Target) may make such a petition. Furthermore, the purchase price of the Target Shares in the event the petition set forth above was made will ultimately be determined by the court.

In addition, if the Offeror cannot acquire all of the Share Options in the Tender Offer and there are remaining Share Options that have not been exercised, the Offeror will demand that the Target acquire the Share Options, encourage that the Share Option Holders waive the Share Options, or implement other reasonable procedures that are required to execute the Transaction, or plan to do so but the details are undecided as of this date. Furthermore, according to the Target, the Target intends to cooperate with that demand if it has been received.

With regard to the procedures set forth above, it is possible that the method and timing of their implementation may change due to conditions, etc. such as the revision, enforcement, or administrative interpretation of relevant laws and regulations. However, even in that case, it is planned that a method that ultimately delivers cash to shareholders of the Target (excluding the Offeror, the Planned Non-Tendering Shareholders, and the Target) who did not tender in the Tender Offer will be adopted, and in that event the amount of money to be delivered to each such shareholder is planned to be calculated so that it is the same as the price calculated by multiplying the number of Target Shares owned by each such shareholder by the Tender Offer Price. It is planned that the Target will make a public announcement promptly with respect to the specific procedures and timing for implementation in the case set forth above after discussions with and a decision by the Target. Further, the Tender Offer does not at all solicit approval by the Target's shareholders at the Extraordinary Shareholders Meeting. In addition, the Target's shareholders and Share Option Holders should confirm the tax implications of tendering in the Tender Offer and the procedures described above with a certified public tax accountant or other professional on their own responsibility.

(5) Likelihood of Delisting and Reasons for that Delisting

Although the Target Shares are listed on the Growth Market of the TSE as of this date, the Offeror has not set a maximum number of Target Shares to be purchased in the Tender Offer, so the Target Shares might be delisted through prescribed procedures in accordance with delisting criteria set out by the TSE depending on the result of the Tender Offer. In addition, even if the Target Shares do not fall under those criteria at the time of conclusion of the Tender Offer, if the Squeeze-Out Procedures described in "(4) Reorganization, etc. Policy After the Tender Offer (Matters Concerning Two-Stage Acquisitions)" above have been carried out after concluding the Tender Offer, the Target Shares will fall under the TSE's delisting criteria and will be delisted through the prescribed procedures. After delisting, the Target Shares will not be able to be traded on the Growth Market of the TSE.

(6) Matters with Respect to Material Agreements in Connection with the Tender Offer

(i) Non-Tender Agreements

As set forth in "(1) Overview of the Tender Offer" and "(2) Background to Decision to Implement the Tender Offer, Purpose and Decision-Making Process, and Post Tender Offer Management Policy" above, in implementing the Tender Offer, as of this date the Offeror has executed the Non-Tender Agreements with (i) Mr.

Hida, who is a major shareholder and the largest shareholder of the Target (as of November 30, 2023) (number of shares held: 1,876,000; ownership ratio: 48.69%) and (ii) Guppy, the asset management company in which Mr. Hida and his family hold all of the issued shares and the second largest shareholder of the Target (as of November 30, 2023) (number of shares held: 300,000; ownership ratio: 7.79%) and (a) has reached an agreement to the effect that all the 2,176,000 Shares Not Planned to be Tendered held by the Planned Non-Tendering Shareholders (ownership ratio: 56.47%) will not be tendered in the Tender Offer, (b) that if the Offeror is unable to acquire all the Target Shares (including the Target Shares delivered by exercising the Share Options, but excluding the Shares Not Planned to be Tendered and treasury shares held by the Target) and all of the Share Options through the Tender Offer, after the conclusion of the Tender Offer, the necessary procedures will be carried out to implement the Squeeze-Out Procedures, and (c) after the completion of the Squeeze-Out Procedures and after the Target receives the Annual Securities Report Submission Exemption Approval from the Prime Minister pursuant to the proviso of Article 24(1) of the FIEA, the Planned Non-Tendering Shareholders shall execute a share purchase agreement with the Offeror and conduct the Share Transfer in accordance with such share purchase agreement. The overview of the Non-Tender Agreements is as follows.

a. Non-Tender Agreement (Hida)

(A) Agreement not to tender in the Tender Offer

In the Non-Tender Agreement (Hida), Mr. Hida agrees to (a) not tender all the Target Shares he owns in the Tender Offer, (b) not assign, provide as security, or otherwise dispose of all or any of the Target Shares he owns, or obtain any of the Target Shares or rights for the Target Shares (including the Share Options), and (c) take proactive steps not to directly or indirectly make an application, induce or solicit an application, or provide information ("Application, etc.") to a third party, with a view to reaching an agreement regarding any act whatsoever that competes with, conflicts with, or infringes on the Transaction, or is likely to do so ("Competing Transaction") (excluding the holding of discussions in response to solicitation, proposal, information provision, or application from a third party.

(B) Agreement on voting rights exercise with respect to the Target Shares

After the completion of the Tender Offer, the Offeror intends to request the Target to convene the Extraordinary Shareholders Meeting, and Mr. Hida and the Offeror agree in the Non-Tender Agreement (Hida) that Mr. Hida (a) will carry out necessary procedures for the Squeeze-Out Procedures as the representative director of the Target (including the placing of an agenda item proposing the Share Consolidation at the Extraordinary Shareholders Meeting), and (b) will exercise all voting rights for the Target Shares that it owns as of that time to approve all proposals including the proposal for the Share Consolidation at the Extraordinary Shareholders Meeting as a shareholder of the Target.

(C) Agreement on transfer of the Target Shares

The Offeror and Mr. Hida agree in the Non-Tender Agreement (Hida), that the Target shall be caused to carry out all necessary actions to receive the Annual Securities Report Submission Exemption Approval as promptly as reasonably practicable after the effective date of the Squeeze-Out Procedures, and after the Annual Securities Report Submission Exemption Approval, Mr. Hida shall as promptly as reasonably practicable assign all the Target Shares he owns to the Offeror the amount calculated by multiplying the number of the Target Shares owned by Mr. Hida immediately prior to the Share Consolidation by 2,931 yen and subtracting the Share Consolidation Fractional Amount (if any).

