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To Whom It May Concern

April 28, 2020

Company Name: DSB Co., Ltd.  
Representative Name: Eiichiro Yamaguchi, President and CEO  
(Securities Code No. 8692; First Section of the Tokyo Stock Exchange)  
Contact: Koichi Oya, Corporate Officer & General Manager, Corporate  
Planning Department  
(Telephone no.: +81(0)3-5665-3137)

**Announcement of Opinion on Tender Offer for Share Certificates, Etc. in the Company by Nomura Research Institute, Ltd., the Controlling Shareholder, and Recommendation to Tender in Tender Offer**

The Company announces as follows that the board of directors resolved at the meeting held on April 28, 2020 to express the opinion to support the tender offer (the “**Tender Offer**”) by Nomura Research Institute, Ltd. (the “**Offeror**”) for shares of the Company’s common stock (the “**Company Shares**”), as well as the 10th series share acquisition rights issued in accordance with the resolution at the meeting of the Company’s board of directors held on June 24, 2011 (the “**10th Series Share Acquisition Rights**”), the 11th series share acquisition rights issued in accordance with the resolution at the meeting of the Company’s board of directors held on June 22, 2012 (the “**11th Series Share Acquisition Rights**”), the 12th series share acquisition rights issued in accordance with the resolution at the meeting of the Company’s board of directors held on June 21, 2013 (the “**12th Series Share Acquisition Rights**”), the 13th series share acquisition rights issued in accordance with the resolution at the meeting of the Company’s board of directors held on June 20, 2014 (the “**13th Series Share Acquisition Rights**”), the 14th series share acquisition rights issued in accordance with the resolution at the meeting of the Company’s board of directors held on June 20, 2014 (the “**14th Series Share Acquisition Rights**”), the 15th series share acquisition rights issued in accordance with the resolution at the meeting of the Company’s board of directors held on June 18, 2015 (the “**15th Series Share Acquisition Rights**”), the 16th series share acquisition rights issued in accordance with the resolution at the meeting of the Company’s board of directors held on June 18, 2015 (the “**16th Series Share Acquisition Rights**”), the 17th series share acquisition rights issued in accordance with the resolution at the meeting of the Company’s board of directors held on June 20, 2016 (the “**17th Series Share Acquisition Rights**”), and the 18th series share acquisition rights issued in accordance with the resolution at the meeting of the Company’s board of directors held on June 20, 2016 (the “**18th Series Share Acquisition Rights**”; those share acquisition rights collectively, the “**Share Acquisition Rights**”), and to recommend that all shareholders of the Company and holders of the Share Acquisition Rights (“**Share Acquisition Rights Holders**”) tender their shares and share acquisition rights in the Tender Offer.

Furthermore, the resolution by the board of directors detailed above is made on the assumption that the Offeror intends to make the Company a wholly-owned subsidiary of the Offeror (the “**Transaction**”) through the Tender Offer and the subsequent series of procedures, and that the Company Shares are scheduled to be delisted.

**1. Overview of the Offeror**

(1) Name	Nomura Research Institute, Ltd.																				
(2) Address	1-9-2 Otemachi, Chiyoda-ku, Tokyo																				
(3) Name and Title of Representative:	Shingo Konomoto, Representative Director, Chair, and President																				
(4) Description of Business Activities	Consulting, Financial IT solutions services, Industrial IT Solutions, IT Infrastructure Services																				
(5) Stated Capital	20,067 million yen (as of March 31, 2020)																				
(6) Date of Establishment	April 1, 1965																				
(7) Major Shareholders and Shareholding Ratios (as of September 30, 2019)	<table border="1"> <tr> <td>Nomura Holdings, Inc.</td> <td>17.64%</td> </tr> <tr> <td>Nomura Facilities, Inc.</td> <td>11.19%</td> </tr> <tr> <td>JAFCO Co., Ltd.</td> <td>6.54%</td> </tr> <tr> <td>NRI Group Employee Stock Ownership Group</td> <td>4.83%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>4.71%</td> </tr> <tr> <td>Nippon Life Insurance Company (standing proxy The Master Trust Bank of Japan, Ltd.)</td> <td>4.10%</td> </tr> <tr> <td>State Street Bank and Trust Company 505223 (standing proxy Mizuho Bank, Ltd. Settlement &amp; Clearing Services Department)</td> <td>4.08%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account)</td> <td>3.89%</td> </tr> <tr> <td>National Mutual Insurance Federation of Agricultural Cooperatives (standing proxy The Master Trust Bank of Japan, Ltd.)</td> <td>2.23%</td> </tr> <tr> <td>The Nomura Trust and Banking Co., Ltd. (the V2022 trust exclusive for NRI Group Employee Stock Ownership Group)</td> <td>1.53%</td> </tr> </table>	Nomura Holdings, Inc.	17.64%	Nomura Facilities, Inc.	11.19%	JAFCO Co., Ltd.	6.54%	NRI Group Employee Stock Ownership Group	4.83%	The Master Trust Bank of Japan, Ltd. (Trust Account)	4.71%	Nippon Life Insurance Company (standing proxy The Master Trust Bank of Japan, Ltd.)	4.10%	State Street Bank and Trust Company 505223 (standing proxy Mizuho Bank, Ltd. Settlement & Clearing Services Department)	4.08%	Japan Trustee Services Bank, Ltd. (Trust Account)	3.89%	National Mutual Insurance Federation of Agricultural Cooperatives (standing proxy The Master Trust Bank of Japan, Ltd.)	2.23%	The Nomura Trust and Banking Co., Ltd. (the V2022 trust exclusive for NRI Group Employee Stock Ownership Group)	1.53%
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## 2. Purchase Price

JPY 920 per Company Share

JPY 91,900 per 10th Series Share Acquisition Right

JPY 91,900 per 11th Series Share Acquisition Right

JPY 91,900 per 12th Series Share Acquisition Right

JPY 91,900 per 13th Series Share Acquisition Right

JPY 91,900 per 14th Series Share Acquisition Right

JPY 91,900 per 15th Series Share Acquisition Right

JPY 91,900 per 16th Series Share Acquisition Right

JPY 91,900 per 17th Series Share Acquisition Right

### 3. Details of, and Grounds and Reasons for, Opinion Regarding Tender Offer

#### (1) Details of Opinion Regarding Tender Offer

The Company resolved at its board of directors meeting held on April 28, 2020 that it will express its opinion in support of the Tender Offer based on the grounds and reasons details in “(2) Grounds and Reasons for Opinion Regarding Tender Offer” below, and recommend that all of the Company’s shareholders and Share Acquisition Rights Holders tender their shares and share acquisition rights in the Tender Offer.

The resolution by the board of directors detailed above was carried out using the process detailed in “(VI) Approval of all non-interested directors of the Company and opinion of all non-interested auditors of the Company that they had no objection” in “(6) Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

#### (2) Grounds and Reasons for Opinion Regarding Tender Offer

##### (I) Overview of the Tender Offer

The Offeror explained the following to the Company regarding the overview for the Tender Offer.

As of the submission date of this Announcement, the Offeror owns 13,013,064 Company Shares (ownership ratio (Note 1): 51.78%), which are listed on the First Section of the Tokyo Stock Exchange, Inc. (the “TSE”), and the Company is a consolidated subsidiary of the Offeror. The Offeror decided at its board of directors meeting held on April 28, 2020 to implement the Tender Offer, as part of the Transaction, for all of the Company Shares (excluding the Company Shares owned by the Offeror and the treasury shares owned by the Company) and all of the Share Acquisition Rights.

(Note 1) Ownership ratio means the ratio (rounded to two decimal places; the same applies hereinafter to the ownership ratio unless otherwise stipulated) of the number of Company Shares owned to the number of Company Shares (25,129,816 shares), which is the sum (25,728,200 shares) of (i) the total number of the issued shares of the Company as of March 31, 2020 as stated in the Summary of Financial Results (consolidated) for the Fiscal Year Ending March 2020 (Japanese GAAP) released on April 28, 2020 by the Company (the “**Summary of Financial Results of the Company**”) (25,657,400 shares) and (ii) the number of Company Shares underlying the 10th Series Share Acquisition Rights (21), 11th Series Share Acquisition Rights (28), 12th Series Share Acquisition Rights (30), 13th Series Share Acquisition Rights (48), 14th Series Share Acquisition Rights (134), 15th Series Share Acquisition Rights (59), 16th Series Share Acquisition Rights (99), 17th Series Share Acquisition Rights (172), and 18th Series Share Acquisition Rights (117) as of March 31, 2019 as stated in the securities report for the 63rd fiscal year filed on June 20, 2019 by the Company (the “**Securities Report of the Company**”) as the Share Acquisition Rights that are during the exercise period as of the submission date of this Statement (70,800 shares in total), less (iii) the number of treasury shares as of March 31, 2020 as stated in the Summary of Financial Results of the Company (598,384 shares).

The Offeror has set the minimum number of Share Certificates, Etc. to be purchased in the Tender Offer at 3,740,136 shares (ownership ratio: 14.88%), and if the total number of Share Certificates, Etc. tendered in the Tender

Offer (the “Tendered Share Certificates, Etc.”) is less than the minimum number of Share Certificates, Etc. to be purchased, the Offeror will not purchase any of the Tendered Share Certificates, Etc. On the other hand, the purpose is, as stated above, to make the Company a wholly-owned subsidiary of the Offeror through the Tender Offer, and the Offeror has not set a maximum number of Share Certificates, Etc. to be purchased; therefore, if the total number of Tendered Share Certificates, Etc. is equal to or greater than the minimum number of Share Certificates, Etc. to be purchased, the Offeror will purchase all of the Tendered Share Certificates, Etc. The minimum number of Share Certificates, Etc. to be purchased is set at 3,740,136 shares so that the number of voting rights in the Company owned by the Offeror after the successful completion of the Tender Offer will be equivalent to or greater than two-thirds of the total number of voting rights (251,298) of the Company (which is the number of voting rights pertaining to the Company Shares (25,129,816 shares) which is the sum (25,728,200 shares) of (i) the total number of the issued shares of the Company as of March 31, 2020 as stated in the Summary of Financial Results of the Company (25,657,400 shares) and (ii) the number of the Company Shares underlying the Share Acquisition Rights as of March 31, 2019 as stated in the Securities Report of the Company (70,800 shares in total), less (iii) the number of the treasury shares owned by the Company as of March 31, 2020 as stated in the Summary of Financial Results of the Company (598,384 shares).

Since the purpose is to make the Company a wholly-owned subsidiary of the Offeror through the Tender Offer, if the Offeror is unable to acquire all of the Company Shares (excluding the Company Shares owned by the Offeror and the treasury shares owned by the Company) and all of the Share Acquisition Rights through the Tender Offer, the Offeror intends to acquire all of the Company Shares (excluding the Company Shares owned by the Offeror and the treasury shares owned by the Company) and all of the Share Acquisition Rights by conducting a series of procedures as stated in “(5) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” below.

## (II) Background Leading to the Decision by the Offeror to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer

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

The Offeror explained the following to the Company regarding the background leading to the decision to implement the Tender Offer, purpose, and decision-making process of the Tender Offer.

The Offeror was established as Nomura Research Institute, Ltd. in April 1965 as a private general research body with both research and consulting services, and merged with Nomura Computer Center Co., Ltd. (which was established in January 1966, and changed its trade name to Nomura Computer Systems Co., Ltd. in 1972), in January 1988 to become the present Nomura Research Institute, Ltd., which integrates both think tank services and system services. The Offeror listed its shares on the First Section of the TSE in December 2001.

As of the submission date of this Announcement, the Offeror Group (meaning the Offeror, and its consolidated subsidiaries and equity-method affiliates; hereinafter the same applies) is composed of the Offeror, 74 consolidated subsidiaries including the Company, and 10 equity-method affiliates and provides four services: “consulting services” consisting of research, management consulting and system consulting; “system development & system applications sales” consisting of system development and software packages sales; “system management & operation services”

consisting of outsourcing services, shared online services and information provision services; and “product sales.”

The Offeror’s segments are categorized by comprehensively taking into account the nature of its main services, clients and markets, with the Offeror playing a main role in conducting the businesses in each of the reporting segments. The business activities of each segment and the major affiliated companies engaged in such businesses other than the Offeror are as follows:

**Consulting:** This segment provides management consulting that supports the planning and implementation of management and business strategies, and organizational reforms, etc. as well as system consulting with respect to all phases of IT management.

**Financial IT Solutions:** This segment provides system consulting, system development and system management solutions, and provides IT solutions such as shared online systems, for financial institutions mainly in the securities, insurance, banking, and other financial sectors.

Major affiliated companies: NRI Process Innovation, Ltd., the Company, DSB Information System Co., Ltd. and Nippon Securities Technology Co., Ltd.

**Industrial IT Solutions:** This segment provides IT solutions such as system consulting, system development and system management solutions mainly for the distribution, manufacturing, service, and public sectors.

Major affiliated companies: NRI Netcom, Ltd., NRI System Techno, Ltd., Brierley & Partners, Inc., ASG Group Limited, SMS Management & Technology Limited

**IT Platform Services:**

This segment provides services such as data center operations and construction of IT platforms and networks mainly to the Financial IT Solutions and Industrial IT Solutions segments. This segment also provides IT platform solutions and information security services to clients in various sectors. Furthermore, the Offeror conducts research for the development of new businesses and new products related to IT solutions and research related to advanced information technology, etc.

Major affiliated companies: NRI SecureTechnologies, Ltd. and NRI Data i Tech, Ltd.

In addition to the businesses described above, Nomura Holdings, Inc. (“**Nomura HD**”), which holds 106,425,510 common shares of the Offeror (the ratio of such shares to the total number of issued shares (excluding the treasury shares): 17.61%) as of March 31, 2020 is one of the Offeror’s other affiliated companies, and Nomura Securities, Co., Ltd. (“**Nomura Securities**”) is the Offeror’s main related party that is not an affiliated company. The Offeror Group and its affiliated companies provide to those companies system development & system applications sales and system management & operation services, etc.

In order to achieve the long-term management vision established on April 23, 2015, “Vision 2022” (2015-2022), the Offeror newly established the “Medium-Term Management Plan (2019-2022) of NRI Group” (the “**Medium-Term Management Plan (2022)**”) for the latter four years of the long-term vision on April 25, 2019. In addition to the financial targets to achieve operating profits of JPY 100 billion and overseas sales of JPY 100 billion by FY

2022, and the materiality for sustainable growth that is the non-financial target linked to the growth strategy, CSV (Creating Shared Value) initiatives have been newly included in the Medium-Term Management Plan (2022) as “Solving social issues through value co-creation.” Through these initiatives, the Offeror promotes sustainability management that enables both the continued growth for the Offeror Group and building of a sustainable future society.

Under the Medium-Term Management Plan (2022), strategies that lead to growth of the business by leveraging the Offeror Group’s strengths and resolving social issues have been formulated and positioned as growth strategies toward achievement of the targets, with the aim of value co-creation with clients. The three strategies are DX (digital transformation) strategy (Note 2), global strategy and human resources strategy.

#### DX strategy:

The Offeror Group will leverage technologies and provide comprehensive support, from strategy formulation to solution implementation, for the transformation of business processes and business models of clients. In the business platform strategy, with the focus on the financial sector, the Offeror Group will further expand shared online services, and for the clients who will be entering the financial services business from other industries to meet transformations in the industry structure, the Offeror Group will provide new business platforms as support for the creation of new businesses and advancements into new markets by clients. In the cloud strategy, the Offeror Group will boost the agility of the clients’ businesses and achieve the optimization of their IT costs by modernizing clients’ legacy systems (Note 3) and developing cloud-native applications (Note 4).

(Note 2) DX (digital transformation) refers to transformation of business models and operations by exploiting data and digital technologies.

(Note 3) Modernizing legacy systems refers to optimizing and modernizing the system platforms or applications of software or hardware such as outdated and slow core systems.

(Note 4) Cloud native refers to information systems or services designed to be used in the cloud.

#### Global strategy:

The Offeror Group will make Australia and North America primary regions of focus, and promote the expansion of its business base based on external growth, such as through M&A. For the global business, business domains are globally expanding, with a particular focus on Australia. For subsidiaries acquired through M&A, the Offeror Group will proceed with post-acquisition management integration processes, such as establishing a management administrative structure or business administrative structure mainly in the global headquarters setup that was newly launched with the aim of creating further synergies.

#### Human resource strategy:

The Offeror Group will strengthen the hiring and cultivating of human resources capable of supporting the digital era to ensure the business success of clients. Also, the Offeror Group will foster a corporate culture and promote diversity to encourage employees to actively participate and take on challenges, and will promote various work styles to achieve work style reforms that are appropriate for the Offeror Group.

On the other hand, the Company was established in May 1957 as Osaka Daiko Co., Ltd. with the purpose of establishing an institution specialized in handling share administrative services on behalf of securities companies, and commenced agency services related to the brokerage of transfer of share certificates, transportation of securities, collection and advance payment of purchase funds, and securities-based lending. The Company changed its trade name to Osaka Securities Daiko Co., Ltd. in October 1957, listed its shares on the Second Section of the Osaka

Securities Exchange (currently, the TSE) in January 1990, commenced back office services for securities companies in January 1993, and changed its trade name to Daiko Shoken Business Co., Ltd. in January 1995 (currently, DSB Co., Ltd.). The Company listed its shares on the Second Section of the TSE in December 1999, obtained registration as a securities service provider and commenced brokerage services for clearing securities, etc. in January 2003, and obtained a license to trade on the Osaka Securities Exchange (currently, the Osaka Exchange) and commenced brokerage services for trading shares, etc. in April 2004. The Company obtained a license to trade on the TSE, the Sapporo Securities Exchange and the Fukuoka Stock Exchange in June 2004, and was listed on the First Section of the TSE and the Osaka Securities Exchange (currently, the TSE) in March 2006. Subsequently, as a result of integration of the spot market of the TSE and the Osaka Securities Exchange in July 2013, the Company is currently listed on the First Section of the TSE. The Company commenced providing IT services for securities companies from July 2011.

As of the submission date of this Announcement, the Company Group (meaning the Company and its subsidiaries; the same applies hereinafter) is composed of the Company and three subsidiaries (four companies in total), and is engaged in four business segments: “back office”; “IT services”; “securities”; and “others.” In order to make further progress in realizing its vision of a “joint infrastructure company for securities business”, on April 26, 2018 the Company Group established and launched its five-year plan, “DCT 2022” (2018-2022) in which it set four important management goals: “uncompromising quality first”; “promotion of digitization”; “establishment of a system to provide integrated BPO (Note 5) solution services”; and “expansion and development of integrated BPO solution services.” The Company Group established platforms standardized for each business category for clients in a broad range of financial fields from securities companies to banks and emerging financial companies and promotes the provision of the most appropriate solutions according to the clients’ needs and business categories by promoting the realization of the vision for a “joint infrastructure company for securities business”.

(Note 5) BPO stands for Business Process Outsourcing, and refers to the acceptance of the outsourcing of a series of services related to business processes. “Integrated BPO solution services” refers to the overall acceptance of the outsourcing of system development, maintenance and management, and securing of necessary human resources as well as business operations of business process, etc.

With respect to the relationship between the Offeror and the Company, both companies commenced a business alliance in back office services business for securities companies in August 2003. After that, the Offeror acquired 400,000 shares of the Company Shares through the disposal of treasury shares by third-party allotment by the Company (the ratio of shares owned by the Offeror to the total number of issued shares at that time (excluding the treasury shares and the potential shares at the time of the completion of the acquisition) (the “Shareholding Ratio,” and rounded off to two decimal places; the same applies hereinafter to the indication of the Shareholding Ratio unless otherwise stipulated): 2.38%) in March 2008, acquired 2,135,000 shares of the Company Shares by the issue of new shares by third-party allotment by the Company (Shareholding Ratio: 9.96%) in January 2009, and acquired 6,705,164 shares of the Company Shares through a tender offer (Shareholding Ratio: 36.30%) in October 2012, with the Offeror making the Company its equity-method affiliate. In addition, the Offeror acquired 1,272,900 shares of the Company Shares through off-market bilateral trading (Shareholding Ratio: 41.30%) in June 2013. After that, based on its judgment that strengthening the alliance based on a stronger capital relationship and executing the securities back office business and business incidental thereto would facilitate the mutual use of management resources of both companies, the Offeror executed a capital and business alliance agreement with the Company in

March 2014, and came to own 13,013,064 shares of the Company Shares (ownership ratio, 51.78%) and made the Company its consolidated subsidiary by acquiring from Nomura HD 2,500,000 shares of the Company Shares owned by Nomura HD through off-market bilateral trading upon consultation with Nomura HD taking into consideration the effects on the market share price of the Company Shares due to dilution, etc. resulting from the issue of new shares by the Company. In addition, in October 2014 the Company acquired by absorption-type merger Nippon Clearing Service Co., Ltd., which was operated as a joint venture company.

The Offeror made the Company its consolidated subsidiary in March 2014 by executing a capital and business alliance agreement with the Company and acquiring the Company Shares owned by Nomura HD for the purpose of further strengthening the alliance relationship in the securities back office business and business incidental thereto and improving the additional value of services.

Since, as a result of such capital and business alliance, the Offeror became the Company's parent company, the Offeror has been aiming to establish a system to provide a broad range of clients with the shared online IT solution services for the financial industry provided by the Offeror and the back office services provided by the Company. As a result, the Offeror and the Company were able to individually provide IT solution services provided by the Offeror and the Company Group and BPO services related to back office services mainly for the securities retail industry provided by the Company to securities subsidiaries established by regional banks and companies newly entering the securities business from other industries, thereby successfully achieving the purpose of making the Company a consolidated subsidiary.

Subsequently, especially in recent years, there have been significant changes in the business environment of the financial industry, which is a business target of the Offeror Group and the Company Group. The pace of change in the field of financial IT solutions provided by the Offeror Group further sped up due to factors such as a rapidly aging society, new entrants into the financial industry from other industries, introduction of new asset categories such as digital currencies, continuation of low interest rates, and shrinking of the domestic market due to population declines, which has led to a period of structural reforms in the field. Especially, in the securities retail industry which is a common business target of the Offeror Group and the Company Group, there is a demand for providing free services and otherwise transforming the business model itself, and the Offeror Group and the Company Group intend to make proposals as soon as practicable to increase competitiveness in response to clients who are seeking change. In the financial industry as well as the securities retail industry, it is expected that IT services functions and business service functions owned by the clients within the group will be outsourced to external companies, and outsourcing will be promoted in order to further increase cost competitiveness. The Offeror considers this time and situation in which clients have a strong desire to secure cost competitiveness to be an important business opportunity as described above.

In light of such expectations from the clients and changes in the business environment described above, in the Medium-Term Management Plan (2022), the Offeror presented the expansion of shared online IT solution services for specialized financial institutions, which are financial IT solutions provided by the Offeror, and the expansion of the outsourcing business, focusing on BPO provided by the Offeror Group and the Company Group. In particular, in order to promote the "expansion of shared online IT solution services" and "expansion of outsourcing business focusing on BPO" at the same time, the Offeror needs to perform examination on the assumption that the trend of DX (digital transformation) in the financial industry, which is a business target, is accelerating and is irreversible. Based on such awareness of the environment, the Offeror considers that it is important to aim to provide value-added solutions that look at future client industry trends in a step-by-step and strategic manner.



In other words, the Offeror considers that it is important to aim to establish and realize the “financial platform” in a prompt and agile manner to provide the shared online IT solution services provided by the Offeror and the BPO services provided by the Company in an integrated manner.

The “financial platform” which the Offeror aims to establish as described above refers to a framework to provide solution-type services in combination with shared online IT solution services provided by the Offeror and operation support services including BPO services mainly provided by the Company. The two main characteristics of the services provided by such “financial platform” are (i) a broad range of industries and business categories and (ii) provision of value-added applications. The reference to (i) a broad range of industries and business categories refers to a framework to provide services across existing financial industries (such as securities retail industry, securities wholesale industry, asset management industry, banking industry and insurance industry) with a view to serving the client base in advanced and new financial business categories (such as Fintech companies handling financial products and services by exploiting digital technologies). The reference to (ii) provision of value-added applications refers to the provision of BPO services for existing back office services and measures to be taken for the digitization thereof, as well as the provision of IT infrastructures and applications for general operations including operations in middle office and front office of clients. As typical examples, the Offeror expects to be able to provide functions exploiting AI (artificial intelligence) and analytics and services such as security measures and measures for regulations by exploiting digital technologies, and in the future, to provide clients with solutions including functions to analyze the trends and actual status of transactions of financial service users that will be available to the Offeror as a result of the provision of those applications.

In anticipation of the changes in the business environment described above, the Offeror has promoted an alliance with the Company through exchange of personnel, performance of joint operations and other actions. However, in light of the intensification of competition among clients, the creation of new business categories and other significant changes in the industry, it is important for the Offeror and the Company to provide proposals and make decisions together in a timely manner. In order to achieve the goal as described above, and as the first step, the Offeror considers that it aims to expand its client in the securities retail industry as well as the client base in the entire financial industry such as securities wholesale industry, asset management industry, banking industry and insurance industry and the Offeror and the Company Group consistently provide to the clients “IT and BPO” in an integrated manner, and that the Offeror aims to strategically achieve the goal as described above as closely as possible by reallocating BPO functions within the Offeror Group including the Company Group in an agile and most appropriate manner.

Under the current circumstances, because the Company is an independent listed company, the Company needs to make an appropriate decision and take organizational decision-making process as an individual company taking into account shareholders other than the Offeror. As described above, in light of the ever-changing business environment, the Offeror considers that it will be able to make decisions in a timely manner with the aim to achieving the goal by making the Company its wholly-owned subsidiary. In addition, when the Offeror Group provides shared online IT solution services and BPO services, it is expected that clients may consider outsourcing BPO functions in a broad sense including IT functions, in other words to request outsourcing to the Offeror Group. If the Offeror Group accepts such request, the Offeror would have BPO functions in its group that may be in competition with the Company in the current relationship between the Company and the Offeror. Consequently, it is necessary for the Offeror Group to reallocate BPO functions together with the Company Group in order to reduce any overlap of its functions and cut costs. As described above, the Offeror considers that in order for the Offeror Group to reallocate BPO functions with

the aim to achieving the expansion of the client base together with the Company Group, it is necessary to dissolve any conflict of interests with the Offeror that may arise with decision-making by the Company, which is a listed company, and that as a result, it will be possible for the Company to expand its business by exploiting the assets of the Offeror's clients, and thereby the Company's business value will be further improved. When the Offeror succeeds in making the Company a wholly-owned subsidiary, the Offeror aims to expand its market share of outsourcing in a broad sense and further grow profits based on the combination of the expansion of shared online IT solution services and the expansion of outsourcing business focusing on BPO.

The Offeror considers that the synergies on the Offeror Group and the Company Group from making the Company a wholly-owned subsidiary are as follows:

- [Increase of added value by an integrated proposal]

The integrated proposal with the goal of providing shared online IT solutions services and BPO services refers to the provision of a set of services including "IT and BPO" to clients. After the Company becomes a wholly-owned subsidiary, it will be easier for the Offeror Group including the Company Group to more smoothly make integrated proposals to clients as a single entity instead of proposals jointly made by individual companies. As a result, it will be able to make proposals that are considered to be more valuable to the clients. The Offeror considers that to make such integrated proposals will be one of the strengths of the Offeror Group and aims to further increase the added value of the contents of the proposals.

- [Expansion of client base in the securities retail industry and other financial industries]

The Company's main business target is the securities retail industry, which is experiencing particularly intensified changes in the business environment. Although the Company is engaged in some BPO services in other financial industries (i.e., the securities wholesale industry, asset management industry, banking industry and insurance industry), it is the Company's important strategic challenge to expand its client base to the general financial industry in order to achieve further growth in the future. On the other hand, the Offeror provides shared online IT solution services to comparatively large-scale clients in the securities retail industry and to the securities wholesale industry, asset management industry and banking industry in the same manner as those in the securities retail industry, as well as IT solution services to the insurance industry. Therefore, the Company Group will smoothly exploit client relationships that were established by the Offeror, and may increase the possibility of the expansion of its client base.

- [Strengthening competitiveness by integrating IT maintenance know-how]

In addition to BPO services, the Company Group provides shared online IT solutions services for the securities retail industry that is a business target which differ from those of the Offeror, and has know-how of maintenance functions. Therefore, the Offeror aims to increase orders for IT maintenance services to be received by the Company Group and to provide more competitive shared online IT solution services to clients by outsourcing the maintenance functions of shared online IT solution services held by the Offeror to the Company Group. Such shared online IT solution service is one of the competitive advantages that differentiates the Offeror from other companies. By making the Company a wholly-owned subsidiary, it will be easier to examine any overlap in the group of the maintenance services related to shared online IT solution services provided by the Offeror and the Company Group, and it will be possible to further increase competitiveness by integrating maintenance know-how as a group.

- [Promotion of efficiency of BPO services and enhancement of competitiveness by integrating know-how]

The Offeror will further invest in digitization (such as RPA (robotic process automation) and AI) of the Company by using the Offeror Group's know-how of digitizing operations in order to reform and streamline the operations of the Company. The Company may increase its productivity by digitizing BPO services outsourced by clients. As a result, the Company will further improve the quality (prevention of errors and improvement of processing speed) of services provided to clients, and further improve the quality of the earnings structure of the Company. By making the Company a wholly-owned subsidiary, while the Company Group will smoothly use the Offeror Group's know-how in making operations efficient and digitizing operations, it is possible that know-how in BPO services operations across the financial industry will be integrated with the Company Group, which is a company providing BPO platform services, and thereby

competitiveness will be further enhanced.

The Offeror confirms with the Company that both companies will make the following efforts with the Company after the execution of the Transaction with the aim of promptly and stably achieving the synergies described above.

- [Establishment of a joint executive committee and realization of measures]

The Offeror will establish a joint executive committee with the Company to ensure the realization of the synergies described above. The joint executive committee will consist of two joint executive chairmen and two other members. The representative director of the Company and a person responsible for managing the solutions business for the securities industry in the Offeror will be the joint executive chairmen, and a person responsible for the business providing IT solutions for the financial industry other than the securities industry on the part of the Offeror and a person responsible for planning on the part of the Company will be the members, and at that committee, they will meet quarterly and discuss the issues necessary to address in order to achieve the goals and measures to solve such issues in an intensive manner. The matters agreed as a result of considerations in the joint executive committee will be reported to the executive committee or the board of directors of each company depending on the contents thereof and executed after obtaining necessary organizational decisions where applicable. As stated above, because the business environment of the financial industry is changing significantly, it is necessary to make decisions swiftly and realize measures to expand business opportunities. The Offeror and the Company will promptly decide on the method for executing measures and reallocation of resources, such as allocation of human resources, at periodic joint executive committee meetings, thereby achieving results quickly.

- [Exchange of human resources for strengthening competitiveness]

By making the Company a wholly-owned subsidiary, the exchange of human resources between the Offeror Group and the Company Group beyond the framework of the business companies may be further promoted. The Offeror will promote the sharing of know-how in various fields that is a source of competitiveness that has been separately established by the Offeror Group and the Company Group, expand the base of target clients and the scope of services to be provided, and strengthen the competitiveness of the entire Offeror Group including the Company Group.

- [Sharing of employee training opportunities]

The achievement of the synergies described above is subject to the employees of the Offeror Group and the Company Group consistently improving their abilities. Upon making the Company a wholly-owned subsidiary, the Offeror will make efforts to offer more opportunities where the current employees may further actively participate by providing opportunities for employees of the Offeror Group and the Company Group to be trained with each other.

In light of the background, purpose and expected synergies described above, the Offeror determined that in order to further increase the corporate value of both companies, it would be necessary to further strengthen the alliance of both companies and concentrate their management resources by the Offeror making the Company a wholly-owned subsidiary. The Offeror appointed Nomura Securities as its outside financial advisor and third-party valuation agent, and appointed Mori Hamada & Matsumoto as its outside legal advisor, and the Offeror commenced specific examination of the Transaction in mid-November 2019. Although Nomura Securities is a related party of the Offeror, in light of the track record of Nomura Securities as a valuation agent and in considering the fact that the designated information blocking measures, as measures to prevent adverse effects, have been taken between the department of Nomura Securities that conducts the calculation of the share value of the Company Shares and other departments in Nomura Securities and Nomura HD, which is a parent company of Nomura Securities, the fact that the independence as a third-party valuation agent is ensured because the Offeror and Nomura Securities have conducted the transaction under the same conditions as those of the transaction with general customers, and the fact that Nomura Securities is not a related party of the Company and therefore there is no particular issue for the Offeror to request that Nomura Securities calculate the share value of the Company Shares, the Offeror appointed Nomura Securities as a third-party

valuation agent. After that examination, the Offeror made to the Company a proposal to commence examination and discussion for the execution of the Transaction on January 14, 2020.

On the other hand, in order to examine the commencement of discussions with the Offeror, the appropriateness of the execution of the Transaction and other matters, and to negotiate with the Offeror, the Company appointed Frontier Management Inc. (“Frontier Management”) as its financial advisor and third-party valuation agent independent of the Company and the Offeror, and appointed Gaien Partners (former Tobimatsu Law; hereinafter omitted) as its outside legal advisor subject to the approval of the special committee described below. The Company also established a special committee composed of independent officers in order to examine and negotiate concerning the Transaction from a standpoint independent of the Offeror on January 30, 2020. Then, the special committee approved the appointment of Frontier Management as a financial advisor and third-party valuation agent and Gaien Partners as a legal advisor by the Company, and independently appointed Hibiya Park Law Offices as its legal advisor independent of the Company and the Offeror, and established a system to conduct discussions and negotiations concerning the Tender Offer.

Based on that, the Offeror and the Company commenced specific discussions and examinations for the Transaction.