In the Tender Agreement (Hida), there is a provision to the effect that if a person other than the Offeror has commenced a tender offer that does not stipulate a maximum number of Target Shares and Share Options to be purchased (limited to one that is based on a tender offer price that is at least 6% higher than the Tender Offer Price; a "Rival Tender Offer") by five business days before the last day of the Tender Offer Period, or in the event that a specific and realizable sincere proposal pertaining to a Rival Tender Offer has been made to Mr. Hida or the Target by five business days before the last day of the Tender Offer Period, in the event that a Rival Tender Offer has commenced by the corresponding date two months after the last day of the Tender Offer

Period, and if by two business days before the last day of the Tender Offer Period, the resolution of the board of directors pertaining to the announcement of the opinion of the Target approving the Tender Offer and recommending that the Target's shareholders tender in the Tender Offer is withdrawn or changed to content that is inconsistent therewith, Mr. Hida may tender all of the Target Shares that Mr. Hida owns (tendering only a part is not permitted) in the Rival Tender Offer. It is provided that if Mr. Hida has tendered all of the Target Shares that Mr. Hida owns in the Rival Tender Offer, Mr. Hida will pay to the Offeror an amount equivalent to 5% of the amount calculated by multiplying the purchase price of the Target Shares in the Rival Tender Offer by the number of Target Shares owned by Mr. Hida.

b. Non-Tender Agreement (Guppy)

(A) Agreement not to tender in the Tender Offer

In the Non-Tender Agreement (Guppy), Guppy agrees to (a) not tender all the Target Shares it owns in the Tender Offer, (b) not assign, provide as security, or otherwise dispose of all or any of the Target Shares it owns, or obtain any of the Target Shares or rights for the Target Shares (including the Share Options), and (c) take proactive steps not to directly or indirectly make an Application, etc. for a Competing Transaction to a third party (excluding the holding of discussions in response to solicitation, proposal, information provision, or application from a third party).

(B) Agreement on voting rights exercise for the Target Shares

After the completion of the Tender Offer, the Offeror intends to request the Target to convene the Extraordinary Shareholders Meeting, and Guppy and the Offeror agree in the Non-Tender Agreement (Guppy) that Guppy will exercise all voting rights for the Target Shares that it owns as of that time to approve all proposals including the proposal for the Share Consolidation at the Extraordinary Shareholders Meeting as a shareholder of the Target.

(C) Agreement on transfer of the Target Shares

The Offeror and Guppy agree in the Non-Tender Agreement (Guppy), that the Target shall be caused to carry out all necessary actions to receive the Annual Securities Report Submission Exemption Approval as promptly as reasonably practicable after the effective date of the Squeeze-Out Procedures, and after the Annual Securities Report Submission Exemption Approval, Guppy shall as promptly as reasonably practicable assign all the Target Shares it owns to the Offeror the amount calculated by multiplying the number of the Target Shares owned by Guppy immediately prior to the Share Consolidation by 2,931 yen and subtracting the Share Consolidation Fractional Amount (if any).

In the Tender Agreement (Guppy), there is a provision to the effect that if a person other than the Offeror has commenced a tender offer that does not stipulate a maximum number of Target Shares and Share Options to be purchased (limited to one that is based on a tender offer price that is at least 6% higher than the Tender Offer Price; a "Rival Tender Offer") by five business days before the last day of the Tender Offer Period, or in the event that a specific and realizable sincere proposal pertaining to a Rival Tender Offer has been made to Guppy or the Target by five business days before the last day of the Tender Offer Period, in the event that a Rival Tender Offer has commenced by the corresponding date two months after the last day of the Tender Offer Period, and if by two business days before the last day of the Tender Offer Period, the resolution of the board of directors pertaining to the announcement of the opinion of the Target approving the Tender Offer and recommending that the Target's shareholders tender in the Tender Offer is withdrawn or changed to content that is inconsistent therewith, Guppy may tender all of the Target Shares that Guppy owns (tendering only a part is not permitted) in the Rival Tender Offer. It is provided that if Guppy has tendered all of the Target Shares that Guppy owns in the Rival Tender Offer, Guppy will pay to the Offeror an amount equivalent to 5% of the amount calculated by multiplying the purchase price of the Target Shares in the Rival Tender Offer by the number of Target Shares owned by Guppy.

(ii) Management Agreement

The Offeror has agreed with Mr. Hida as of this date to execute the Management Agreement delegating duties as the director and chairperson of the Target to Mr. Hida until the conclusion of the annual shareholders meeting of the Target pertaining to the fiscal year ending in August 2024, and to cause the Target to pay remuneration at a level equivalent to the level prior to the Tender Offer as consideration for the execution of those duties.

As of this date, besides the Non-Tender Agreements and the Management Agreement, there are no material agreements pertaining to the Transaction to which the Offeror, the Target, Mr. Hida, or Guppy are parties. In addition, besides the Total Price of the Share Transfer, there is no benefit that will be granted by the Offeror to the Planned Non-Tendering Shareholders concerning the Tender Offer and the Transaction.

## 2. Outline of the Purchase, etc.

### (1) Outline of the Target

<table>
<tr><td>(i)</td><td>Name</td><td colspan="2">GUPPY's Inc.</td></tr>
<tr><td>(ii)</td><td>Location</td><td colspan="2">14-1 Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo</td></tr>
<tr><td>(iii)</td><td>Title and name of representative</td><td colspan="2">Yoshimitsu Hida, Representative Director</td></tr>
<tr><td>(iv)</td><td>Business details</td><td colspan="2">Human resource service business specializing in medical care, nursing care, and welfare, and healthcare business utilizing a health management app</td></tr>
<tr><td>(v)</td><td>Stated capital</td><td colspan="2">439,190,000 yen (as of November 30, 2023)</td></tr>
<tr><td>(vi)</td><td>Date of incorporation</td><td colspan="2">September 19, 2000</td></tr>
<tr><td rowspan="10">(vii)</td><td rowspan="10">Major Shareholders and their Shareholding Percentages (as of August 31, 2023)</td><td>Yoshimitsu Hida</td><td>51.64%</td></tr>
<tr><td>Guppy Co., Ltd.,</td><td>8.26%</td></tr>
<tr><td>PERSHING SECURITIES LTD CLIENT SAFE CUSTODY ASSET ACCOUNT (standing proxy: Citibank)</td><td>4.79%</td></tr>
<tr><td>Custody Bank of Japan, Ltd. (Trust account)</td><td>4.51%</td></tr>
<tr><td>BNY GCM CLIENT ACCOUNT JPRD AC ISG (standing proxy: MUFG Bank, Ltd.)</td><td>3.42%</td></tr>
<tr><td>BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY (standing proxy: HSBC)</td><td>1.56%</td></tr>
<tr><td>Norihiro Iramina</td><td>1.51%</td></tr>
<tr><td>GOLDMAN SACHS INTERNATIONAL (standing proxy: Goldman Sachs Japan Co. Ltd.)</td><td>1.08%</td></tr>
<tr><td>BNYMSANV RE GCLB RE JP RD LMGC (standing proxy: Citibank)</td><td>1.05%</td></tr>
<tr><td>The Nomura Trust & Banking Co., Ltd. (Trust account)</td><td>1.05%</td></tr>
<tr><td rowspan="5">(viii)</td><td colspan="3">Relationship Between the Offeror and the Target</td></tr>
<tr><td>Capital Ties</td><td colspan="2">Not applicable.</td></tr>
<tr><td>Personnel ties</td><td colspan="2">Not applicable.</td></tr>
<tr><td>Transactional relationships</td><td colspan="2">Not applicable.</td></tr>
<tr><td>Status of constitution of a related party</td><td colspan="2">Not applicable.</td></tr>
</table>

(Note) "(vii) Major Shareholders and their Shareholding Percentages (as of August 31, 2023)" is stated based on the "Status of Major Shareholders" set forth in the 23rd Securities Report submitted by the Target on November 30, 2023.