Specifically, on January 14, 2020, the Offeror made to the Company a proposal to commence examinations and discussions for the execution of the Transaction, and since January 30, 2020, when the Company established the system to conduct examinations concerning the Transaction, the Offeror has had discussions with, and provided explanations to, the Company about the significance and purpose of the Transaction including the Tender Offer. Also, the Offeror conducted due diligence to examine the feasibility of the Transaction from early February 2020 to mid-April 2020, and at the same time, conducted discussions and examinations about the significance and purpose of the Transaction in further detail and conducted discussions and examinations about the management system and business policy after the Transaction, and other various conditions for the Transaction with the Company on multiple occasions. In addition, the Offeror commenced examinations on the purchase price per Company Common Share in the Tender Offer (the “Tender Offer Price”), and the Offeror conducted discussions and negotiations on multiple occasions. Specifically, while the Offeror made a proposal for determining the Tender Offer Price to be JPY 665 per share to the Company on March 23, 2020, the Company requested to reexamine the content of the proposal with respect to the Tender Offer Price. In response to the request to reexamine the content of the proposal by the Company, the Offeror made a proposal for determining the Tender Offer Price to be JPY 850 per share to the Company on April 6, 2020, and then made a proposal for determining the Tender Offer Price to be between JPY 851 and JPY 899 per share on April 17, 2020, but the Company requested to reexamine the contents of the proposals on the grounds that the prices are not appropriate. In response to this, the Offeror made a proposal for determining the Tender Offer Price to be JPY 920 per share to the Company on April 23, 2020. Upon the discussions and negotiations for the execution of the Transaction, although the market price of the Company Shares was swinging up and down after late-February 2020 due to the recent global spread of new coronavirus, the Offeror and the Company conducted discussions and negotiations on the condition that they would evaluate the fair corporate value of the Company, which was not influenced by the situation of such market price.

Further, in order to make the Share Acquisition Rights subject to the tender in the Tender Offer, the Offeror examined the purchase price per Share Acquisition Right in the Tender Offer (the “Share Acquisition Rights Tender Offer Price”), and on April 15, 2020, made a proposal for determining the Share Acquisition Rights Tender Offer Price to be the amount calculated by multiplying the difference of the Tender Offer Price and the exercise price of

each Share Acquisition Right per Company Common Share by 100 that is the number of the Company Shares underlying one Share Acquisition Right, and conducted discussions and negotiations with the Company. It was agreed with the Company on April 16, 2020 that the Share Acquisition Rights Tender Offer Price would set to be the amount calculated by multiplying the difference of the Tender Offer Price and the exercise price of each Share Acquisition Right per Company Common Share by 100 that is the number of the Company Shares underlying one Share Acquisition Right, as proposed by the Offeror.

As a result of those discussions and negotiations, the Offeror and the Company reached an agreement that making the Company a wholly-owned subsidiary of the Offeror was the best way to respond to the changes in the business environment surrounding the Offeror and the Company and increase the corporate value of both companies. The Offeror and the Company also agreed on April 27, 2020 that the Tender Offer Price would be set to be JPY 920 per share and the Share Acquisition Rights Tender Offer Price would be set to be JPY 91,900 per Share Acquisition Right (the amount calculated by multiplying the difference of the Tender Offer Price and the exercise price of each Share Acquisition Right per Company Common Share by 100 that is the number of the Company Shares underlying one Share Acquisition Right), and the Offeror determined to commence the Tender Offer in accordance with the resolution of the board of directors meeting dated April 28, 2020.

(ii) Management Policy After Completion of the Tender Offer

The Offeror currently dispatches a director to the Company. Although the future management system of the Company including the expected transfer of officers from the Offeror has not been determined as of the submission date of this Statement, the Offeror requests the current employees of the Company to endeavor to continue to contribute to the development of the Company's business after the execution of the Transaction. In light of the effect on the customers of the Company, the Offeror intends to continue to use the trade name of the Company for the time being.

(III) Decision-Making Process and Reasons of the Company's Decision

According to "(II) Background Leading to the Decision by the Offeror to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer" above, upon receipt of the proposal from the Offeror to the Company of the Offeror's intention to commence examinations and discussions for the execution of the Transaction on January 14, 2020, the Company appointed Frontier Management as its financial advisor and third-party valuation agent, and Gaien Partners as its legal advisor in late January 2020, subject to the approval of the special committee described below.

In addition, the Company established a special committee to secure the fairness of the Transaction in accordance with the resolution of the board of directors meeting of the Company held on January 30, 2020 taking into consideration the fact that structural conflicts of interests may arise in the process of the examinations by the Company concerning the Transaction because the Offeror was a controlling shareholder of the Company and for other reasons when the Company examined and determined the appropriateness of the Transaction, and the appropriateness of various conditions of the Transaction. Masaaki Yamazaki, a director who concurrently serves as an employee of the Offeror, and Koji Sato, Hitoshi Yamazaki and Shin Shibuya, directors who had positions as employees of the Offeror, did not participate in the deliberations or resolution at the relevant board of directors meeting of the Company, nor in the discussions and negotiations with the Offeror. Further, the special committee approved the appointment of Frontier Management as a financial advisor independent of the Company and the

Offeror and Gaien Partners as an outside legal advisor independent of the Offeror and the Transaction by the Company on January 30, 2020. The special committee independently appointed Hibiya Park Law Offices as its legal advisor independent of the Company and the Offeror on January 30, 2020, and established a system to conduct discussions and negotiations concerning the Transaction from the standpoint independent of the Offeror and from the perspective of increasing the corporate value of the Company and securing the interests of the Company's general shareholders.

For details of the composition and specific activities of the special committee, see "(III) Establishment of an independent special committee at the Company and obtainment of a recommendation from the special committee by the Company" in "(6) Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest" below.

As explained above in "(II) Background, Purpose, and Decision Making Process Leading to Offeror Deciding to Implement the Tender Offer, and Management Policy After the Tender Offer" "(i) Background, Purpose, and Decision Making Process Leading to Offeror Deciding to Implement the Tender Offer," the Company is engaged in four business segments: "back office"; "IT services"; "securities"; and "others." In order to make further progress in realizing its vision of a "joint infrastructure company for securities business", the Company Group launched its five-year plan, "DCT 2022" in April 2018 in which it set four important management goals: "uncompromising quality first"; "promotion of digitization"; "establishment of a system to provide integrated BPO solution services"; and "expansion and development of integrated BPO solution services." The Company Group established platforms standardized for each business category for clients in a broad range of financial fields from securities companies to banks and emerging financial companies and promotes the provision of the most appropriate solutions according to the clients' needs and business categories by promoting the realization of the vision for a "joint infrastructure company for securities business".

In the securities industry, which is a major client market of the Company Group, there has been a need for transformation of the business model over the past years due to factors such as the further development of digitization, appeals to the next generation of clients for long-term reserve investments, intensification of competition from new entrants into the securities industry from other industries, and the spread of provision of free services, with the Company Group also subjected to strong demands from clients to reduce costs. On the other hand, there is an increasing momentum towards outsourcing back office service processes that clients currently perform themselves to external platforms, and specializing in core businesses such as sales in order to increase competitiveness. It is anticipated that this movement in the securities industry will accelerate further due to the spread of the new coronavirus.

BPO services provided by the Company Group to the securities industry as an "infrastructure company for securities business" refer to total solution services ranging from assistance with establishing a securities company to the establishment of an account, brokerage services for order, settlement, preparation and dispatch of various reports and other documents and measures for compliance regulations. The Company considers that by promoting the integration of BPO services provided by the Company Group and IT solution services provided by Offeror, the Company may assist its clients in transforming their business models and provide high value-added services whereby the clients may improve the efficiency of their services and specialize in their core business.

In light of the management environment described above, the Company determined in late March 2020 that the Transaction would provide the following synergies and the Transaction would contribute to the enhancement of the

Company's corporate value.

- [Enhancement of the corporate value by integrally providing ITO and BOT for securities companies]

The Company Group aims to establish platforms standardized for each business category for clients in a broad range of financial fields from securities companies to banks and emerging financial companies, and in the securities industry and for securities subsidiaries (regional banks-affiliated securities companies) that have already been established by local financial institutions, the Company Group provides a one-stop service for ITO and BPO (brand name: "Dream-S&S" (Note 6)) to approximately 10 companies. The Company considers that by becoming a wholly-owned subsidiary of the Offeror, it will be possible for the Company to smoothly establish platforms integrally providing ITO and BPO services for securities companies other than regional bank-affiliated securities companies such as general securities companies and regional securities companies and increase the added value provided to clients.

(Note 6) Dream-S&S stands for Daiko Retail Execution Account Management Systems & Services and refers to services providing comprehensive support ranging from the preparation for launching securities subsidiaries to be established by local financial institutions to the operation of business thereof.

- [Expansion of client base by integrally providing ITO and BPO for financial institutions other than securities companies]

The Company Group provides part of BPO services for the securities wholesale industry, asset management industry, banking industry and insurance industry, but does not integrally provide ITO and BPO services such as Dream-S&S at the present moment. The Offeror provides shared online system services in the same fields. The Company considers that by becoming a wholly-owned subsidiary of the Offeror, it is possible for the Company to smoothly establish platforms integrally providing ITO and BPO services for the securities wholesale industry, asset management industry, banking industry and insurance industry and expand the Company Group's client base.

- [Expansion of acceptance of the outsourcing of development of the Offeror's shared online system, and acceptance of maintenance and help-desk services]

While DSB Information System Co., Ltd., which is the Company's wholly-owned subsidiary, partly accepts the outsourcing of the development services of the shared online system owned by the Offeror, the Company considers that by becoming a wholly-owned subsidiary of the Offeror, it is possible for the Company to expand the range of acceptance of the outsourcing of those development services, and accept the outsourcing of maintenance services and help-desk services for the system and ultimately expand the client base of DSB Information System Co., Ltd.

- [Enhancement of productivity by using the Offeror's digitization know-how]

While the Company Group presents the "promotion of digitization" as one of the important management goals in "DCT 2022," the Company considers that by becoming a wholly-owned subsidiary of the Offeror, it is possible for the Company to further utilize the Offeror's know-how in digitizing operations through exchange of personnel and sharing of human resources with the Offeror, enhance its productivity by digitizing BPO services, improve the earnings structure of the Company Group, and provide added value back to clients.

- [Improvement of the operational efficiency and expansion of business scope by sharing know-how with the Offeror's financial BPO subsidiaries]

The Offeror owns NRI Process Innovation, Ltd. and other financial BPO subsidiaries. The Company considers that by becoming a wholly-owned subsidiary of the Offeror, it is possible for the Company to share the know-how between those financial BPO subsidiaries and the Company Group, and further improve the efficiency of its services and expand its business scope.

The Company also confirms with the Offeror that both companies will make efforts after the Transaction as described in "(II) Background, Purpose, and Decision Making Process Leading to Offeror Deciding to Implement the Tender Offer, and Management Policy After the Tender Offer" "(i) Background, Purpose, and Decision Making Process Leading to Offeror Deciding to Implement the Tender Offer," above with the aim of promptly and stably achieving the synergies described above.

In addition, with respect to the Tender Offer Price that is one of various conditions for the Transaction, after the special committee repeatedly examined the details of the business plan prepared by the Company at meetings held on and after January 30, 2020, the Company obtained advice on the calculation of the share value of the Company Shares and advice from the financial standpoint from Frontier Management. In addition, upon the discussions and negotiations for the execution of the Transaction, the special committee gave instructions to the Company and Frontier Management to discuss and negotiate with the Offeror without being bounded by the fact that the market price of the Company Shares was swinging up and down due to the recent global spread of new coronavirus and in order to reflect the fair corporate value of the Company in the Tender Offer Price, and having received these instructions, the Company and Frontier Management repeatedly conducted discussions with the Offeror. Specifically, in response to the proposal made by the Offeror that the Tender Offer Price would be determined to be JPY 665 per share on March 23, 2020, the Company requested the Offeror to reexamine the content of the proposal on the grounds that the corporate value of the Company was not sufficiently reflected in the Tender Offer Price. After that, in response to the proposal made by the Offeror that the Tender Offer Price would be determined to be JPY 850 per share on April 6, 2020, and the proposal that the Tender Offer Price would be determined to be between JPY 851 and 899 per share on April 17, 2020, the Company requested to reexamine the contents of the proposals on the grounds that the prices are not appropriate. As described above, the Company requested the Offeror to reflect the corporate value of the Company in the Tender Offer Price, and negotiated raising the Tender Offer Price and other matters on several occasions. As a result, the Offeror made a proposal that the Tender Offer Price would be determined to be JPY 920 per share on April 23, 2020, and it was finally agreed on April 27, 2020 that the Tender Offer Price to be JPY 920 per share. With respect to the Share Acquisition Rights Tender Offer Price that is one of the various conditions of the Transaction, in response to the proposal made by the Offeror on April 15, 2020 that the Share Acquisition Rights Tender Offer Price would be set to be the amount calculated by multiplying the difference of the Tender Offer Price and the exercise price of each Share Acquisition Right per Company Common Share by 100 that is the number of the Company Shares underlying one Share Acquisition Right, the Company conducted discussions and negotiations with the Offeror. As a result, it was agreed on April 16, 2020 that the Share Acquisition Rights Tender Offer Price would be set to be the amount calculated by multiplying the difference of the Tender Offer Price and the exercise price of each Share Acquisition Right per Company Common Share by 100 that is the number of the Company Shares underlying one Share Acquisition Right, as proposed by the Offeror.

Then, in light of the share valuation report on the Company Shares (the “Valuation Report”) provided by Frontier Management on April 27, 2020 and other matters, the special committee provided a written Recommendation (the “Committee Recommendation”) to the board of directors of the Company on April 28, 2020 stating that (i) the board of directors of the Company should express its opinion in support of the Tender Offer that constitutes the Transaction and recommend that its shareholders and the Share Acquisition Rights Holders tender their shares and Share Acquisition Rights in the Tender Offer and that (ii) the decision on the Transaction by the board of directors of the Company would not be disadvantageous for the minority shareholders of the Company (for details of the composition and specific activities of the special committee, see “(III) Establishment of an independent special committee at the Company and obtainment of a recommendation from the special committee by the Company” in “(6) Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.)

Thereafter, the board of directors of the Company considered the legal advice from Gaien Partners regarding the



decision-making process and method and other considerations regarding the Transaction, including the Tender Offer, and the substance of the Valuation Report. The Company conducted careful discussions and examinations regarding whether the Transaction would enhance the corporate value of the Company, and whether the various conditions for the Transaction, including the Tender Offer Price, were appropriate based on the substance of the Committee Recommendation obtained from the special committee.

As a result, the board of directors of the Company concluded that the Transaction would provide synergies described above and the Transaction would contribute to the enhancement of the corporate value of the Company.

In addition, (i) the Tender Offer Price is a price agreed after measures to ensure the fairness of the conditions for the Transaction, including the Tender Offer Price, were fully taken, and the Company repeatedly conducted negotiations with the Offeror with the substantial involvement of the special committee; (ii) the Committee Recommendation obtained from the independent special committee of the Company recognized that the Transaction would contribute to the enhancement of the corporate value of the Company, and the conditions were considered to be reasonable and the procedures were considered to be fair from the standpoint of securing the Company's general shareholders' interest; (iii) the Tender Offer Price exceeds the range of the calculation results based on the market price method, and also falls within the range of the calculation results based on the discounted cash flow method (the "DCF Method") from among the calculation results of the share value of the Company's Shares provided by Frontier Management as stated in "(3) Matters Regarding Calculation" below; (iv) the Tender Offer Price is the amount including a 64.87% premium (rounded off to two decimal places; the same shall apply hereinafter to the calculations of percentages in this paragraph) over the closing price, JPY 558, of the Company's Shares in regular trading on the First Section of the TSE on April 27, 2020, which is the Business Day immediately preceding the announcement date of the Tender Offer, a 85.86% premium over the simple average of the closing prices, JPY 495 (rounded off to the closest whole number; the same shall apply hereinafter to the calculations of simple averages of closing prices), in regular trading for the last one-month period, a 67.27% premium over the simple average of the closing prices, JPY 550, in regular trading for the last three-month period, a 54.36% premium over the simple average of the closing prices, JPY 596, in regular trading for the last six-month period; (v) a premium of 36.90% over the closing price of JPY 672 of the Company's Common Shares in regular trading on the First Section on January 14, 2020 when the Offeror proposed the Transaction, which is before the impact of share price fluctuations caused by the spread of the new coronavirus, a 35.10% premium over the simple average of the closing prices, JPY 681, in regular trading for the one-month period preceding such date, a 46.26% premium over the simple average of the closing prices, JPY 629, in regular trading for the three-month period preceding such date, and a 59.45% premium over the simple average of the closing prices, JPY 577, in regular trading for the six-month period preceding such date; and (vi) the Company adopted measures to ensure fairness of the Tender Offer Price as stated in "(6) Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest" below, and the interests of minority shareholders were taken into account. Considering these facts, the board of directors of the Company determined that the Tender Offer Price and other conditions concerning the Tender Offer were reasonable, and the Tender Offer was to provide the shareholders of the Company with the opportunity to sell the Company's Shares at a price with a reasonable premium and on reasonable terms and conditions.

Please note that although the Tender Offer Price is less than the net asset value (JPY 989) per share calculated based on the book net asset value of the Company as of March 31, 2020, the Company received advice from Frontier Management, which is the Company's financial adviser and third-party valuation agent, that the share value of the

Company Shares was to be calculated subject to the Company being an ongoing entity, and that because the net asset value indicated the liquidation value of a company and did not reflect the future profitability, it was not reasonable that the Tender Offer Price was determined based on the net asset value per share, and the Company determined that such advice from Frontier Management was reasonable.

Based on the above, the Company resolved at its board of directors meeting held on April 28, 2020 that it will express its opinion in support of the Tender Offer and recommend that shareholders tender their shares in the Tender Offer.

Additionally, with respect to the Share Acquisition Rights, because the per share price of the Tender Offer, etc. is calculated by multiplying the difference between the Tender Offer Price of JPY 920 and the exercise price of the Share Acquisition Rights per Company Share, multiplied by the number of the Company's Shares that the Share Acquisition Rights can be converted into, the Company resolved to recommend that all Share Acquisition Rights Holders tender their Share Acquisition Rights in the Tender Offer.

Masaaki Yamazaki, a director who concurrently serves as an employee of the Offeror, and Koji Sato, Hitoshi Yamazaki and Shin Shibuya, directors who had positions as employees of the Offeror, did not participate in the deliberations or resolution at the board of directors meeting, nor in the discussions and negotiations with the Offeror. Other resolutions at the board of directors meetings of the Company described above were made by the method stated in "(VI) Approval of all non-interested directors of the Company and opinion of all non-interested auditors of the Company that they had no objection" in "(6) Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest"

### (3) Matters Regarding Calculation

#### (I) Name of valuation agent and relationship with the Company and the Offeror

When giving its opinion regarding the Tender Offer, the Company obtained the approval of the special committee and requested Frontier Management to calculate the value of the Company's Shares, in order to ensure fairness in the decision-making process regarding the Tender Offer Price.

Frontier Management is a third-party valuation agent independent from the Company and the Offeror, and there is no material conflict of interest that should be stated in relation to the Tender Offer. Although the remuneration payable to Frontier Management includes a contingency fee to be paid only upon the successful completion of the Transaction and satisfaction of other conditions, since the influence of the contingency fee on the revenue of Frontier Management is very little, the Company considers that this would not constitute a material interest in the Tender Offer.

#### (II) Overview of the valuation report obtained

Frontier Management examined which valuation methods should be adopted for calculating the value of the Company's Shares from among multiple valuation methods, and on the presumption that the Company is a going concern, and based on the belief that it is appropriate to carry out multifaceted evaluation of the Company's Shares, carried out analysis of the share value per share of the Company using the average market price method given that the Company's Shares are listed on the First Section of the TSE and using the DCF Method in order to reflect the Company's future business activities in calculations, and on April 27, 2020, the Company obtained the Valuation Report from Frontier Management (Note 7). Please note that the Company has not obtained from Frontier

Management an opinion to the effect that the Tender Offer Price is fair to the Company's minority shareholders from a financial perspective (a fairness opinion).

According to the Valuation Report, the ranges of values per share of the Company's shares calculated based on the above valuation methods are as follows.

Average Market Share Price Method: 495 yen to 596 yen

DCF Method: 853 yen to 1,060 yen

For the average market price method, the record date was set as April 27, 2020. The average market price method resulted in a per share value of the Company Shares ranging from JPY 495 to JPY 596 based on the closing price of JPY 558 of the Company Shares on the First Section of the TSE on the record date, the simple average of the closing price, JPY 495, for the last one-month period (from March 30, 2020 to April 27, 2020), the simple average of the closing price, JPY 550, for the last three-month period (from January 28, 2020 to April 27, 2020), and the simple average of the closing price, JPY 596, for the last six-month period (from October 28, 2019 to April 27, 2020).

The DCF Method resulted in a per share value of the Company Shares ranging from JPY 853 to JPY 1,060, taking into account various factors, including the earnings and investment plans set out in the business plans prepared by the Company for the period (from the Fiscal Year Ending March, 2021 to the Fiscal Year Ending March 2025) as well as publicly available information, etc., and after evaluating the corporate value and share value of the Company by discounting the free cash flow that the Company is expected to generated in and after the Fiscal Year Ending March 2021 to the present value at a certain discount rate. Frontier Management applied the discount rate of 6.92% - 8.92%, and adopted the perpetual growth rate method to calculate the terminal value, with the perpetual growth rate of -0.5%% - 0.5%.

The financial forecasts used by Frontier Management based on the business plans of the Company as a basis of calculation using the DCF Method are as follows. The financial forecasts do not include any business periods in which a significant increase or decrease in profits is projected. In addition, the effect of the synergies expected to be realized through the execution of the Transaction is not considered in the following financial forecasts because such effect is difficult to estimate at the present. Further, the financial forecasts have not been prepared based on any implementation of the restructuring, etc. after the Tender Offer.

In addition, the Share Acquisition Rights are also targets under the Tender Offer, but because the price of the Tender Offer, etc. per Share Acquisition Right is determined by multiplying the difference between the Tender Offer Price of JPY 920 and the exercise price of the Share Acquisition Rights per Company Share, multiplied by 100 (the number of the Company's Shares into which a Share Acquisition Right can be converted), the Company has not obtained a valuation report and opinion (fairness opinion) from a third-party valuation agent.

(JPY millions)

	Fiscal Year Ending March 2021	Fiscal Year Ending March 2022	Fiscal Year Ending March 2023	Fiscal Year Ending March 2024	Fiscal Year Ending March 2025
Operating revenue	20,447	21,207	22,324	23,501	24,740
Operating income	1,063	1,140	1,270	1,416	1,582
EBITDA	1,467	1,544	1,674	1,820	1,986

Free cash flow	(3,311)	948	1,010	1,124	1,255
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(Note 7) In calculating the share value of the Company's Shares, Frontier Management has, in principle, used data such as information provided to it by the Company and generally publicly available information as presented, and assumed that those materials, information and the like are entirely accurate and complete, and did not independently verify the accuracy and completeness of such materials and information. Also, Frontier Management has not conducted an independent evaluation or assessment, and has not made any request 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 any affiliated company of the Company. In addition, Frontier Management assumed that information regarding the financial forecasts of the Company has been reasonably prepared based on the best forecasts and judgments available to the management of the Company at the present. The calculation by Frontier Management reflects the above information up to April 27, 2020.

#### (4) Likelihood of Delisting and Reasons for that Delisting

Although the Company's Shares are listed on the First Section of the TSE as of the submission date of this notice, the Offeror has not set a maximum number of Share Certificates, Etc. to be purchased in the Tender Offer, so the Company's 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. Even if the Company's Shares do not fall under those criteria at the time of the successful completion of the Tender Offer, if the Offeror takes each procedure stated in "(5) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)" above after the successful completion of the Tender Offer, the Company's Shares will fall under the delisting criteria and be delisted through the prescribed procedures. After delisting, the Company's Shares will not be able to be traded on the First Section of the TSE.

#### (5) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)

As mentioned in "(I) Overview of the Tender Offer" in "(2) Grounds and Reasons for Opinion Regarding Tender Offer" above, the Offeror intends to make the Company a wholly-owned subsidiary of the Offeror, and if the Offeror is not able to acquire all of the Company's Shares (excluding the Company's Shares owned by the Offeror and the treasury shares owned by the Company) and all of the Share Acquisition Rights through the Tender Offer, the Offeror plans on conducting procedures for the purpose of acquiring all of the Company's Shares (excluding the Company's Shares owned by the Offeror and the treasury shares owned by the Company) and all of the Share Acquisition Rights by the following methods after the successful completion of the Tender Offer.

##### (I) Demand for sale of shares, etc.

If, as a result of the successful completion of the Tender Offer, the total number of voting rights in the Company owned by the Offeror becomes 90% or more of the voting rights of all shareholders of the Company, and the Offeror becomes a special controlling shareholder as provided for in Article 179, paragraph (1) of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same applies), the Offeror intends to, promptly after the completion of the settlement of the Tender Offer, make a demand to all of the shareholders of the Company (excluding the Offeror and the Company) to sell all of the Company Shares they hold (the "**Demand for Sale of Shares**"), and to make a demand to all of the Share Acquisition Rights Holders to sell all of the Share Acquisition Rights they hold (the "**Demand for Sale of Share Acquisition Rights**", and collectively with the Demand for Sale of Shares, the

“**Demand for Sale of Shares, Etc.**”) under the provisions of Part II, Chapter II, Section 4-2 of the Companies Act. In the Demand for Sale of Shares, money equal to the amount of the Tender Offer Price is to be delivered to the shareholders of the Company (excluding the Offeror and the Company) as consideration for each Company Share, and in the Demand for Sale of Share Acquisition Rights, money equal to the amount of the Share Acquisition Rights Tender Offer Price is to be delivered to the Share Acquisition Rights Holders of the Company as consideration for each Share Acquisition Right. In that case, the Offeror will notify the Company to that effect and request approval from the Company for the Demand for Sale of Shares, Etc. If the Company approves the Demand for Sale of Shares, Etc. by a resolution of its board of directors meeting, the Offeror will acquire all of the Company Shares held by all of the shareholders of the Company (excluding the Offeror and the Company) and acquire all of the Share Acquisition Rights held by all of the Share Acquisition Rights Holders as of the acquisition date stated in the Demand for Sale of Shares, Etc. without requiring any individual approval of the shareholders of the Company and the Share Acquisition Rights Holders in accordance with procedures prescribed in relevant laws and regulations. The Offeror is to deliver money equal to the amount of the Tender Offer Price to those shareholders of the Company as consideration for each Company Share they held, and is to deliver money equal to the amount of the Share Acquisition Rights Tender Offer Price to those Share Acquisition Rights Holders as consideration for each Share Acquisition Right they held. As stated in this Announcement, if the Company receives from the Offeror a notice regarding the fact that the Offeror intends to conduct the Demand for Sale of Shares, Etc. and regarding a matter in any item of Article 179-2, paragraph (1) of the Companies Act, it will approve the Demand for Sale of Shares, Etc. at the board of directors meeting of the Company. If the Demand for Sale of Shares, Etc. has been conducted, any shareholder of the Company and Share Acquisition Rights Holder may file a petition to the court for a determination of the purchase price of the Company Shares and the Share Acquisition Rights they own in accordance with Article 179-8 of the Companies Act and the provisions of other relevant laws and regulations.

#### (II) Share consolidation

Conversely, if the total number of voting rights in the Company owned by the Offeror is less than 90% of the voting rights of all shareholders of the Company as a result of the successful completion of the Tender Offer, the Offeror intends to make a demand to convene an extraordinary shareholders meeting (the “**Extraordinary Shareholders Meeting**”) at which the agenda items will include a consolidation of the Company’s Shares pursuant to Article 180 of the Companies Act (the “**Share Consolidation**”) and an amendment to the Company’s articles of incorporation to abolish the provisions on share units on the condition that the Share Consolidation takes effect. The Offeror believes that it would be desirable to convene the Extraordinary Shareholders Meeting as soon as possible from the perspective of enhancing the corporate value of the Company, and intends to make a demand to the Company to make a public notice of the record date during the Tender Offer Period to set the record date for the Extraordinary Shareholders Meeting on a date after but close to the settlement commencement date of the Tender Offer (as of the submission date of this notice, such date is expected to be sometime in late June 2020). The Offeror intends to approve those proposals at the Extraordinary Shareholders Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders Meeting, on the day on which the Share Consolidation takes effect, each shareholder of the Company will own the Company’s Shares in a number that corresponds to the ratio of the Share Consolidation approved at the Extraordinary Shareholders Meeting. If a fraction less than one share arises in the number of shares as a result of the Share Consolidation, money obtained

from selling to the Company or the Offeror the Company's Shares in a number that is equal to the total number of those fractions (if there is a fraction less than one share in that total number, that fraction is to be rounded down, hereinafter the same) is to be delivered to the shareholders of the Company in accordance with the procedures prescribed in Article 235 of the Companies Act and other relevant laws and regulations. With respect to the sale price of the Company's Shares equivalent to the total number of those fractions, the Offeror intends to make a demand to the Company to file a petition to a court for permission to make a sale by private contract after setting the amount of money to be delivered to the shareholders of the Company that did not tender shares in the Tender Offer (excluding the Offeror and the Company) as a result of that sale being the same as the price obtained by multiplying the Tender Offer Price by the number of the Company's Shares owned by each of those shareholders. Further, although the ratio of the consolidation of the Company's Shares has not been determined as of the submission date of this Statement, the ratio is to be determined so that the number of the Company's Shares owned by the shareholders of the Company (excluding the Offeror and the Company) that did not tender shares in the Tender Offer will be a fraction less than one share so that the Offeror owns all of the Company's Shares (excluding the treasury shares owned by the Company).

The Companies Act provides that if the Share Consolidation is performed and a fraction less than one share arises as a result of the Share Consolidation, any shareholder of the Company may, in accordance with Article 182-4 and Article 182-5 of the Companies Act and the provisions of other relevant laws and regulations, make a demand to the Company to purchase at a fair price all of the shares owned by that shareholder that will become a fraction less than one share and file a petition to the court for a determination of the price of the Company's Shares.

The Tender Offer is not intended to solicit the shareholders and Share Acquisition Rights Holders of the Company to approve the proposals at the Extraordinary Shareholders Meeting.

The procedures in (I) and (II) above might require time to implement or might change to another method depending on circumstances, etc. such as any revision, enforcement, or interpretation, etc. by authorities of relevant laws and regulations. However, even in that case, if the Tender Offer is successfully completed, it is expected that the method of ultimately delivering money to the shareholders of the Company (excluding the Offeror and the Company) that have not tendered shares in the Tender Offer will be used, and the amount of money to be delivered to those shareholders in that case is to be calculated so that it is equal to the price obtained by multiplying the Tender Offer Price by the number of the Company Shares owned by each of those shareholders. If delivering money to the Share Acquisition Rights Holders that have not tendered Share Acquisition Rights in the Company Offer, the amount of such money is to be calculated so that it is equal to the price obtained by multiplying the Share Acquisition Rights Tender Offer Price by the number of the Share Acquisition Rights owned by each of the Share Acquisition Rights Holders. However, if a petition for a determination of the purchase price in the Demand for Sale of Shares, Etc. or a petition for a determination of the price in relation to the appraisal rights regarding Share Consolidation is filed, the purchase price of the Company's Shares and the Share Acquisition Rights or the price in relation to the appraisal rights of the Company's Shares will be ultimately determined by the court.

Upon the successful completion of the Tender Offer, if the total number of voting rights in the Company owned by the Offeror is less than 90% of the voting rights of all shareholders of the Company and the Offeror is not able to acquire all of the Share Acquisition Rights through the Tender Offer, the Offeror will not be able to acquire all of the Share Acquisition Rights through the Share Consolidation after the Tender Offer so the Offeror intends to make a

demand to the Company to implement, or intends to implement acquisition and cancellation of the Share Acquisition Rights and other procedures reasonably necessary to make the Company a wholly-owned subsidiary.

Matters such as the specific procedures in each of the above cases and the timing of the implementation of those procedures are to be promptly publicly announced by the Company once they have been determined following discussions between the Company and the Offeror. The shareholders of the Company and the Share Acquisition Rights Holders should consult with tax experts at their own responsibility on the handling of tax matters in relation to tendering Company's Shares and Share Acquisition Rights in the Tender Offer and the above procedures.

#### (6) Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest

In light of the fact that structural conflicts of interests may arise in the process of the examinations by the Company concerning the Transaction because the Offeror is a controlling shareholder of the Company and for other reasons, the Company and the Offeror took the following measures to ensure the fairness of the Transaction. The descriptions of the measures and the like described below that were implemented at the Offeror are based on explanations received from the Offeror.

Please note that the Offeror has not set a minimum number of Share Certificates, Etc. of the so-called majority of minority to be purchased in the Tender Offer. According to the Offeror, the Offeror already owns 13,013,064 shares of the Company's Shares (ownership ratio, 51.78%) as of the submission date of this notice, and therefore if the Offeror were to set a minimum number of Share Certificates, Etc. of the so-called majority of minority to be purchased in the Tender Offer, it believes that the successful completion of the Tender Offer would become uncertain and that it is possible that setting such minimum number would not serve the interests of minority shareholders who wish to tender their shares in the Tender Offer. The Offeror and the Company obtained confirmation by the special committee, and believe that because the Offeror and the Company have implemented the measures described below in (I) through (VII), the interests of minority shareholders have been fully considered, even if no such minimum is set.

#### (I) Obtainment of a share valuation report from an outside third-party valuation agent

##### (i) Common shares

In the course of determining the Tender Offer Price, the Offeror requested Nomura Securities, which is an outside third-party valuation agent and the Offeror's financial advisor, to calculate the share value of the Company Shares, and the Offeror obtained the Offeror Valuation Report regarding the results of the calculation of the share value of the Company Shares. Although Nomura Securities is a related party of the Offeror, in light of the track record of Nomura Securities as a valuation agent and in considering the fact that the designated information blocking measures, as measures to prevent adverse effects, have been taken between the department of Nomura Securities that conducts the calculation of the share value of the Company Shares and other departments in Nomura Securities and Nomura HD, which is a parent company of Nomura Securities, the fact that the independence as a third-party valuation agent is ensured because the Offeror and Nomura Securities have conducted the transaction under the same conditions as those of the transaction with general customers, and the fact that Nomura Securities is not a related party of the Company and therefore there is no particular issue for the Offeror to request that Nomura Securities calculate the share value of the Company Shares, the Offeror requested that Nomura Securities calculate the share value of the

## Company Shares.

Nomura Securities has, after considering the calculation method in the Tender Offer, calculated the share value of the Company's Shares using the following methods: (a) the average market price method given that the Company's Shares are listed on the First Section of the TSE and (b) the DCF Method to reflect the future status of business operations in the valuation, and the Offeror obtained a share valuation report from Nomura Securities on April 27, 2020 (the "**Offeror Valuation Report**") (Note 8). The Offeror has not obtained from Nomura Securities an opinion on the appropriateness of the Tender Offer Price (a fairness opinion).