(2) Class of Share Certificates, etc.

(i) Common shares

(ii) Share options

Series 5 share options issued pursuant to the resolution at the shareholders meeting of the Target held on August 24, 2019 and the resolution at the meeting of the board of directors of the Target held on October 17, 2019 (the "Series 5 Share Options" or the "Share Options") (exercise period from November 1, 2021 to August 23, 2029)

(3) Schedule, etc.

(i) Schedule

| | |
|---|---|
| Board of directors resolution | January 19, 2024 (Friday) |
| Date of public notice for commencement of tender offer | January 22, 2024 (Monday)<br>Electronic notice will be given and notice to that effect will be published in the Nihon Keizai Shimbun.<br>(Web address for electronic notice: https://disclosure2.edinet-fsa.go.jp/) |
| Submission date for tender offer statement | January 22, 2024 (Monday) |

(ii) Purchase Period Originally Specified in the Tender Offer Statement

From January 22, 2024 (Monday) to March 7, 2024 (Thursday) (32 business days)

(iii) Possibility of Extension Based on a Request by the Target

Not applicable.

(4) Tender Offer Price, etc.

(i) 3,250 yen per one common share

(ii) 1 yen per one unit of Series 5 Share Options

(5) Basis for Valuation of Tender Offer Price, etc.

(i) Basis for Valuation

(a) Target Shares

When determining the Tender Offer Price, the Offeror requested that Mizuho Securities, a financial advisor, calculate the share value of the Target Shares as a third-party appraiser independent of the Offeror, the Target, and the Planned Non-Tendering Shareholders. Mizuho Securities is not a related party of the Offeror, the Target, or the Planned Non-Tendering Shareholders. Note, Mizuho Bank, which is a group company of Mizuho Securities, plans to finance the funds, etc. required by the Offeror for the Transaction, including the Tender Offer to the Offeror. However, according to Mizuho Securities, it has constructed and implemented a system to appropriately manage conflicts of interest, for example by explaining a conflict of interest situation and acquiring consent, with respect to the Offeror if the possibility of a conflict of interest arises in accordance with Article 36(2) of the FIEA, Article 70-4 of the Financial Instruments Business, etc. Order, and other applicable laws and regulations, and it has calculated the share value of the Target Shares in a position independent of Mizuho Bank's status as a lender.

Mizuho Securities believed that a multifaceted assessment would be appropriate after examining the financial condition of the Target and the trends in the market price of the Target Shares, etc., and as a result of considering the calculation methods to employ from among multiple share value calculation methods, calculated the share value of the Target Shares using the market share price analysis, the comparable company analysis, and the DCF analysis, and the Offeror obtained the Share Valuation Report (Mizuho Securities) from Mizuho Securities on January 18, 2024. Furthermore, because the Offeror has judged and decided on the Tender Offer Price after comprehensively considering the factors set forth in "(i) Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer" in "(2) Background to Decision to Implement the Tender Offer, Purpose and Decision-Making Process, and Post Tender Offer Management Policy" under "1. Purpose, etc. of Tender Offer, etc." above and through discussion and negotiations with the Target and the Planned Non-Tendering Shareholders, the Offeror has not acquired a written opinion on the fairness of the Tender Offer Price (a fairness opinion) from Mizuho Securities.

According to the Share Valuation Report (Mizuho Securities), the methods that were employed and the ranges of the share value per each of the Target Shares calculated based on those methods are as follows, respectively.

| | |
|---|---|
| Market share price analysis | : 1,747 yen to 2,534 yen |
| Comparable company analysis | : 2,010 yen to 2,494 yen |
| DCF analysis | : 2,665 yen to 4,060 yen |

Under the market share price analysis, using January 18, 2024, which is the business day prior to the announcement date of the Tender Offer, as the calculation reference date, the range of the share value per each of the Target Shares is calculated as 1,747 yen to 2,534 yen based on the 1,747 yen closing price of the Target Shares on the Growth Market of the TSE on the calculation reference date, their 2,432 yen simple average closing price over the past one-month period until that date, their 2,534 yen simple average closing price over the past three-month period until that date, and their 2,517 yen simple average closing price over the past six-month period until that date.

Under the comparable company analysis, the range of the share value per share of the Target Shares is calculated as 2,010 yen to 2,494 yen, based on the share value of the Target Shares being calculated by comparing financial indicators such as market value and profitability, etc. of listed companies engaged in similar business as the Target.

Under the DCF analysis, the per share value of the Target Shares was calculated as ranging from 2,665 yen to 4,060 yen, based on the Business Plan provided by the Target (for three years from the fiscal year ending August 2024 to the fiscal year ending August 2026) and taking into account various factors, including trends in results up to the recent past, the results of due diligence on the Target implemented by the Offeror from around late October, 2023 until around early December, 2023, as well as generally publicly available information, and after calculating the corporate value and share value of the Target by discounting the free cash flow that the Target is expected to generate after the second quarter of the fiscal year ending August 2024 to the present value at a certain discount rate (weighted average cost of capital), based on the Target's future earnings forecast that was adjusted by the Offeror. Furthermore, the Business Plan that Mizuho Securities used for the calculation of the aforementioned DCF analysis includes the fiscal year which assumes a significant year-on-year fluctuation in its forecast. Specifically, the fiscal year ending August 2026 assumes a large increase in operating profit, ordinary profit, and net profit.

In addition to the calculation results in the Share Valuation Report (Mizuho Securities) obtained from Mizuho Securities, the Offeror took into consideration the results of due diligence on the Target implemented by the Offeror from around late October, 2023 until around early December, 2023, as well as the results of discussions and negotiations with the Planned Non-Tendering Shareholders concerning the Tender Offer Price, etc.; and ultimately decided at the meeting of its board of directors held on this date to make the Tender Offer Price 3,250 yen.