The results of the calculation by Nomura Securities of the share value per share of the Company's Shares are as follows.

Average market price method: 495 yen – 596 yen

DCF Method: 754 yen – 1,011 yen

For the average market price method, the calculation record date was set as April 27, 2020. The average market price method resulted in a per share value of the Company Shares ranging from JPY 495 to JPY 596 based on the closing price of JPY 558 of the Company Shares on the First Section of the TSE on the record date and the simple average of the closing price for the most recent five-Business Day, one-month, three-month, and six-month periods (JPY 523, JPY 495, JPY 550, and JPY 596, respectively).

The DCF Method resulted in a per share value of the Company Shares ranging from JPY 754 to JPY 1,011, taking into account various factors, including the earnings and investment plans set out in the business plans of the Company for five business periods (from the Fiscal Year Ending March 2021 to the Fiscal Year Ending March 2025 as well as publicly available information, etc., and after evaluating the corporate value and share value of the Company by discounting the free cash flow that the Company is expected to generate in the future in and after the Fiscal Year Ending March 2021 to the present value at a certain discount rate. A significant increase or decrease in profit is not expected in the business plan used as the basis of the DCF Method. In addition, the effect of the synergies expected to be realized through the execution of the Transaction is not reflected because such effect on earnings is difficult to estimate at this point in time.

Referring to the calculation results using each calculation method set out in the Offeror Valuation Report obtained from Nomura Securities, the Offeror ultimately determined by resolution of its board of directors meeting on April 28, 2020 that the Tender Offer Price is JPY 920 in light of the results of discussions and negotiations with the Company and the fact that although the market price of the Company Shares was swinging up and down after late-February 2020 due to the recent global spread of new coronavirus, the Offeror and the Company should evaluate the fair corporate value of the Company, which was not influenced by the situation of such market price, and by comprehensively considering factors such as the fact that the Tender Offer Price exceeds the upper limit of the calculation results based on the average market price method and also falls within the range of the calculation results based on the DCF Method set out in the Offeror Valuation Report, the results of the due diligence conducted on the Company from early February 2020 until mid-April 2020, whether the Tender Offer is approved by the board of directors of the Company, trends in the market share price of the Company Shares, examples of premiums that have been provided upon determination of the tender offer price in past tender offers for share certificates, etc. by persons other than the issuer that are of the same kind as the Tender Offer (tender offer by a parent company to make its listed



subsidiary its wholly-owned subsidiary), and the prospect of the number of shares being tendered in the Tender Offer.

The Tender Offer Price (JPY 920 per Company Common Share) represents a 64.87% premium over the closing price, JPY 558, of the Company Shares on the First Section of the TSE on April 27, 2020, which is the Business Day immediately preceding the day on which the Tender Offer was publicly announced, a 75.91% premium over the simple average of the closing price, JPY 523, for the last five-Business Day period (from April 21, 2020 to April 27, 2020), a 85.86% premium over the simple average of the closing price, JPY 495, for the last one-month period (from March 30, 2020 to April 27, 2020), a 67.27% premium of over the simple average of the closing price, JPY 550, for the last three-month period (from January 28, 2020 to April 27, 2020), and a 54.36% premium over the simple average of the closing price, JPY 596, for the last six-month period (from October 28, 2019 to April 27, 2020).

(Note 8) In calculating the share value of the Company's Shares, Nomura Securities has, in principle, used data such as information provided to it by the Company and generally publicly available information as presented, and assumed that those materials, information and the like are entirely accurate and complete, and did not independently verify the accuracy and completeness of such materials and information. Also, Nomura Securities has not conducted an independent evaluation or assessment, and has not made any request 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 any affiliated company of the Company. In addition, Nomura Securities assumed that information regarding the financial forecasts of the Company has been reasonably prepared based on the best forecasts and judgments available to the management of the Company at the present. The calculation by Frontier Management reflects the above information up to April 27, 2020. The valuation by Nomura Securities is conducted with the sole purpose of being used as reference for the Board of Directors of the Offeror to consider the value of the Company Shares.

#### (ii) Share Acquisition Rights

With respect to the Share Acquisition Rights, as of the submission date of this Statement, the exercise price per share of the Company Shares in each Share Acquisition Right (JPY 1) falls below the Tender Offer Price (JPY 920). Therefore, the Offeror determined the Share Acquisition Rights Tender Offer Price to be the amount (JPY 91,900) calculated by multiplying the difference of the Tender Offer Price and the exercise price of each Share Acquisition Right per Company Common Share (JPY 919) by 100 that is the number of the Company Shares underlying one Share Acquisition Right.

Although the approval of the board of directors of the Company is required to obtain any Share Acquisition Right through assignment, it is resolved at the board of directors meeting held on April 28, 2020, that the Company comprehensively approves subject to the successful completion of the Tender Offer that the Share Acquisition Rights Holders assign their Share Acquisition Rights to the Offeror by tendering those Share Acquisition Rights in the Tender Offer.

In determining the Share Acquisition Rights Tender Offer Price, the Offeror has not obtained a valuation report or an opinion letter (a fairness opinion) or the like from a third-party valuation agent because the Share Acquisition Rights Tender Offer Price is calculated based on the Tender Offer Price.

#### (II) Obtainment of a share valuation report from an independent third-party valuation agent by the Company

The Company obtained the approval of the special committee and requested Frontier Management, which is the Company's financial advisor and a third-party valuation agent that is independent from the Company and the Offeror, to calculate the value of the Company's Shares, and obtained the Valuation Report from Frontier Management.

For an outline of the Valuation Report, see "(II) Overview of valuation report obtained" in "(3) Matters Regarding

Calculation” above.

(III) Establishment of an independent special committee at the Company and obtainment of a recommendation from the special committee by the Company

After the Offeror expressed its intention regarding the Transaction on January 14, 2020, the board of directors of the Company immediately commenced deliberations, from a position independent from the Offeror, concerning the establishment of a system to review and negotiate the Transaction from the perspective of enhancing the corporate value of the Company and ensuring the interests of general shareholders of the Company, and resolved to establish a special committee consisting of three members, namely, Akira Ariyoshi (independent outside director of the Company and Specially Appointed Professor of Graduate School of International Relations of International University of Japan), Yoshitsugu Nishimura (independent outside auditor of the Company and Special Counsel of MIYAKE & PARTNERS), and Makiko Fuse (independent outside auditor of the Company and director of YAMADA Consulting Group Co., Ltd.), who are independent officers independent from the Company and the Offeror on January 30, 2020. In appointing each member, the board of directors of the Company received advice from Frontier Management and Gaiken Partners, who were to be appointed as the financial advisor and the legal advisor of the Company.

Masaaki Yamazaki, a director who concurrently serves as an employee of the Offeror, and Koji Sato, Hitoshi Yamazaki and Shin Shibuya, directors who had positions as employees of the Offeror, did not participate in the deliberations or resolution at the board of directors meeting mentioned above.

The board of directors of the Company requested, by the resolution of the board of directors mentioned above, that the special committee: (i) consider whether the board of directors of the Company should approve the Tender Offer and whether to recommend that the shareholders of the Company tender their shares in the Tender Offer, and give a recommendation to the board of directors of the Company after (a) considering and determining the appropriateness of the Transaction from the perspective of whether the Transaction would contribute to the enhancement of the corporate value of the Company and (b) considering and determining the appropriateness of the terms of the Transaction and the fairness of the procedures from the perspective of ensuring the interests of general shareholders of the Company, and (ii) consider whether the decision regarding the Tender Offer by the board of directors of the Company is disadvantageous to the minority shareholders of the Company, and express an opinion to the board of directors of the Company (collectively, the “**Inquired Matters**”). The board of directors resolved that (i) the board of directors makes its decision regarding the Transaction with the utmost respect for the judgments made by the special committee, including whether the Transaction is approved or not, and (ii) the Tender Offer will not be approved if the special committee determines that the implementation of the Tender Offer or the terms of the transaction are not appropriate. The board of directors of the Company has determined that it gives the special committee (i) the power to be substantially involved in the process of negotiation between the Company and the Offeror or the like (including giving instructions or making a request with respect to the negotiation policies with the Offeror or the like and negotiating with the Offeror or the like, as necessary), (ii) the power to appoint its financial or legal advisor at the Company’s expense or to nominate or approve (including the approval after the appointment) the financial or legal advisor of the Company, as necessary, (iii) the power to receive information necessary for review and judgment regarding the Transaction (including information regarding the details of business plans and assumptions used in their preparation) from an officer or an employee of the Company, and (iv) any other power that the special committee considers necessary for review and judgment regarding the Transaction. The remuneration for

the special committee members consists solely of the remuneration paid on an hourly basis regardless of the contents of the recommendation.

The special committee held 12 meetings between January 30, 2020 and April 28, 2020 to carefully discuss and consider the Inquired Matters. Specifically, the committee appointed Hibiya Park Law Offices as a legal advisor that has no interest in the Offeror, the Company, or the successful completion of the Transaction, and has received legal advice regarding overall matters relating to the Transaction from Hibiya Park Law Offices. In addition, the special committee confirmed that it is able to receive professional advice from Frontier Management, which was appointed by the Company, due to there being no issues with the independence or expertise of Frontier Management. Based on the above, the special committee had multiple question and answer sessions with the management of the Company regarding matters such as the description of the business, the business environment, and the details and processes for preparation of the business plans, and had interviews in person with the Offeror and held question and answer sessions regarding matters such as the impact of the Transaction on the corporate value of the Company. The special committee received explanations from Frontier Management on the methods and results of the calculation of share value of the Company's Shares and held question and answer sessions. Based on the above, the special committee was substantially involved in the repeated price negotiations between the Offeror and the Company by receiving timely reports from the Company and Frontier Management on the status of the negotiations regarding the transaction terms of the Transaction or the like and by giving instructions or the like to the Company and Frontier Management. As a result, the Offeror granted a significant concession and they reached an agreement on the Tender Offer Price.

Subsequently, on April 28, 2020 the special committee submitted to the board of directors of the Company the Committee Recommendation with unanimous approval of the members as a result of the multiple careful negotiations and review on the Inquired Matters, as summarized below (hereinafter the special committee is referred to as the "**Committee**" in the overview of the Committee Recommendation).

(a) Opinion of the Committee

On the Inquired Matter (I)

The Committee recommended to the board of directors that it should support the Tender Offer and recommend that shareholders and share acquisition right holders of the Company tender shares in response to the Tender Offer.

On the Inquired Matter (II)

The Committee believes that the decision of the board of directors with respect to the Transaction is not disadvantageous to the minority shareholders of the Company.

(b) Reasons for the Committee's opinion

(i) Appropriateness of the Transaction from the perspective of whether it contributes to enhancement of the corporate value of the Company

The Committee considers there to be no unreasonable aspects of, and does not disagree with, the current assessment of the description of business and business environment of the Company and the description of business of the Tender Offeror stated in "(i) Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer" in "(II) Background Leading to the Decision by the Offeror to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer" and "(III) Decision-Making Process and Reasons of the Company's Decision" in "(2) Grounds and Reasons for the Opinion Regarding Tender Offer" above.

The purpose of the Transaction is acknowledged to be to utilize the management resources of

the Tender Offeror and the Company to the maximum possible extent, thereby extending the scope of customers and services provided and increasing corporate value, in light of the Company's assessment of the synergy effects of the Transaction stated in "(III) Decision-Making Process and Reasons of the Company's Decision" in "(2) Grounds and Reasons for the Opinion Regarding Tender Offer" and the Tender Offeror's assessment of the synergy effects of the Transaction stated in "(i) Background, Purpose and Process of Decision-Making that Led the Tender Offeror to the Decision to Conduct the Tender Offer" in "(II) Background Leading to the Decision by the Offeror to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer" in "(2) Grounds and Reasons for the Opinion Regarding Tender Offer" above. Considering that the Company and the Tender Offeror have confirmed to implement the measures stated in "(i) Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer" in "(II) Background Leading to the Decision by the Offeror to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer" in "(2) Grounds and Reasons for the Opinion Regarding Tender Offer" above in order to quickly and effectively achieve that purpose, the increase of corporate value is expected to be viable. At the same time, it can be said based on the above that the Tender Offeror is not an attempt by the Tender Offeror to use its status as a parent company to benefit itself or a third party at the expense of the minority shareholders.

Therefore, the Committee is able to support the Transaction in terms of its contribution to the corporate value of the Company.

(ii) Appropriateness of terms of transaction and fairness of procedures from the perspective of ensuring interests of general shareholders

(x) Appropriateness of transaction terms

(a) The Company has appointed Gaien Partners as its outside legal advisor with the objective of ensuring fairness and appropriateness of the decision-making by the board of directors of the Company, and has received its legal advice regarding the decision-making process and methods of the board of directors meetings of the Company and other notable points in relation to the Tender Offer and the subsequent series of procedures, and the transactions that constitute the Transaction are not expected to conflict with the Financial Instruments & Exchange Act, the Companies Act, or other relevant laws and ordinances.

(b) The measures taken to ensure the fairness of the Transaction include: (i) the establishment of the Committee and obtaining the Committee Recommendation from the Committee, (ii) the Committee's receipt of advice from the outside independent law firm Hibiya Park Law Offices, (iii) the substantive involvement of the Committee in negotiations, (iv) the Company's receipt of advice from the independent law firm Gaien Partners, (v) the Company's obtaining a share valuation report from the independent outside valuation institution Frontier Management, (vi) the Tender Offeror's obtaining a share valuation report from the outside valuation institution Nomura Securities, (vii) the establishment of a system within the Company for conducting deliberations and negotiations independently of the Tender Offeror, (viii) the exclusion of interested directors and corporate auditors of the Company from the deliberations and resolutions of the board of directors, (ix) measures to secure opportunities for other potential buyers to make competing offers, (x) elimination of coerciveness, and (xi) appropriate disclosure of information. The above measures for ensuring fairness are not insufficient in comparison to similar transactions in the past (whole acquisition of a listed subsidiary by a parent company) and have functioned effectively in those past transactions.

(c) The process of negotiating the transaction terms with the Tender Offeror has been for the Committee to give instructions to the Company and Frontier Management on the negotiation policy regarding major transaction terms, principally the Tender Offer Price, upon comprehensive consideration of factors such as the results of Frontier Management's share valuation, the premium offered in similar transactions, and the Company's past share price movements, in addition to the implementation of the measures for ensuring fairness described above. In the course of those negotiations, the Tender Offeror has not appeared to attempt to use its status as the parent company to obtain more favorable terms, and the Company has not appeared to yield to the intentions of the Tender Offeror. Both companies have conducted the

negotiations on equal standing and have not negotiated an unfair price without consideration for the interests of minority shareholders.

In light of the above, the committee acknowledges that (A) each of the individual transactions constituting the Transaction is lawful, (B) the measures for ensuring the fairness of the Transaction are generally functioning effectively, and (C) the process of negotiating the price and other terms of the Transaction has been carried out appropriately. Therefore, the committee is able to affirm that the procedures of the Transaction are fair in terms of the interests of ordinary shareholders.

(y) Appropriateness of terms of transaction

(a) In light of the measures to ensure fairness described above, it is considered that, in the Transaction, the conditions that may be deemed to be substantially equivalent to those between mutually independent parties were ensured, and negotiations were conducted.

(b) Because the Committee needs to confirm the details of the calculation of the share price, which is an important basis for determining the appropriateness of the terms of the transaction, the Committee conducted interviews with Frontier Management about the calculation method of the share value and the calculation results thereof on multiple occasions. The calculation method and the calculation results by Frontier Management were deemed to be reasonable, and it is considered that the agreement on the Tender Offer Price, which is determined to fall within the range of share values of the Company Shares calculated based on each method, or exceed the upper price of share values thereof, is reasonable to a certain extent. The price of the Share Acquisition Rights is determined to be the amount calculated by multiplying the difference of the Tender Offer Price (JPY 920) and the exercise price of each Share Acquisition Rights per Company Shares (JPY 1) by 100 that is the number of the Company Shares underlying one Share Acquisition Right, and is considered to be a price that provides economic benefits similar to those provided to the shareholders of the Company Shares.

(c) According to the materials and other information disclosed by Frontier Management, the level of premiums of the Tender Offer Price is considered to be in line with that of other similar cases (transactions where a parent company makes its subsidiary its wholly-owned subsidiary by using cash as the consideration) in both cases where it is based on the share price as of the Business Day immediately preceding the announcement date of the Tender Offer and for a certain past period before such Business Day, and where it is based on the share price as of January 14, 2020, on which the proposal of the Transaction was made, and for a certain past period before such date without reference to the share price after the decline in share price in the entire stock market after such date.

In addition, according to the materials and other information disclosed by Frontier Management, the level of price-book value ratio (PBR) of the Tender Offer Price is considered to be in line with that of other similar cases (transactions where the Company with respect to which the PBR of the market share price is less than 1 becomes a wholly-owned subsidiary).

Further, because the method in which the Tender Offer is conducted as the first step, and the Demand for Sale of Shares, Etc. and the Share Consolidation are conducted as the second step is a method generally adopted in transactions similar to the Transaction which make an entity a wholly-owned subsidiary, and a scheme in which general shareholders may dispute through court procedures if they consider that the consideration for acquisition is unreasonably low, the method of the acquisition in the Transaction is considered to be appropriate.

The method in which the tender offer is conducted using cash as the consideration as the first step is considered to be appropriate for the Company's general shareholders compared to the method using the Offeror's shares as the consideration, because the business of the Offeror and that of the Company are different. In addition, with respect to the type of the consideration for acquisition in the second-step transaction, unlike in the case of the share exchange using the Offeror's shares as the consideration, because general shareholders who do not tender in the Tender Offer may avoid the risks of a decline in the Offeror's share price, and may receive cash that is based on the same price as the Tender Offer Price, the transaction using cash as the consideration is more appropriate. Therefore, the type of the consideration for acquisition is considered to be appropriate.

In addition to the above, with respect to the terms of the Transaction other than the price, there is no fact that the Offeror unfairly obtained interests at the expense of the Company's minority shareholders, and there is no situation that impairs the appropriateness of such terms.

As stated above, the Committee acknowledges that that the Transaction's terms are appropriate in terms of the interests of ordinary shareholders of the Company, based on (A) the negotiation process based on measures to ensure fairness described above, (B) the method and results of the share valuation, and (C) the level of the consideration for acquisition resulting from the negotiations as well as the fact that, through the Transaction, the general shareholders can be offered a chance to sell their shares at the price that is more than 1.6 times as much as the market share price on the Business Day immediately preceding the day on which the Tender Offer was publicly announced in the midst of the current highly uncertain situation where market share prices including that of the Company Shares plunged due to the global spread of new coronavirus, prospects on the trend of the market share price are unclear, and it is uncertain whether the market share price will go back to the level before the plunge, and other matters, the terms of the Transaction are considered to be appropriate from the perspective of ensuring the interests of the Company's general shareholders.

(iii) Conclusion

As stated above, the Committee acknowledges that the Transaction will contribute to the corporate value of the Company and that the Transaction's procedures are fair and its terms are appropriate in terms of the interests of ordinary shareholders of the Company. Therefore, the Committee believes that the decisions of the board of directors regarding the Transaction including the Tender Offer, or (i) the decision that the board of directors to endorse the Tender Offer and recommend that shareholders and share acquisition right holders tender shares to the Tender Offer and (ii) the decision with respect to the Demand for Cash Out or the Share Consolidation as part of the Transaction after the Tender Offer are not disadvantageous to the minority shareholders of the Company.

(IV) Advice from an outside law firm received by the Company

The Company has appointed Gaien Partners as its outside legal advisor with the objective of ensuring fairness and appropriateness of the decision-making by the board of directors of the Company, and has received its legal advice regarding the decision-making process and methods of the board of directors meetings of the Company and other notable points in relation to the Tender Offer and the subsequent series of procedures.

(V) Advice from an independent law firm received by the special committee of the Company

The special committee has appointed Hibiya Park Law Offices as its legal advisor, and has received its legal advice regarding overall matters relating to the Transaction.

(VI) Approval of all non-interested directors of the Company and opinion of all non-interested auditors of the Company that they had no objection

As stated in this Announcement, the board of directors of the Company resolved at its board of directors meeting held on April 28, 2020 with unanimous approval of all of the directors who participated in the deliberations and resolutions (excluding Masaaki Yamazaki, Koji Sato, Hitoshi Yamazaki and Shin Shibuya out of the nine directors of the Company) to express its opinion in support of the Tender Offer and to recommend that its shareholders and the Share Acquisition Rights Holders tender their shares and Share Acquisition Rights in the Tender Offer, as stated in "(III) Decision-Making Process and Reasons of the Company's Decision" in "(i) Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer" in "(II) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer" in "3. Details of, and Grounds and Reasons for, Opinion Regarding Tender Offer" above, as a result of careful discussions and review based on the contents of the Committee Recommendation obtained from the special committee, with consideration given to the legal advice obtained from Gaien Partners regarding the decision-making process and methods and other notable points in relation to the

Transaction including the Tender Offer and the contents of the Valuation Report. All of the four auditors (including three outside auditors) of the Company expressed the opinion that they had no objections with respect to the above resolution at the board of directors meeting above.

(VII) Measures to ensure an opportunity to purchase by other offerors

The Offeror has set a relatively long Tender Offer Period of 30 Business Days, which is longer than the statutory minimum period of 20 Business Days. By setting a relatively long Tender Offer Period, the Offeror intends to ensure that the shareholders and the Share Acquisition Rights Holders of the Company have an opportunity to properly determine whether to tender their shares and Share Acquisition Rights in the Tender Offer and provide opportunities for counter offers by offerors other than the Offeror, thereby ensuring the fairness of the Tender Offer Price. In addition, the Offeror and the Company have not made any agreement containing deal protection provisions that would prohibit the Company from having contact with a counter offeror, or any other agreement that would restrict that counter offeror from contacting the Company. The Offeror and the Company have given consideration to ensuring the fairness of the Tender Offer by ensuring the opportunity for a counter offer and the like as well as setting the Tender Offer Period mentioned above.

**4. Matters with Respect to Material Agreements in Connection with the Tender Offer**

Not applicable.

**5. Details of Benefits Received from the Tender Offeror or Special Associated Persons of the Tender Offeror**

Not applicable.

**6. Policy for Handling Basic Policies Relating to the Control of the Company**

Not applicable.

**7. Questions to the Tender Offeror**

Not applicable.

**8. Requests for Extension of the Tender Offer Period**

Not applicable.

**9. Future Prospects**

See “(II) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” in “(2) Grounds and Reasons for Opinion Regarding Tender Offer,” “(4) Likelihood of Delisting and Reasons for that Delisting,” and “(5) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” in “3. Details of, and Grounds and Reasons for, Opinion Regarding Tender Offer” above.

**10. Matters Regarding Transaction, etc. with Controlling Shareholder**

- (1) Applicability of Transaction, etc. with a Controlling Shareholder and Compliance with Policy for Measures to Protect Minority Shareholders

Because the Tender Offeror is the controlling shareholder (parent company) of the Company, the Transaction, including the Tender Offeror, constitutes a transaction, etc. with the controlling shareholder of the Company. The “Policy for Measures to Protect Minority Shareholders upon the Execution of Transactions, Etc. with Controlling Shareholders” stated in the Corporate Governance Report disclosed by the Company on June 20, 2019 states that “the amount and terms of a transaction with the parent company or a group company shall be determined following individual negotiations in the same manner as an ordinary transaction.”

As stated in “(6) Measures to Ensure the Fairness of the Tender Offer Price and Avoid Conflicts of Interest and Other Measures to Ensure the Fairness of the Tender Offer” in “3. Details of, Grounds and Reasons for, Opinion Regarding Tender Offer” above, in order to ensure the fairness of the Transaction, including the Tender Offeror, (a) the Company has obtained the Valuation Report from Frontier Management, a third-party valuation organization independent of the Company, (b) a special committee independent of the Company has been established and a Committee Recommendation to the effect that the Transaction, including the Tender Offer, is not disadvantageous to the minority shareholders of the Company has been obtained, (c) the Company has received legal advice from the outside law firm Gaien Partners, (d) the special committee has separately received legal advice from the independent law firm Hibiya Park Law Offices, and (e) the Company has obtained a non-dissenting opinion from all of the disinterested directors and corporate auditors, and the Company considers these measures to be in compliance with the above policy given that they ensure that the Company’s decision-making is sufficiently independent from its controlling shareholder.

- (2) Matters Regarding Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest

As stated in (1) “Applicability of Transaction, etc. with a Controlling Shareholder and Compliance with Policy for Measures to Protect Minority Shareholders,” the Transaction, including the Tender Offer, constitutes a transaction, etc. with a controlling shareholder for the Company. Therefore, the Company has determined that it is necessary to implement measures to ensure fairness and to avoid conflicts of interest. The Company has made a decision ensuring fairness and avoiding conflicts of interest by implementing the measures described in “(6) Measures to Ensure the Fairness of the Tender Offer Price and Avoid Conflicts of Interest and Other measures to Ensure the Fairness of the Tender Offer” in “3. Details of, Grounds and Reasons for, Opinion Regarding Tender Offer” above.

- (3) Outline of Opinion Obtained from a Party who Has No Interest in the Controlling Shareholder Stating that the Transaction, etc. Would Not Be Disadvantageous to the Minority Shareholders

As stated in “(III) Establishment by the Company of an Independent Special Committee and Receipt of the Committee Recommendation from the Special Committee” in “(6) Measures to Ensure the Fairness of the Tender Offer Price and Avoid Conflicts of Interest and Other Measures to Ensure the Fairness of the Tender Offer” in “3. Details of, Grounds and Reasons for, Opinion Regarding Tender Offer” above, the Company obtained a Committee Recommendation from the special committee dated April 28, 2020 to the effect that the committee believes that the decisions of the board of directors regarding the Transaction including the Tender Offer, or (i) the decision that the board of directors to endorse the Tender Offer and recommend shareholders tender shares to the Tender Offer and (ii) the decision with respect to the Demand for Cash Out or the Share Consolidation as part of the Transaction after the Tender Offer, are not disadvantageous to the minority shareholders of the Company. The Committee Recommendation also constitutes an opinion to the effect that the procedures for the Tender Offeror to wholly acquire the Company specified in “(5) Policy for Organizational Restructuring, etc. after the Tender Offer (Matters Relating to Two-Step Acquisition)” in “3. Details of, Grounds and Reasons for, Opinion Regarding Tender Offer” after the completion of the Tender Offer would not be disadvantageous to the minority shareholders of the Company.

End of document.

Reference: Announcement by the Tender Offeror (attached)





Nomura Research Institute Group



April 28, 2020

Company Name Nomura Research Institute, Ltd.  
(Code: 4307 TSE First Section)

Representative Shingo Konomoto  
Chairman and President & CEO,  
Representative Director,  
Member of the Board

## **NRI Announces Commencement of Tender Offer for Shares, Etc. of DSB Co., Ltd. (Securities Code 8692)**

Nomura Research Institute, Ltd. (the “**Offeror**”) decided at its board of directors meeting today to acquire the common shares and the Share Acquisition Rights (the Share Acquisition Rights and the definition of each series of the share acquisition rights are defined in “(3) Purchase Price” of “2. Overview of Purchase” below.) of DSB Co., Ltd. (First Section of the Tokyo Stock Exchange, Inc. (the “**TSE**”), Securities Code: 8692, the “**Target**”; its common shares, the “**Target Common Shares**”) through a tender offer (the “**Tender Offer**”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended, the “**Act**”).

### **1. Purpose of the Purchase**

#### **(1) Overview of the Tender Offer**

As of today, the Offeror owns 13,013,064 shares of the Target Common Shares (ownership ratio (Note 1), 51.78%), which are listed on the First Section of the TSE, and the Target is a consolidated subsidiary of the Offeror. The Offeror decided at its board of directors meeting held today to implement the Tender Offer, as part of the transaction for the purpose of making the Target a wholly-owned subsidiary of the Offeror (the “**Transaction**”), for all of the Target Common Shares (excluding the Target Common Shares owned by the Offeror and the treasury shares owned by the Target) and all of the Share Acquisition Rights.

(Note 1) Ownership ratio means the ratio (rounded to two decimal places; the same applies hereinafter unless otherwise stipulated) of the number of Target Common Shares to the number of Target Common Shares (25,129,816 shares) which is the sum (25,728,200 shares) of (i) the total number of the issued shares of the Target as of March 31, 2020 as stated in the Summary of Financial Results (consolidated) for the Fiscal Year Ending March 2020 (Japanese GAAP) released today by the Target (the “**Summary of Financial Results of the Target**”) (25,657,400 shares) and (ii) the number of the Target

Common Shares underlying the 10th Series Share Acquisition Rights (21), 11th Series Share Acquisition Rights (28), 12th Series Share Acquisition Rights (30), 13th Series Share Acquisition Rights (48), 14th Series Share Acquisition Rights (134), 15th Series Share Acquisition Rights (59), 16th Series Share Acquisition Rights (99), 17th Series Share Acquisition Rights (172), and 18th Series Share Acquisition Rights (117) as of March 31, 2019 as stated in the securities report for the 63rd fiscal year filed on June 20, 2019 by the Target (the “**Securities Report of the Target**”) as the Share Acquisition Rights that are during the exercise period as of today (70,800 shares in total), less (iii) the number of the treasury shares owned by the Target as of March 31, 2020 as stated in the Summary of Financial Results of the Target (598,384 shares).

The Offeror has set the minimum number of Share Certificates, Etc. to be purchased in the Tender Offer at 3,740,136 shares (ownership ratio: 14.88%), and if the total number of Share Certificates, Etc. tendered in the Tender Offer (the “**Tendered Share Certificates, Etc.**”) is less than the minimum number of Share Certificates, Etc. to be purchased, the Offeror will not purchase any of the Tendered Share Certificates, Etc. On the other hand, the purpose is, as stated above, to make the Target a wholly-owned subsidiary of the Offeror through the Tender Offer, and the Offeror has not set a maximum number of Share Certificates, Etc. to be purchased; therefore, if the total number of Tendered Share Certificates, Etc. is equal to or greater than the minimum number of Share Certificates, Etc. to be purchased, the Offeror will purchase all of the Tendered Share Certificates, Etc. The minimum number of Share Certificates, Etc. to be purchased is set at 3,740,136 shares so that the number of voting rights in the Target owned by the Offeror after the successful completion of the Tender Offer will be equivalent to or greater than two-thirds of the total number of voting rights (251,298) of the Target (which is the number of voting rights pertaining to the Target Common Shares (25,129,816 shares) which is the sum (25,728,200 shares) of (i) the total number of the issued shares of the Target as of March 31, 2020 as stated in the Summary of Financial Results of the Target (25,657,400 shares) and (ii) the number of the Target Common Shares underlying the Share Acquisition Rights as of March 31, 2019 as stated in the Securities Report of the Target (70,800 shares in total), less (iii) the number of the treasury shares owned by the Target as of March 31, 2020 as stated in the Summary of Financial Results of the Target (598,384 shares).

Since the purpose is to make the Target a wholly-owned subsidiary of the Offeror through the Tender Offer, if the Offeror is unable to acquire all of the Target Common Shares (excluding the Target Common Shares owned by the Offeror and the treasury shares owned by the Target) and all of the Share Acquisition Rights through the Tender Offer, the Offeror intends to acquire all of the Target Common Shares (excluding the Target Common Shares owned by the Offeror and the treasury shares owned by the Target) and all of the Share Acquisition Rights by conducting a series of procedures as stated in “(4) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” below.

Also, according to the “Announcement of Opinion on Tender Offer for Share Certificates, Etc. in the Company by Nomura Research Institute, Ltd., the Controlling Shareholder, and Recommendation to Tender in Tender Offer” released today by the Target (the “**Target Press Release**”), the Target resolved at its board of directors meeting held today that it will express its opinion in support of the Tender Offer and recommend that its

shareholders and holders of the Share Acquisition Rights (the “**Share Acquisition Rights Holders**”) tender their shares and Share Acquisition Rights in the Tender Offer.

For details regarding the decision-making process of the Target, see the Target Press Release, and “(c) Decision-Making Process and Reasons of the Target” 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 Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” and “(f) Approval of all non-interested directors of the Target and opinion that they had no objection from all non-interested auditors of the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Calculation of Purchase Price” in “2. Overview of Purchase” below.

- (2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer**
- (i) Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer**
- (a) Background of the Tender Offer**

The Offeror was established as Nomura Research Institute, Ltd. in April 1965 as a private general research body with both research and consulting services, and merged with Nomura Computer Center Co., Ltd. (which was established in January 1966, and changed its trade name to Nomura Computer Systems Co., Ltd. in 1972), in January 1988 to become the present Nomura Research Institute, Ltd., which integrates both think tank services and system services. The Offeror listed its shares on the First Section of the TSE in December 2001.

As of today, the Offeror Group (meaning the Offeror, and its consolidated subsidiaries and equity-method affiliates; hereinafter the same applies) is composed of the Offeror, 74 consolidated subsidiaries including the Target, and 10 equity-method affiliates and provides four services: “consulting services” consisting of research, management consulting and system consulting; “system development & system applications sales” consisting of system development and software packages sales; “system management & operation services” consisting of outsourcing services, shared online services and information provision services; and “product sales.”

The Offeror’s segments are categorized by comprehensively taking into account the nature of its main services, clients and markets, with the Offeror playing a main role in conducting the businesses in each of the reporting segments. The business activities of each segment and the major affiliated companies engaged in such businesses other than the Offeror are as follows:

**Consulting:** This segment provides management consulting which supports the planning and implementation of management and business strategies, and organizational reforms, etc. as well as system consulting with respect to all phases of IT management.

**Financial IT Solutions:** This segment provides system consulting, system development and system management solutions, and provides IT solutions such as shared online

systems, for financial institutions mainly in the securities, insurance, banking, and other financial sectors.