Furthermore, the 3,250 yen Tender Offer Price is a price that adds a premium of, respectively, 86.03% to the

1,747 yen closing price of the Target Shares on the Growth Market of the TSE on January 18, 2024, which is the business day prior to the announcement date of the Tender Offer, 33.63% to their 2,432 yen simple average closing price over the past one-month period until that date, 28.26% to their 2,534 yen simple average closing price over the past three-month period until that date, and 29.12% to their 2,517 yen simple average closing price over the past six-month period until that date.

(b) Share Options

Because the Share Options were issued to the officers and employees, etc. of the Target as stock options and the exercise thereof is conditioned upon the share option holders also serving in their positions when they exercise the Share Options, the Offeror would not be able to exercise the Share Options if the Offeror acquired the Share Options through the Tender Offer, so the Offeror has decided that the Share Option Purchase Price will be one yen per Share Option. Furthermore, the Offeror did not acquire a valuation report, etc. from a third-party appraiser when it decided the Share Option Purchase Price.

(Note) In calculating the share value of the Target Shares, Mizuho Securities employed information that was provided to Mizuho Securities by the Target and public information, etc. as-is in principle, and relied on those materials and information on the assumption that they are all accurate and complete and that there are no facts or the like undisclosed to Mizuho Securities that may have a material effect on the analysis or calculation of the Tender Offer Price, and Mizuho Securities did not independently verify the accuracy of those materials or that information. Additionally, it is presumed that information concerning the financial forecasts of the Target was reasonably prepared by the Target's management team based on the best forecasts and judgments that could be obtained at the current time, and that their use by Mizuho Securities in the calculation of values was approved after the Offeror's management team closely examined their contents. In addition, an independent evaluation or assessment has not been conducted, nor has any request been made to a third-party institution for any appraisal or assessment, in connection with any assets or liabilities (including off-balance-sheet assets and liabilities and other contingent liabilities) of the Target. The calculations by Mizuho Securities reflect the aforementioned information up to January 18, 2024.

(ii) Background of Calculation

As set forth in "(i) Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer" in "(2) Background to Decision to Implement the Tender Offer, Purpose and Decision-Making Process, and Post Tender Offer Management Policy" under "1. Purpose, etc. of Tender Offer, etc." above, on the assumption that the Target would become a wholly owned subsidiary under the Original Scheme, the Offeror comprehensively considered matters including the results of an evaluation of the transaction terms based on an initial valuation analysis of the Target Shares by Mizuho Securities based on the progress status of due diligence, the Target's financial condition, fluctuations in the share price of the Target Shares, and the Business Plan, as well as whether the Target's board of directors would approve the Tender Offer and the prospects of shares being tendered in the Tender Offer, and on December 6, 2023 proposed to Mr. Hida a Tender Offer Price of 2,800 yen (a price with a premium of 4.36% compared to the closing price of 2,683 yen for the Target Shares on the Growth Market of the TSE on December 5, 2023, the business day before the date of the proposal, a premium of 5.86% compared to the simple average closing price of 2,645 yen for the one-month period preceding that date, a 9.93% premium compared to the simple average closing price of 2,547 yen for the three-month period preceding that date, and a 4.99% premium compared the simple average closing price of 2,667 yen for the six-month period preceding that date), presented draft tender agreements, and requested Mr. Hida and Guppy to execute tender agreements. In addition, being of the opinion that having Mr. Hida involved in management of the Target for a certain period even after the completion of the Transaction would serve to enhance the corporate value of the Target, the Offeror determined that it was necessary for Mr. Hida to enter into the Management Agreement regarding Mr. Hida's involvement in management at the Target, and on that date, the Offeror presented a draft Management Agreement to Mr. Hida and requested that he execute it. In response to this, on December 8, 2023, the Offeror received from Mr. Hida a request to consider increasing the Tender Offer Price because the proposed price was very low compared to the premium level in similar deals involving other companies. In response to Mr. Hida's request, after considering the results of an evaluation of the transaction terms based on an initial valuation analysis of the Target Shares by Mizuho Securities that was based on the Business Plan, as well as whether the Target's board of directors would approve the Tender Offer and the prospects of shares being tendered in the Tender Offer, on December 12, 2023 the Offeror reproposed to Mr. Hida a Tender Offer Price of 2,800 yen (a price with a premium of 12% compared to the closing price of 2,500 yen for the Target Shares on the Growth Market of the TSE on December 11, 2023, the business day before the date of the proposal, a premium of 5.58% compared to the simple average closing price of 2,652 yen for the one-month period preceding that date, a 9.67% premium compared to the simple average closing price of 2,553 yen for the three-month period preceding that date, and a 5.62% premium compared the simple average closing price of 2,651 yen for the six-month period preceding that date), on the assumption that the Target would become a wholly owned subsidiary under the Original Scheme. In response to this, on December 14, 2023, the Offeror received from Mr. Hida a request to consider increasing the Tender Offer Price because the proposed price was very low compared to the premium level in precedented transactions involving other companies.