Major affiliated company: NRI Process Innovation, Ltd., the Target, DSB Information System Co., Ltd. and Nippon Securities Technology Co., Ltd.

Industrial IT Solutions: This segment provides IT solutions such as system consulting, system development and system management solutions mainly for the distribution, manufacturing, service and public sectors.

Major affiliated company: NRI Netcom, Ltd., NRI System Techno, Ltd., Brierley & Partners, Inc., ASG Group Limited, and SMS Management & Technology Limited

IT Platform Services: This segment provides services such as data center operations and construction of IT platforms and networks mainly to the Financial IT and Industrial IT solutions segments. This segment also provides IT platform solutions and information security services to clients in various sectors. Furthermore, the Offeror conducts research for the development of new businesses and new products related to IT solutions research related to advanced information technology, etc.

Major affiliated company: NRI SecureTechnologies, Ltd. and NRI Data i Tech, Ltd.

In addition to the businesses described above, Nomura Holdings, Inc. (“**Nomura HD**”), which holds 106,425,510 common shares of the Offeror (the ratio of such shares to the total number of issued shares (excluding the treasury shares): 17.61%) as of March 31, 2020, is one of the Offeror’s other affiliated companies, and Nomura Securities, Co., Ltd. (“**Nomura Securities**”) is the Offeror’s main related party that is not an affiliated company. The Offeror Group and its affiliated companies provide to those companies system development & system applications sales and system management & operation services, etc.

In order to achieve the long-term management vision established on April 23, 2015, “Vision 2022” (2015-2022), the Offeror newly established the “Medium-Term Management Plan (2019-2022) of NRI Group” (the “**Medium-Term Management Plan (2022)**”) for the latter four years of the relevant term on April 25, 2019. In addition to the financial targets to achieve operating profits of 100 billion JPY and overseas sales of 100 billion JPY by FY 2022, and the materiality for sustainable growth that is the non-financial target linked to the growth strategy, CSV (Creating Shared Value) initiatives have been newly included in the Medium-Term Management Plan (2022) as Solving social issues through value co-creation. Through these initiatives, the Offeror promotes sustainability management that enables both the continued growth for the Offeror Group and building of a sustainable future society.

Under the Medium-Term Management Plan (2022), strategies that lead to growth of the business by leveraging the Offeror Group’s strengths and resolving social issues have been formulated and positioned as growth strategies toward achievement of the targets. The three strategies are DX (digital transformation) (Note 2) strategy, global strategy and human resources strategy.

DX strategy: The Offeror Group will leverage technologies and provide comprehensive support, from strategy formulation to solution implementation, for the transformation of business processes and business models of clients. In the business platform strategy, with the focus on the financial sector, the Offeror Group will further expand shared online services, and for the clients who will be entering the financial services business from other industries to meet transformations in the industry structure, the Offeror Group will

provide new business platforms as support for the creation of new businesses and advancements into new markets by clients. In the cloud strategy, the Offeror Group will boost the agility of the clients' businesses and achieve the optimization of their IT costs by modernizing clients' legacy systems (Note 3) and developing cloud-native applications (Note 4).

(Note 2) DX (digital transformation) refers to transformation of business models and operations by exploiting data and digital technologies.

(Note 3) Modernizing legacy systems refers to optimizing and modernizing the system platforms or applications of software or hardware such as outdated and slow core systems.

(Note 4) Cloud native refers to information systems or services designed to be used in the cloud.

Global strategy: The Offeror Group will make Australia and North America primary regions of focus, and promote the expansion of its business base based on external growth, such as through M&A. For the global business, business domains are globally expanding, with a particular focus on Australia. For subsidiaries acquired through M&A, the Offeror Group will proceed with post-acquisition management integration processes, such as establishing a management administrative structure or business administrative structure mainly in the global headquarters setup that was newly launched with the aim of creating further synergies.

Human resource strategy: The Offeror Group will strengthen the hiring and cultivating of human resources capable of supporting the digital era to ensure the business success of clients. Also, the Offeror Group will foster a corporate culture and promote diversity to encourage employees to actively participate and take on challenges, and will promote various work styles to achieve work style reforms that are appropriate for the Offeror Group.

On the other hand, the Target was established as Osaka Daiko Co., Ltd. with the purpose of establishing an institution specialized in handling share administrative services on behalf of securities companies, and commenced agency services related to the brokerage of transfer of share certificates, transportation of securities, collection and advance payment of purchase funds, and securities-based lending. The Target changed its trade name to Osaka Shoken Daiko Co., Ltd. in October 1957, listed its shares on the Second Section of the Osaka Securities Exchange (currently, the TSE) in January 1990, commenced back office services for securities companies in January 1993, and changed its trade name to DSB Co., Ltd. in January 1995. The Target listed its shares on the Second Section of the TSE in December 1999, obtained registration as a securities services provider and commenced brokerage services for clearing securities, etc. in January 2003, and obtained a license to trade on the Osaka Securities Exchange (currently, the Osaka Exchange) and commenced brokerage services for trading shares, etc. in April 2004. The Target obtained a license to trade on the TSE, the Sapporo Securities Exchange and the Fukuoka Stock Exchange in June 2004, and was listed on the First Section of the TSE and the Osaka Securities Exchange (currently, the TSE) in March 2006. Subsequently, as a result of integration of the spot market of the TSE and the Osaka Securities Exchange in July 2013, the Target is currently listed on the First Section of the TSE. The Target commenced providing IT services for securities companies from July 2011.

As of today, the Target Group (meaning the Target and its subsidiaries; the same applies

hereinafter) is composed of the Target and three subsidiaries (four companies in total), and is engaged in four business segments: “back office”; “IT services”; “securities”; and “others.” In order to make further progress in realizing its vision of a “joint infrastructure company for securities business”, on April 26, 2018 the Target Group established and launched its five-year plan, “DCT 2022” (2018-2022) in which it set four important management goals: “uncompromising quality first”; “promotion of digitization”; “establishment of a system to provide integrated BPO (Note 5) solution services”; and “expansion and development of integrated BPO solution services.” The Target Group established platforms standardized for each business category for clients in a broad range of financial fields from securities companies to banks and emerging financial companies and promotes the provision of the most appropriate solutions according to the clients’ needs and business categories by promoting the realization of the vision for a “joint infrastructure company for securities business”.

(Note 5) BPO stands for Business Process Outsourcing, and refers to the acceptance of the outsourcing of a series of services related to business processes. “Integrated BPO solution services” refers to the overall acceptance of the outsourcing of system development, maintenance and management, and securing of necessary human resources as well as business operations of business process, etc.

With respect to the relationship between the Offeror and the Target, both companies commenced a business alliance in back office services business for securities companies in August 2003. After that, the Offeror acquired 400,000 shares of the Target Common Shares through the disposal of treasury shares by third-party allotment by the Target (the ratio of shares owned by the Offeror to the total number of issued shares at that time (excluding the treasury shares and the potential shares at the time of the completion of the acquisition) (the “**Shareholding Ratio**,” and rounded off to two decimal places; the same applies hereinafter to the indication of the Shareholding Ratio unless otherwise stipulated): 2.38%) in March 2008, acquired 2,135,000 shares of the Target Common Shares by the issue of new shares by third-party allotment by the Target (Shareholding Ratio: 9.96%) in January 2009, and acquired 6,705,164 shares of the Target Common Shares through a tender offer (Shareholding Ratio: 36.30%) in October 2012, with the Offeror making the Target its equity-method affiliate. In addition, the Offeror acquired 1,272,900 shares of the Target Common Shares through off-market bilateral trading (Shareholding Ratio: 41.30%) in June 2013. After that, based on its judgment that strengthening the alliance based on a stronger capital relationship and executing the securities back office business and business incidental thereto would facilitate the mutual use of management resources of both companies, the Offeror executed a capital and business alliance agreement with the Target in March 2014, and came to own 13,013,064 shares of the Target Common Shares (ownership ratio, 51.78%) and made the Target its consolidated subsidiary by acquiring from Nomura HD 2,500,000 shares of the Target Common Shares owned by Nomura HD through off-market bilateral trading upon consultation with Nomura HD taking into consideration the effects on the market share price of the Target Common Shares due to dilution, etc. resulting from the issue of new shares by the Target. In addition, in October 2014 the Target acquired by absorption-type merger Nippon Clearing Services Co., Ltd., which was operated as a joint venture company.

**(b) Background and Purpose of the Offeror’s Decision to Implement the Tender Offer**

**(A) Background for Considering Making the Target a Wholly-owned Subsidiary**

The Offeror made the Target its consolidated subsidiary in March 2014 by executing a capital and business alliance agreement with the Target and acquiring the Target Common Shares owned by Nomura HD for the purpose of further strengthening the alliance relationship in the securities back office business and business incidental thereto and improving the additional value of services.

Since, as a result of such capital and business alliance, the Offeror became the Target's parent company, the Offeror has been aiming to establish a system to provide a broad range of clients with the shared online IT solution services for the financial industry provided by the Offeror and the back office services provided by the Target. As a result, the Offeror and the Target were able to individually provide IT solution services provided by the Offeror and the Target Group and BPO services related to back office services mainly for the securities retail industry provided by the Target to securities subsidiaries established by regional banks and companies newly entering the securities business from other industries, thereby successfully achieving the purpose of making the Target a consolidated subsidiary.

Subsequently, especially in recent years, there have been significant changes in the business environment of the financial industry, which is a business target of the Offeror Group and the Target Group. The pace of change in the field of financial IT solutions provided by the Offeror Group further sped up due to factors such as a rapidly aging society, new entrants into the financial industry from other industries, introduction of new asset categories such as digital currencies, continuation of low interest rates, and shrinking of the domestic market due to population declines, which has led to a period of structural reforms in the field. Especially, in the securities retail industry which is a common business target of the Offeror Group and the Target Group, there is a demand for providing free services and otherwise transforming the business model itself, and the Offeror Group and the Target Group intend to make proposals as soon as practicable to increase competitiveness in response to clients who are seeking change. In the financial industry as well as the securities retail industry, it is expected that IT services functions and business service functions owned by the clients within the group will be outsourced to external companies, and outsourcing will be promoted in order to further increase cost competitiveness. The Offeror considers this time and situation in which clients have a strong desire to secure cost competitiveness to be an important business opportunity as described above.

In light of such expectations from the clients and changes in the business environment described above, in the Medium-Term Management Plan (2022), the Offeror presented the expansion of shared online IT solution services for specialized financial institutions, which are financial IT solutions provided by the Offeror, and the expansion of the outsourcing business, focusing on BPO provided by the Offeror Group and the Target Group. In particular, in order to promote the "expansion of shared online IT solution services" and "expansion of outsourcing business focusing on BPO" at the same time, the Offeror needs to perform examination on the assumption that the trend of DX (digital transformation) in the financial industry, which is a business target, is accelerating and is irreversible. Based on such awareness of the environment, the Offeror considers that it is important to aim to provide value-added solutions that look at future client industry trends in a step-by-step and strategic manner.

In other words, the Offeror considers that it is important to aim to establish and realize the "financial platform" in a prompt and agile manner to provide the shared online IT solution services provided by the Offeror and the BPO services provided by the Target in

an integrated manner.

The “financial platform” which the Offeror aims to establish as described above refers to a framework to provide solution-type services in combination with shared online IT solution services provided by the Offeror and operation support services including BPO services mainly provided by the Target. The two main characteristics of the services provided by such “financial platform” are (i) a broad range of industries and business categories and (ii) provision of value-added applications. The reference to (i) a broad range of industries and business categories refers to a framework to provide services across existing financial industries (such as securities retail industry, securities wholesale industry, asset management industry, banking industry and insurance industry) with a view to serving the client base in advanced and new financial business categories (such as Fintech companies handling financial products and services by exploiting digital technologies). The reference to (ii) provision of value-added applications refers to the provision of BPO services for existing back office services and measures to be taken for the digitization thereof, as well as the provision of IT infrastructures and applications for general operations including operations in middle office and front office of clients. As typical examples, the Offeror expects to be able to provide functions exploiting AI (artificial intelligence) and analytics and services such as security measures and measures for regulations by exploiting digital technologies, and in the future, to provide clients with solutions including functions to analyze the trends and actual status of transactions of financial service users that will be available to the Offeror as a result of the provision of those applications.

In anticipation of the changes in the business environment described above, the Offeror has promoted an alliance with the Target through exchange of personnel, performance of joint operations and other actions. However, in light of the intensification of competition among clients, the creation of new business categories and other significant changes in the industry, it is important for the Offeror and the Target to provide proposals and make decisions together in even more swift and integrated manner.

Specifically, and as the first step, the Offeror considers that it is important that it aims to expand its client in the securities retail industry as well as the client base in the entire financial industry such as securities wholesale industry, asset management industry, banking industry and insurance industry and the Offeror Group and the Target Group consistently provide to the clients “IT and BPO” in an integrated manner.

In addition, in the process of expanding the range of industries and business categories, although the Offeror is expected in some cases to acquire several group companies of clients with IT or BPO functions or those businesses, and if the Offeror acquires, and maintains and continues those companies and businesses, the functions would overlap with those of the Target Group, which is mainly engaged in providing BPO services, resulting in inefficiencies in terms of costs and management resources. Therefore, the Offeror considers that if the Offeror acquires the group companies of clients with IT or BPO functions or those businesses, it is important to strategically execute such acquisition from the standpoint of allocating BPO functions for the entire Offeror Group including the Target Group in an agile and appropriate manner to eliminate costs arising from an overlap of functions held by the acquired companies and the Target Group, and to promote the business effectiveness and further increase the added value of services by reallocating management resources such as human resources and know-how and intensively investing management resources in the development and introduction of highly value-added applications.



However, under the current circumstances, because the Target is an independent listed company, the Target needs to make an appropriate decision and take organizational decision-making process as an individual company taking into account shareholders other than the Offeror, and therefore there are limitations on the mutual use of the client base and business base of the Offeror Group and the Target Group. Also, if the Offeror acquires the group companies of clients with IT or BPO functions or those businesses, because the Target is currently an independent listed company, it is difficult for the Offeror and the Target to allocate BPO functions acquired from the clients to the Target Group in a bold and flexible manner and from the appropriate standpoint as the entire Offeror Group, and there is a certain possibility that such allocation will not be beneficial to the minority shareholders of the Target.

Therefore, the Offeror considers that it may make efforts to expand its market share of outsourcing in a broad sense and further grow profits based on the combination of the expansion of shared online IT solution services and the expansion of outsourcing business focusing on BPO by making the Target a wholly-owned subsidiary and with the Offeror Group and the Target Group taking various measures described above in a integrated, swift and flexible manner.

**(B) Synergies from Making the Target a Wholly-owned Subsidiary**

The Offeror considers that the synergies on the Offeror Group and the Target Group from making the Target a wholly-owned subsidiary are as follows:

i. Increase of added value by an integrated proposal

The integrated proposal with the goal of providing shared online IT solutions services and BPO services refers to the provision of a set of services including “IT and BPO” to clients. After the Target becomes a wholly-owned subsidiary, it will be easier for the Offeror Group including the Target Group to more smoothly make integrated proposals to clients as a single entity instead of proposals jointly made by individual companies. Through such joint proposals, the Offeror Group will be able to make proposals that are considered to be more value-added to the clients since clients will be able to make their investment decisions in the light of the effectiveness of operations associated with the introduction of IT instead of only the cost-effectiveness resulting from the introduction of IT. The Offeror considers that to make such integrated proposals will be one of the strengths of the Offeror Group and aims to further increase the added value of the contents of the proposals.

ii. Expansion of client base in the securities retail industry and other financial industries

The Target’s main business target is the securities retail industry, which is experiencing particularly intensified changes in the business environment. Although the Target is engaged in some BPO services in other financial industries (i.e., the securities wholesale industry, asset management industry, banking industry and insurance industry), it is the Target’s important strategic challenge to expand its client base to the general financial industry in order to achieve further growth in the future. On the other hand, the Offeror provides shared online IT solution services to comparatively large-scale clients in the securities retail industry and to the securities wholesale industry, asset management industry and banking industry in the same manner as those in the securities retail industry, as well as IT solution services to the insurance industry. Although the Offeror Group is limited to share all information including specific issues held by the clients of the Offeror Group with the Target Group, which is an independent listed company, the Target Group will smoothly ascertain and understand client relationships that were established

by the Offeror and the clients' issues, and may increase the possibility of the expansion of its client base associated with the improvement of the ability to make proposals to the clients as a result that the Target becomes the Offeror's wholly-owned subsidiary and both groups are integrated.

iii. Strengthening competitiveness by integrating IT maintenance know-how

In addition to BPO services, the Target Group provides shared online IT solutions services for the securities retail industry that is a business target which differ from those of the Offeror, and has know-how of maintenance functions. Therefore, the Offeror aims to increase orders for IT maintenance services to be received by the Target Group and to provide more competitive shared online IT solution services to clients by outsourcing the maintenance functions of shared online IT solution services held by the Offeror to the Target Group. Such shared online IT solution service is one of the competitive advantages that differentiates the Offeror from other companies. By making the Target a wholly-owned subsidiary, it will be easier to examine any overlap in the group of the maintenance services related to shared online IT solution services provided by the Offeror and the Target Group, and it will be possible to further increase competitiveness by integrating maintenance know-how as a group.

iv. Promotion of efficiency of BPO services and enhancement of competitiveness by reallocating know-how

The Offeror will further invest in digitization (such as RPA (robotic process automation) and AI) of the Target by using the Offeror Group's know-how of digitizing operations in order to reform and streamline the operations of the Target. The Target may increase its productivity by digitizing BPO services outsourced by clients. As a result, the Target will further improve the quality (prevention of errors and improvement of processing speed) of services provided to clients, and further improve the quality of the earnings structure of the Target. While, under the current circumstances, despite both companies' efforts to make their operations efficient, the Offeror Group is restricted to share know-how and exchange human resources with the Target Group, which is an independent listed company, if the Target becomes a wholly-owned subsidiary of the Offeror, the Offeror Group will smoothly share the Offeror Group's know-how in making operations efficient and digitizing operations and transfer human resources having such know-how, and it is possible that know-how in BPO services operations across the financial industry will be appropriately allocated with the Target Group, which is a company providing BPO platform services, and thereby competitiveness will be further enhanced.