In addition, while holding discussions with Mr. Hida, on December 13, 2023, the Offeror proposed to the Target a Tender Offer Price of 2,800 yen (a price with a premium of 11.69% compared to the closing price of 2,507 yen for the Target Shares on the Growth Market of the TSE on December 12, 2023, the business day before the date of the proposal, a premium of 5.86% compared to the simple average closing price of 2,645 yen for the one-month period preceding that date, a 9.59% premium compared to the simple average closing price of 2,555 yen for the three-month period preceding that date, and a 5.90% premium compared the simple average closing price of 2,644 yen for the six-month period preceding that date) on the assumption that the Target would become a wholly owned subsidiary under the Original Scheme. On the other hand, although the Offeror also considered the Share Option Purchase Price, because the Share Options were issued to the officers and employees, etc. of the Target as stock options and the exercise thereof is conditioned upon the share option holders also serving in their positions when they exercise the Share Options, the Offeror would not be able to exercise the Share Options if the Offeror acquired the Share Options through the Tender Offer, so the Offeror proposed a Share Option Purchase Price of 1 yen per Share Option. In response to this, on December 14, 2023, the Offeror received from the Target an opinion to the effect that, as a result of careful consideration by the meeting of the Target's special committee held on that date, even considering the results of preliminary calculations of the purchase price by the third-party appraiser, the trends in the market share price of the Target Shares, and case studies of the premium provided in similar cases, from the perspective of protecting the interests of the Target's minority shareholders, the proposed price was not acceptable, and the Target requested that the Offeror therefore reconsider the Tender Offer Price. In response, the Offeror carefully reconsidered the Tender Offer Price and on December 26, 2023 submitted a second proposal with a Tender Offer Price of 2,950 yen (a price with a premium of 11.19% compared to the closing price of 2,653 yen for the Target Shares on the Growth Market of the TSE on December 25, 2023, the business day before the date of the proposal; a premium of 13.55% compared to the simple average closing price of 2,598 yen for the one-month period preceding that date; a 15.05% premium compared to the simple average closing price of 2,564 yen for the three-month period preceding that date; and a 14.08% premium compared the simple average closing price of 2,586 yen for the six-month period preceding that date), on the assumption that the Target would become a wholly owned subsidiary under the Original Scheme. In response to this, on December 27, 2023, the Offeror received from the Target an opinion to the effect that, as a result of repeated careful examination by the meeting of the Target's special committee held on that date that considered the results of preliminary calculations of the purchase price by the third-party appraiser, the movements in the share market price of the Target Shares, and case studies of the premium provided in similar cases, from the perspective of protecting the interests of the Target's minority shareholders, the proposed price was still not acceptable; and the Target requested that the Offeror therefore reconsider the Tender Offer Price. In response, the Offeror carefully reconsidered the Tender Offer Price and on January 4, 2024 submitted a third proposal with a Tender Offer Price of 3,040 yen (a price with a premium of 14.76% compared to the closing price of 2,649 yen for the Target Shares on the Growth Market of the TSE on December 29, 2023, the business day before the date of the proposal; a premium of 16.83% compared to the simple average closing price of 2,602 yen for the one-month period preceding that date; a 18.10% premium compared to the simple average closing price of 2,574 yen for the three-month period preceding that date; and a 18.47% premium compared the simple average closing price of 2,566 yen for the six-month period preceding that date), on the assumption that the Target would become a wholly owned subsidiary under the Original Scheme. In response to this, on January 5, 2024, the Offeror received from the Target an opinion to the effect that, as a result of repeated careful examination by the meeting of the Target's special committee held on that date that considered the results of preliminary calculations of the purchase price by the third-party appraiser, the movements in the share market price of the Target Shares, and case studies of the premium provided in similar cases, from the perspective of protecting the interests of the Target's minority shareholders, the proposed price was still not acceptable; and the Target requested that the Offeror therefore reconsider the Tender Offer Price. In response to the request from the Target, the Offeror carefully reconsidered the Tender Offer Price and on January 9, 2024 submitted a fourth proposal with a Tender Offer Price of 3,070 yen (a price with a premium of 19.69% compared to the closing price of 2,565 yen for the Target Shares on the Growth Market of the TSE on January 5, 2024, the business day before the date of the proposal; a premium of 18.99% compared to the simple average closing price of 2,580 yen for the one-month period preceding that date; a 18.72% premium compared to the simple average closing price of 2,586 yen for the three-month period preceding that date; and a 20.34% premium compared the simple average closing price of 2,551 yen for the six-month period preceding that date), on the assumption that the Target would become a wholly owned subsidiary under the Original Scheme. In response to this, on January 10, 2024, the Offeror received a request from the Special Committee for direct discussions and held discussions with the Special Committee regarding this fourth proposal, and during the discussions, the Offeror received an opinion to the effect that, considering the results of preliminary calculations of the purchase price by the third-party appraiser, the movements in the share market price of the Target Shares, and case studies of the premium provided in similar cases, from the perspective of protecting the interests of the Target's minority shareholders, the proposed price for the fourth time was still not acceptable, and on the same day the Target requested that the Offeror therefore reconsider the Tender Offer Price. In response to the request from the Target, the Offeror carefully reconsidered the Tender Offer Price and on January 11, 2024 submitted a fifth proposal with a Tender Offer Price of 3,100 yen (a price with a premium of 23.26% compared to the closing price of 2,515 yen for the Target Shares on the Growth Market of the TSE on January 10, 2024, the business day before the date of the proposal; a premium of 20.72% compared to the simple average closing price of 2,568 yen for the one-month period preceding that date; a 19.74% premium compared to the simple average closing price of 2,589 yen for the three-month period preceding that date; and a 21.86% premium compared the simple average closing price of 2,544 yen for the six-month period preceding that date), on the assumption that the Target would become a wholly owned subsidiary under the Original Scheme. In response to this, on January 11, 2024, the Offeror received a response from the Target and the Special Committee that the proposed Tender Offer Price of 3,100 yen was not at a level at which they could recommend that shares be tendered, and a request to propose the Tender Offer Price and the Share Transfer Price under the assumption of the Scheme. In response to this request from the Target, the Offeror, Mr. Hida, the Target, and the Special Committee held discussions and negotiations on January 11, 2024, and as a result, the Offeror, Mr. Hida, the Target, and the Special Committee confirmed the course of action of making the Tender Offer Price 3,250 yen and the Share Transfer Price 2,931 yen under the assumption of the Scheme.

In addition, on January 11, 2024, the Offeror and Mr. Hida confirmed that, under the assumption of the Scheme, the Share Transfer Price would be 2,931 yen, and today the Offeror and Mr. Hida reached an agreement on the Non-Tender Agreements, including that , taking into account the possibility arising that the Share Consolidation Fractional Amount and that the Share Consolidation Fractional Amount will be delivered to Planned Non-Tendering Shareholders, the Share Transfer Price will be the amount calculated by multiplying the number of Shares Not Planned to be Tendered (2,176,000 shares (ownership ratio: 56.47%)) by 2,931 yen and subtracting the Share Consolidation Fractional Amount (if any).

Based on the considerations, discussions, and negotiations set forth above, the Offeror resolved to set the Tender Offer Price at 3,250 yen at the meeting of its board of directors held on this date. On the other hand, although the Offeror also considered the Share Option Purchase Price, because the Share Options were issued to the officers and employees, etc. of the Target as stock options and the exercise thereof is conditioned upon the share option holders also serving in their positions when they exercise the Share Options, the Offeror would not be able to exercise the Share Options if the Offeror acquired the Share Options through the Tender Offer, so the Offeror resolved a Share Option Purchase Price of 1 yen per Share Option.

(a) Names of Third Parties Providing Opinions for the Calculation

When determining the Tender Offer Price, the Offeror referenced the Share Valuation Report (Mizuho Securities) obtained on January 18, 2024 from Mizuho Securities, a financial advisor, as a third-party appraiser independent of the Offeror, the Target, and the Planned Non-Tendering Shareholders. Mizuho Securities is not a related party of the Offeror, the Target, or the Planned Non-Tendering Shareholders. Note, Mizuho Bank, which is a group company of Mizuho Securities, plans to finance the funds, etc. required by the Offeror for the Transaction, including the Tender Offer to the Offeror. However, according to Mizuho Securities, it has constructed and implemented a system to appropriately manage conflicts of interest, for example by explaining a conflict of interest situation and acquiring consent, with respect to the Offeror if the possibility of a conflict of interest arises in accordance with Article 36(2) of the FIEA, Article 70-4 of the Financial Instruments Business, etc. Order, and other applicable laws and regulations, and it has calculated the share value of the Target Shares in a position independent of Mizuho Bank's status as a lender. In addition, because the Offeror has judged and decided on the Tender Offer Price after comprehensively considering the factors set forth in "(i) Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer" in "(2) Background to Decision to Implement the Tender Offer, Purpose and Decision-Making Process, and Post Tender Offer Management Policy" under "1. Purpose, etc. of Tender Offer, etc." above and through discussions and negotiations with the Target and the Planned Non-Tendering Shareholders, the Offeror has not acquired a written opinion on the fairness of the Tender Offer Price (a fairness opinion) from Mizuho Securities.

(b) Outline of the Opinion

As set forth in "(i) Basis for Calculation" above, according to the Share Valuation Report (Mizuho Securities), the methods that were employed and the ranges of the share value per each of the Target Shares calculated based on those methods are as follows, respectively.

| | |
|---|---|
| Market share price analysis: | 1,747 yen to 2,534 yen |
| Comparable company analysis: | 2,010 yen to 2,494 yen |
| DCF analysis: | 2,665 yen to 4,060 yen |

(c) Grounds for Determining the Tender Offer Price Based on the Opinion

In addition to the calculation results in the Share Valuation Report (Mizuho Securities) obtained from Mizuho Securities, the Offeror took into consideration the results of due diligence on the Target implemented by the Offeror from around late October, 2023 until around early December, 2023, as well as the results of discussions and negotiations with the Planned Non-Tendering Shareholders concerning the Tender Offer Price, etc. and ultimately resolved at the meeting of its board of directors held on this date to make the Tender Offer Price 3,250 yen. On the other hand, although the Offeror also considered the Share Option Purchase Price, because the Share Options were issued to the officers and employees, etc. of the Target as stock options and the exercise thereof is conditioned upon the share option holders also serving in their positions when they exercise the Share Options, the Offeror would not be able to exercise the Share Options if the Offeror acquired the Share Options through the Tender Offer, so the Offeror resolved a Share Option Purchase Price of 1 yen per Share Option.

(iii) Relationship with the Appraiser

Mizuho Securities, which is the third-party appraiser and financial advisor to the Offeror, is not a related party of the Offeror or the Target. Note, Mizuho Bank, which is a group company of Mizuho Securities, plans to finance the funds, etc. required by the Offeror for the Transaction, including the Tender Offer to the Offeror. However, according to Mizuho Securities, it has constructed and implemented a system to appropriately manage conflicts of interest, for example by explaining a conflict of interest situation and acquiring consent, with respect to the Offeror if the possibility of a conflict of interest arises in accordance with Article 36(2) of the FIEA, Article 70-4 of the Financial Instruments Business, etc. Order, and other applicable laws and regulations, and it has calculated the share value of the Target in a position independent of Mizuho Bank's status as a lender.

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

| Class of Share Certificates, etc. | Number to be Purchased | Minimum Number to be Purchased | Maximum Number to be Purchased |
|---|---|---|---|
| Common shares | 1,677,274 shares | 392,800 shares | — shares |
| Total | 1,677,274 shares | 392,800 shares | — shares |

(Note 1) If the total number of the Tendered Share Certificates, etc. is less than the minimum number of shares to be purchased (392,800 shares), the purchase, etc. of all of the Tendered Share Certificates, etc. will not be carried out. If the total number of the Tendered Share Certificates, etc. is at least the minimum number of shares to be purchased (392,800 shares), the purchase, etc. of all of the Tendered Share Certificates, etc. will be carried out. Please note that the minimum number of shares to be purchased (392,800 shares) is the number of shares calculated by subtracting the number of Shares Not Planned to be Tendered (2,176,000 shares) from the number of shares (2,568,800 shares) calculated by multiplying 38,532, the number of voting rights of the Base Number of Shares (3,853,274 shares), by 2/3 (25,688 voting rights), and multiplying that by the number of shares comprising one share unit of the Target (100 shares).

(Note 2) A maximum number to be purchased has not been set in the Tender Offer, so the largest number of Target Shares that the Offeror will purchase (1,677,274 shares), etc. in the Tender Offer, is stated for the number to be purchased. This is the number of shares (1,677,274 shares) calculated by subtracting the Shares Not Planned to be Tendered (2,176,000) from the Base Number of Shares (3,853,274).

(Note 3) The treasury shares held by the Target are not planned to be acquired through the Tender Offer.

(Note 4) It is possible that Share Options will be exercised by the last day of the Tender Offer Period, but the Target Shares that are issued or delivered by such exercise will also be subject to the Tender Offer.

(Note 5) Shares that are less than one unit are also subject to the Tender Offer. If a shareholder exercises its right to request purchase of shares under the Companies Act with respect to shares that are less than one unit, the Target may conduct a stock buyback during the Tender Offer Period through the procedures provided for by laws and regulations.

(7) Change in Ownership Ratio of Share Certificates after Tender Offer

| | | |
|---|---|---|
| Number of voting rights pertaining to share certificates, etc. held by the Offeror before purchase, etc. | — units | (Ownership ratio of share certificates, etc. before purchase, etc.: —%) |
| Number of voting rights pertaining to share certificates, etc. held by specially related parties before purchase, etc. | 21,760 units | (Ownership ratio of share certificates, etc. before purchase, etc.: 56.47%) |
| Number of voting rights pertaining to share certificates, etc. held by the Offeror after purchase, etc. | 16,772 units | (Ownership ratio of share certificates, etc. after purchase, etc.: 43.53%) |

| | | |
|---|---|---|
| Number of voting rights pertaining to share certificates, etc. held by specially related parties after purchase, etc. | 21,760 units | (Ownership ratio of share certificates, etc. after purchase, etc.: 56.47%) |
| Number of voting rights of all shareholders of the Target | 36,298 units | |

(Note 1) "Number of voting rights pertaining to share certificates, etc. held by the Offeror after purchase, etc." states the number of voting rights pertaining to the number of shares to be purchased (1,677,274 shares) in the Tender Offer.

(Note 2) "Number of voting rights pertaining to share certificates, etc. held by specially related parties before purchase, etc." and "Number of voting rights pertaining to share certificates, etc. held by the Offeror after purchase, etc." states the total number of voting rights pertaining to share certificates, etc. held by each of the specially related parties (excluding, however, those excluded as specially related parties in accordance with Article 3(2)(i) of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer (Ordinance of the Ministry of Finance No. 38 of 1990, as amended: the "Cabinet Order") for the calculation of the ownership ratio of share certificates in Article 27-2(1) of the FIEA).

(Note 3) "Number of voting rights of all shareholders of the Target" is the number (stated with the number of shares in one unit as 100 shares) of voting rights of all shareholders as of August 31, 2023 set forth in the 23rd Securities Report submitted by the Target on November 30, 2023. However, because shares that are less than one unit (excluding treasury shares that are less than one unit held by the Target) and Target Shares that can be issued or delivered through the exercise of the Share Options are also subject to the Tender Offer, in the calculation of the "ownership ratio of share certificates, etc. before purchase, etc." and the "ownership ratio of share certificates, etc. after purchase, etc.," the calculation is carried out with the number of voting rights (38,532 units) pertaining to the Base Number of Shares (3,853,274 shares) as the denominator.

(Note 4) The "ownership ratio of share certificates, etc. before purchase, etc." and the "ownership ratio of share certificates, etc. after purchase, etc." are rounded off to two decimal places.

(8) Aggregate Tender Offer Price: 5,451 million yen

(Note) The "aggregate Tender Offer Price" is the amount calculated by multiplying the number of shares to be purchased (1,677,274 shares) in the Tender Offer by the Tender Offer Price (3,250 yen).

(9) Method of Settlement

(i) Name of securities company or bank, etc. that is settling the purchase, etc. and the location of its head office

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

(ii) Commencement date of settlement

March 14, 2024 (Thursday)

(iii) Method of Settlement

Without delay after the end of the Tender Offer Period, the written notice of the purchase, etc. through the Tender Offer will be mailed to the addresses of the shareholders who are tendering in the Tender Offer ("Tendering Shareholders, etc.") (or of their standing proxies in the case of shareholders who are foreign residents (including institutional shareholders; "Foreign Shareholders")). The purchase will be settled in cash. Without delay on or after the commencement date of the settlement, in accordance with the instructions of the Tendering Shareholders, etc. (or their standing proxies in the case of Foreign Shareholders), the sale price pertaining to purchased share certificates, etc. will either be remitted by the tender offer agent to the location designated by the Tendering Shareholders, etc. (or by their standing proxies in the case of Foreign Shareholders) or paid to the accounts of the Tendering Shareholders, etc. from whom the tender offer agent received tenders.

(iv) Method of Return of Share Certificates, etc.

If all of the Tendered Share Certificates, etc. will no longer be purchased based on the conditions set forth in "(i) Existence and Content of Conditions Provided for in the Subparagraphs of Article 27-13(4) of the FIEA" or "(ii) Existence and Content of Conditions for the Withdrawal, etc. of the Tender Offer and Method of Disclosure of Withdrawal, etc." under "(10) Other Conditions and Methods of Purchase, etc." below, the tender offer agent will promptly return share certificates, etc. that must be returned on or after the second business day after the last day of the Tender Offer Period (or the date of the withdrawal, etc. of the Tender Offer if it has been withdrawn). The Target Shares will be returned by being restored to their condition at the time they were tendered, and the Share Options will be returned by the documents that were submitted when the Share Options were tendered being delivered to the Tendering Shareholders, etc. or mailed to the address of the Tendering Shareholders, etc. in accordance with the instructions of the Tendering Shareholders, etc.

(10) Other Conditions and Methods of Purchase, etc.

(i) Existence and Content of Conditions Provided for in the Subparagraphs of Article 27-13(4) of the FIEA

If the total number of the Tendered Share Certificates, etc. is less than the minimum number of shares to be purchased (392,800 shares), the purchase, etc. of all of the Tendered Share Certificates, etc. will not be carried out. If the total number of the Tendered Share Certificates, etc. is at least the minimum number of shares to be purchased (392,800 shares), the purchase, etc. of all of the Tendered Share Certificates, etc. will be carried out.

(ii) Existence and Content of Conditions for the Withdrawal, etc. of the Tender Offer and Method of Disclosure of Withdrawal, etc.

The Tender Offer may be withdrawn, etc. if any of the matters provided for in Article 14(1)(i)(a) through (j) or (m) through (s) or (iii)(a) through (h) and (j), or Article 14(2)(iii) through (vi) of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended; the "Order") has occurred. Furthermore, the "facts equivalent to those set forth in (a) to (i)" that is set forth in Article 14(1)(iii)(j) of the Order refers to the case in which the statutory disclosure documents submitted by the Target in the past are discovered to contain false statements regarding material matters or to lack the statement of material matters that should be stated.

If a withdrawal, etc. is intended, an electronic public notice will be carried out and a publication to that effect will be made in the Nihon Keizai Shimbun. However, if it is difficult to carry out the public notice by the last day of the Tender Offer Period, a public announcement will be made in accordance with the method stipulated in Article 20 of the Cabinet Order, and the public notice will be carried out immediately thereafter.

(iii) Existence and Content of Conditions for the Reduction of the Purchase, etc. Price and Method of Disclosure of Reduction

Pursuant to the provisions of Article 27-6(1)(i) of the FIEA, if the Target commits any of the acts provided for in Article 13(1) of the Order during the Tender Offer Period, the purchase, etc. price may be reduced in accordance with the standard provided for in Article 19(1) of the Cabinet Order.

If a reduction of the purchase, etc. price is intended, an electronic public notice will be carried out and a publication to that effect will be made in the Nihon Keizai Shimbun. However, if it is difficult to carry out the public notice by the last day of the Tender Offer Period, a public announcement will be made in accordance with the method stipulated in Article 20 of the Cabinet Order, and the public notice will be carried out immediately thereafter. If the purchase, etc. price has been reduced, Tendered Share Certificates, etc. on or before the date on which such public notice was made will also be purchased, etc. at the reduced purchase, etc. price.

(iv) Matters Concerning the Right of Cancellation of Agreement by Tendering Shareholders, etc.

Tendering Shareholders, etc. may cancel the agreement with respect to the Tender Offer at any time during the Tender Offer Period. Cancellation of an agreement should be conducted by delivering or sending a written document stating the intention to cancel the agreement with respect to the Tender Offer (a "Cancellation Notice"), with the receipt slip for the application to tender in the tender offer attached, to the head office or a branch office in Japan of the tender offer agent that received the tender by 15:00 on the last day of the Tender Offer Period. Cancellation of the agreement will take effect when the Cancellation Notice is delivered to or arrives at the tender offer agent. Consequently, if sending a Cancellation Notice, please note that cancellation will not be possible unless the Cancellation Notice arrives at the tender offer agent by 15:00 on the last day of the Tender Offer Period.

The Offeror will not seek compensation of damage or payment of a penalty from Tendering Shareholders, etc. in the case of agreement cancellation. The Offeror will bear the cost of returning the Tendered Share Certificates, etc. If cancellation has been requested, the Tendered Share Certificates, etc. will be returned by the method set forth in "(iv) Method of Return of Share Certificates, etc." under "(9) Method of Settlement" above promptly after the end of the procedures pertaining to such cancellation request.

(v) Method of Disclosure of Changes to the Conditions, etc. of the Purchase

Except in the cases prohibited by Article 27-6(1) of the FIEA and Article 13 of the Order, the Offeror may change purchase conditions, etc. during the Tender Offer Period. If a change in the purchase conditions, etc. is intended, an electronic public notice regarding the details, etc. of those changes will be carried out and a publication to that effect will be made in the Nihon Keizai Shimbun. However, if it is difficult to carry out the public notice by the last day of the Tender Offer Period, a public announcement will be made in accordance with the method stipulated in Article 20 of the Cabinet Order, and the public notice will be carried out immediately thereafter. If the purchase conditions, etc. have been changed, Tendered Share Certificates, etc. on or before the date on which such public notice was made will also be purchased, etc. in accordance with the changed purchase conditions, etc.

(vi) Method of Disclosure of Submission of an Amended Tender Offer Statement

If an amended tender offer statement has been submitted to the Director-General of the Kanto Local Finance Bureau (excluding the case provided for in the proviso of Article 27-8(11) of the FIEA), a public announcement will immediately be made, by a method provided for in Article 20 of the Cabinet Order, of the content contained in the amended tender offer statement that pertains to content in the public notice of commencement of the tender offer. In addition, the tender offer explanations will be immediately amended and amended tender offer explanations will be delivered to Tendering Shareholders, etc. to whom tender offer explanations were already delivered. However, if the extent of the amendments is small, the amendments will be made by preparing a document setting forth the reasons for the amendments, the amended matters and the amended contents, and then delivering that document to Tendering Shareholders, etc.

(vii) Method of Disclosure of the Results of the Tender Offer

The results of the Tender Offer will be publicly announced by a method provided for in Article 9-4 of the Order and Article 30-2 of the Cabinet Order on the day after the last day of the Tender Offer Period.

(viii) Others

The Tender Offer is not being directly or indirectly conducted within or towards the United States, it is not being conducted using the mail or other methods or means of interstate commerce or international commerce in the United States (including, but not limited to, facsimile, e-mail, Internet communications, telex, and telephone), and furthermore it is not being conducted through a securities exchange facility in the United States. Share certificates cannot be tendered in the Tender Offer using the aforementioned methods or means or through the aforementioned facility, or from within the United States.

In addition, a tender offer statement pertaining to the Tender Offer or related purchase documents will not be sent or distributed using the mail or other methods in the United States or towards the United States, or from the United States, and such sending or distribution cannot be carried out. Tenders in the Tender Offer that directly or indirectly violate the aforementioned restrictions cannot be accepted.

When tendering in the Tender Offer, Tendering Shareholders, etc. (or standing proxies in the case of Foreign Shareholders) may be asked to make the following representations and warranties to the tender offer agent.

The Tendering Shareholder, etc. was not located in the United States at either the time of tendering or the time the application for tendering in the tender offer was sent. No information concerning the Tender Offer (including copies thereof) was received or sent, directly or indirectly, in the United States or towards the United States, or from the United States. The mail or other methods or means of interstate commerce or international commerce in the United States (including, but not limited to, facsimile, e-mail, Internet communications, telex, and telephone), or a securities exchange facility in the United States, is not being used, directly or indirectly, concerning the purchase, etc. or the signature or delivery of the application for tendering in the tender offer. They are not a person who is acting as a proxy, trustee, or mandatary without the discretionary power of another person (excluding the case in which such other person is giving all instructions concerning such purchase, etc. from outside the United States).

(11) Date of Public Notice for Commencement of Tender Offer

January 22, 2024 (Monday)

(12) Tender Offer Agent

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

## 3. Policy, etc. after the Tender Offer and Future Outlook

For policies, etc. after the Tender Offer, please see "(2) Background to Decision to Implement the Tender Offer, Purpose and Decision-Making Process, and Post Tender Offer Management Policy," "(4) Reorganization, etc. Policy After the Tender Offer (Matters Concerning Two-Stage Acquisitions)," and "(5) Likelihood of Delisting and Reasons for that Delisting" under "1. Purpose, etc. of Tender Offer, etc." above.

## 4. Others

(1) Existence and Content of an Agreement Between the Offeror and the Target or its Officers

(i) Opinion Approving the Tender Offer

According to the Target Press Release, at the meeting of its board of directors held on this date, the Target resolved to announce its opinion approving the Tender Offer and to recommend that the Target's shareholders tender in the Tender Offer, and with respect to Share Option Holders, to leave the decision of whether to tender in the Tender Offer up to the discretion of the Share Option Holders.

For details, please see the Target Press Release and "(v) Approval of All Non-Interested Directors of the Target and Opinion That They Had No Objection From All Non-Interested Company Auditors of the Target" in "(3) Measures to Ensure the Fairness of the Tender Offer, such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid a Conflict of Interest" under "1. Purpose, etc. of Tender Offer, etc." above.

(ii) Non-Tender Agreement (Hida)

Dated as of this date, the Offeror has executed the Non-Tender Agreement (Hida) with Mr. Hida, who is the representative director of the Target (number of shares held: 1,876,000; ownership ratio: 48.69%). For an overview of the Non-Tender Agreement (Hida), please see "a. Non-Tender Agreement (Hida)" in (i) The Non-Tender Agreements" under "(6) Matters with Respect to Material Agreements in Connection with the Tender

Offer" in "1. Purpose, etc. of Tender Offer, etc." above.

(iii) Management Agreement

Dated as of this date, the Offeror has executed the Management Agreement with Mr. Hida, who is the representative director of the Target. For an overview of the Management Agreement, please see "(ii) The Management Agreement" in "(6) Matters with Respect to Material Agreements in Connection with the Tender Offer" under "1. Purpose, etc. of Tender Offer, etc." above.

(2) Other Information Necessary for Investors to Judge the Merits of Tendering Shares in the Purchase, etc.

Not applicable.

End