**(C) Major Efforts to Achieve Synergies**

The Offeror confirms with the Target that both companies will make the following efforts after the execution of the Transaction with the aim of promptly and stably achieving the synergies described above.

i. Establishment of a joint executive committee and realization of measures

The Offeror will establish a joint executive committee with the Target to ensure the realization of the synergies described above. The joint executive committee will consist of two joint executive chairmen and two other members. The representative director of the Target and a person responsible for managing the solutions business for the securities industry in the Offeror will be the joint executive chairmen, and a person responsible for the business providing IT solutions for the financial industry other than the securities industry on the part of the Offeror and a person responsible for planning on the part of

the Target will be the members, and at that committee, they will meet quarterly and discuss the issues necessary to address in order to achieve the goals and measures to solve such issues in an intensive manner. The matters agreed as a result of considerations in the joint executive committee will be reported to the executive committee or the board of directors of each company depending on the contents thereof and executed after obtaining necessary organizational decisions where applicable. As stated above, because the business environment of the financial industry is changing significantly, it is necessary to make decisions swiftly and realize measures to expand business opportunities. The Offeror and the Target will promptly decide on the method for executing measures and reallocation of resources, such as allocation of human resources, at periodic joint executive committee meetings, thereby achieving results quickly.

ii. Exchange of human resources for strengthening competitiveness

By making the Target a wholly-owned subsidiary, the exchange of human resources between the Offeror Group and the Target Group beyond the framework of the business companies may be further promoted. The Offeror will promote the sharing of know-how in various fields that is a source of competitiveness that has been separately established by the Offeror Group and the Target Group, expand the base of target clients and the scope of services to be provided, and strengthen the competitiveness of the entire Offeror Group including the Target Group.

iii. Sharing of employee training opportunities

The achievement of the synergies described above is subject to the employees of the Offeror Group and the Target Group consistently improving their abilities. Upon making the Target a wholly-owned subsidiary, the Offeror will make efforts to offer more opportunities where the current employees may further actively participate by providing opportunities for employees of the Offeror Group and the Target Group to be trained with each other.

In light of the background, purpose and expected synergies described above, the Offeror determined that in order to further increase the corporate value of both companies, it would be necessary to further strengthen the alliance of both companies and concentrate their management resources by the Offeror making the Target a wholly-owned subsidiary. The Offeror appointed Nomura Securities as its outside financial advisor and third-party valuation agent, and appointed Mori Hamada & Matsumoto as its outside legal advisor, and the Offeror commenced specific examination of the Transaction in mid-November 2019. Although Nomura Securities is a related party of the Offeror, in light of the track record of Nomura Securities as a valuation agent and in considering the fact that the designated information blocking measures, as measures to prevent adverse effects, have been taken between the department of Nomura Securities that conducts the calculation of the share value of the Target Common Shares and other departments in Nomura Securities and Nomura HD, which is a parent company of Nomura Securities, the fact that the independence as a third-party valuation agent is ensured because the Offeror and Nomura Securities have conducted the transaction under the same conditions as those of the transaction with general customers, and the fact that Nomura Securities is not a related party of the Target and therefore there is no particular issue for the Offeror to request that Nomura Securities calculate the share value of the Target Common Shares, the Offeror appointed Nomura Securities as a third-party valuation agent. After that examination, the Offeror made to the Target a proposal to commence examination and discussion for the execution of the Transaction on January 14, 2020.

On the other hand, in order to examine the commencement of discussions with the Offeror, the appropriateness of the execution of the Transaction and other matters, and to negotiate with the Offeror, the Target appointed Frontier Management Inc. (“**Frontier Management**”) as its financial advisor and third-party valuation agent independent of the Target and the Offeror, and appointed Gaien Partners (former Tobimatsu Law; hereinafter omitted) as its outside legal advisor subject to the approval of the special committee described below. The Target also established a special committee composed of independent officers in order to examine and negotiate concerning the Transaction from a standpoint independent of the Offeror on January 30, 2020. Then, the special committee approved the appointment of Frontier Management as a financial advisor and third-party valuation agent and Gaien Partners as a legal advisor by the Target, and independently appointed Hibiya Park Law Offices as its legal advisor independent of the Target and the Offeror, and established a system to conduct discussions and negotiations concerning the Tender Offer.

Based on that, the Offeror and the Target commenced specific discussions and examinations for the Transaction.

Specifically, on January 14, 2020, the Offeror made to the Target a proposal to commence examinations and discussions for the execution of the Transaction, and since January 30, 2020, when the Target established the system to conduct examinations concerning the Transaction, the Offeror has had discussions with, and provided explanations to, the Target about the significance and purpose of the Transaction including the Tender Offer. Also, the Offeror conducted due diligence to examine the feasibility of the Transaction from early February 2020 to mid-April 2020, and at the same time, conducted discussions and examinations about the significance and purpose of the Transaction in further detail and conducted discussions and examinations about the management system and business policy after the Transaction, and other various conditions for the Transaction with the Target on multiple occasions. In addition, the Offeror commenced examinations on the purchase price per Target Common Share in the Tender Offer (the “**Tender Offer Price**”), and the Offeror conducted discussions and negotiations on multiple occasions. Specifically, while the Offeror made a proposal for determining the Tender Offer Price to be 665 yen per share to the Target on March 23, 2020, the Target requested to reexamine the content of the proposal with respect to the Tender Offer Price. In response to the request to reexamine the content of the proposal by the Target, the Offeror made a proposal for determining the Tender Offer Price to be 850 yen per share to the Target on April 6, 2020, and then made a proposal for determining the Tender Offer Price to be between 800 yen and 899 yen per share on April 17, 2020, but the Target requested to reexamine the contents of the proposals on the grounds that the prices are not appropriate. In response to this, the Offeror made a proposal for determining the Tender Offer Price to be 920 yen per share to the Target on April 23, 2020. Upon the discussions and negotiations for the execution of the Transaction, although the market price of the Target Common Shares was swinging up and down after late-February 2020 due to the recent global spread of new coronavirus, the Offeror and the Target conducted discussions and negotiations on the condition that they would evaluate the fair corporate value of the Target, which was not influenced by the situation of such market price.

Further, in order to make the Share Acquisition Rights subject to the tender in the Tender Offer, the Offeror examined the purchase price per Share Acquisition Right in the Tender Offer (the “**Share Acquisition Rights Tender Offer Price**”), and on April 15, 2020, made a proposal for determining the Share Acquisition Rights Tender Offer Price to be

the amount calculated by multiplying the difference of the Tender Offer Price and the exercise price of each Share Acquisition Right per Target Common Share by 100 that is the number of the Target Common Shares underlying one Share Acquisition Right, and conducted discussions and negotiations with the Target. It was agreed with the Target on April 16, 2020 that the Share Acquisition Rights Tender Offer Price would set to be the amount calculated by multiplying the difference of the Tender Offer Price and the exercise price of each Share Acquisition Right per Target Common Share by 100 that is the number of the Target Common Shares underlying one Share Acquisition Right, as proposed by the Offeror.

As a result of those discussions and negotiations, the Offeror and the Target reached an agreement that making the Target a wholly-owned subsidiary of the Offeror was the best way to respond to the changes in the business environment surrounding the Offeror and the Target and increase the corporate value of both companies. The Offeror and the Target also agreed on April 27, 2020 that the Tender Offer Price would be set to be 920 yen per share and the Share Acquisition Rights Tender Offer Price would be set to be 91,900 yen per Share Acquisition Right (the amount calculated by multiplying the difference of the Tender Offer Price and the exercise price of each Share Acquisition Right per Target Common Share by 100 that is the number of the Target Common Shares underlying one Share Acquisition Right), and the Offeror determined to commence the Tender Offer in accordance with the resolution of the board of directors meeting dated today.

**(c) Decision-Making Process and Reasons of the Target**

According to the Target Press Release, as described in “(b) Background and Purpose of the Offeror’s Decision to Implement the Tender Offer” above, upon receipt of the proposal from the Offeror to the Target of the Offeror’s intention to commence examinations and discussions for the execution of the Transaction on January 14, 2020, the Target appointed Frontier Management as its financial advisor and third-party valuation agent, and Gaien Partners as its legal advisor in late January 2020, subject to the approval of the special committee described below.

In addition, the Target established a special committee to secure the fairness of the Transaction in accordance with the resolution of the board of directors meeting of the Target held on January 30, 2020 taking into consideration the fact that structural conflicts of interests may arise in the process of the examinations by the Target concerning the Transaction because the Offeror was a controlling shareholder of the Target and for other reasons when the Target examined and determined the appropriateness of the Transaction, and the appropriateness of various conditions of the Transaction. Masaaki Yamazaki, a director who concurrently serves as an employee of the Offeror, and Koji Sato, Hitoshi Yamazaki and Shin Shibuya, directors who had positions as employees of the Offeror, did not participate in the deliberations or resolution at the relevant board of directors meeting of the Target, nor in the discussions and negotiations with the Offeror. Further, the special committee approved the appointment of Frontier Management as a financial advisor independent of the Target and the Offeror and Gaien Partners as its outside legal advisor by the Target on January 30, 2020. The special committee independently appointed Hibiya Park Law Offices as its legal advisor independent of the Target and the Offeror on January 30, 2020, and established a system to conduct discussions and negotiations concerning the Transaction from the standpoint independent of the Offeror and from the perspective of increasing the corporate value of the Target and securing the interests of the Target’s general shareholders.

For details of the composition and specific activities of the special committee, see “(c) Establishment of an independent special committee at the Target and obtainment of a recommendation from the special committee by the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Calculation of Purchase Price” in “2. Overview of Purchase” below.

As stated in “(a) Background of the Tender Offer” above, the Target Group is engaged in four business segments: “back office”; “IT services”; “securities”; and “others.” In order to make further progress in realizing its vision of a “joint infrastructure company for securities business”, the Target Group launched its five-year plan, “DCT 2022” (2018-2022) in April 2018 in which it set four important management goals: “uncompromising quality first”; “promotion of digitization”; “establishment of a system to provide integrated BPO solution services”; and “expansion and development of integrated BPO solution services.” The Target Group has established platforms standardized for each business category for clients in a broad range of financial fields from securities companies to banks and emerging financial companies and has promoted the provision of the most appropriate solutions according to the clients’ needs and business categories by promoting the realization of the vision for a “joint infrastructure company for securities business”.

In the securities industry, which is a major client market of the Target Group, there has been a need for transformation of the business model over the past years due to factors such as the further development of digitization, appeals to the next generation of clients for long-term reserve investments, intensification of competition from new entrants into the securities industry from other industries, and the spread of provision of free services, with the Target Group also subjected to strong demands from clients to reduce costs. On the other hand, there is an increasing momentum towards outsourcing back office service processes that clients currently perform themselves to external platforms, and specializing in core businesses such as sales in order to increase competitiveness. Due to the recent spread of new coronavirus, such trend in the securities industry is expected to further speed up.

BPO services provided by the Target Group to the securities industry as an “infrastructure company for securities business” refer to total solution services ranging from assistance with establishing a securities company to the establishment of an account, brokerage services for order, settlement, preparation and dispatch of various reports and other documents and measures for compliance regulations. The Target considers that by promoting the integration of BPO services provided by the Target Group and IT solution services provided by the Offeror, the Target may assist its clients in transforming their business models and provide high value-added services whereby the clients may improve the efficiency of their services and specialize in their core business.

In light of the management environment described above, the Target determined in late March 2020 that the Transaction would provide the following synergies and the Transaction would contribute to the enhancement of the Target’s corporate value.

- Enhancement of the corporate value by integrally providing ITO and BOT for securities companies

The Target Group aims to establish platforms standardized for each business category for clients in a broad range of financial fields from securities companies to banks and emerging financial companies, and in the securities industry and for securities subsidiaries (regional banks-affiliated securities companies) that have already been

established by local financial institutions, the Target Group provides a one-stop service for ITO and BPO (brand name: “Dream-S&S”) (Note 6) to approximately 10 companies. The Target considers that by becoming a wholly-owned subsidiary of the Offeror, it will be possible for the Target to smoothly establish platforms integrally providing ITO and BPO services for securities companies other than regional bank-affiliated securities companies such as general securities companies and regional securities companies with which the Offeror has stronger business relationships than the Target, and increase the added value provided to clients.

(Note 6) Dream-S&S stands for Daiko Retail Execution Account Management Systems & Services and refers to services providing comprehensive support ranging from the preparation for launching securities subsidiaries to be established by local financial institutions to the operation of business thereof.

- Expansion of client base by integrally providing ITO and BPO for financial institutions other than securities companies

The Target Group provides part of BPO services for the securities wholesale industry, asset management industry, banking industry and insurance industry, but does not integrally provide ITO and BPO services such as Dream-S&S at the present moment. The Offeror provides shared online system services in the same fields. The Target considers that by becoming a wholly-owned subsidiary of the Offeror, it is possible for the Target to smoothly establish platforms integrally providing ITO and BPO services for the securities wholesale industry, asset management industry, banking industry and insurance industry and expand the Target Group’s client base.

- Expansion of acceptance of the outsourcing of development of the Offeror’s shared online system, and acceptance of maintenance and help-desk services

While DSB Information System Co., Ltd., which is the Target’s wholly-owned subsidiary, partly accepts the outsourcing of the development services of the shared online system owned by the Offeror, the Target considers that by becoming a wholly-owned subsidiary of the Offeror, it is possible for the Target to expand the range of acceptance of the outsourcing of those development services, and accept the outsourcing of maintenance services and help-desk services for the system and ultimately expand the client base of DSB Information System Co., Ltd.

- Enhancement of productivity by using the Offeror’s digitization know-how

While the Target Group presents the “promotion of digitization” as one of the important management goals in “DCT 2022,” the Target considers that by becoming a wholly-owned subsidiary of the Offeror, it is possible for the Target to further utilize the Offeror’s know-how in digitizing operations through exchange of personnel and sharing of human resources with the Offeror, enhance its productivity by digitizing BPO services, improve the earnings structure of the Target Group, and provide added value back to clients.

- Improvement of the operational efficiency and expansion of business scope by sharing know-how with the Offeror’s financial BPO subsidiaries.

The Offeror owns NRI Process Innovation, Ltd. and other financial BPO subsidiaries. The Target considers that by becoming a wholly-owned subsidiary of the Offeror, it is possible for the Target to share the know-how between those financial BPO subsidiaries and the Target Group, and further improve the efficiency of its services and expand its business scope.

The Target also confirms with the Offeror that both companies will make efforts after the Transaction as described in “(C) Major Efforts to Achieve Synergies” in “(b) Background and Purpose of the Offeror’s Decision to Implement the Tender Offer” above with the aim of promptly and stably achieving the synergies described above.

In addition, with respect to the Tender Offer Price that is one of various conditions for the Transaction, after the special committee repeatedly examined the details of the business plan prepared by the Target at meetings held on and after January 30, 2020, the Target obtained advice on the calculation of the share value of the Target Common Shares and advice from the financial standpoint from Frontier Management. In addition, upon the discussions and negotiations for the execution of the Transaction, the special committee gave instructions to the Target and Frontier Management to discuss and negotiate with the Offeror without being bounded by the fact that the market price of the Target Common Shares was swinging up and down due to the recent global spread of new coronavirus and in order to reflect the fair corporate value of the Target in the Tender Offer Price, and having received these instructions, the Target and Frontier Management repeatedly conducted discussions with the Offeror. Specifically, in response to the proposal made by the Offeror that the Tender Offer Price would be determined to be 665 yen per share on March 23, 2020, the Target requested the Offeror to reexamine the content of the proposal on the grounds that the corporate value of the Target was not sufficiently reflected in the Tender Offer Price. After that, in response to the proposal made by the Offeror that the Tender Offer Price would be determined to be 850 yen per share on April 6, 2020, and the proposal that the Tender Offer Price would be determined to be between 800 yen and 899 yen per share on April 17, 2020, the Target requested to reexamine the contents of the proposals on the grounds that the prices are not appropriate. As described above, the Target requested the Offeror to reflect the corporate value of the Target in the Tender Offer Price, and negotiated raising the Tender Offer Price and other matters on several occasions. As a result, the Offeror made a proposal that the Tender Offer Price would be determined to be 920 yen per share on April 23, 2020, and it was finally agreed on April 27, 2020 that the Tender Offer Price to be 920 per share. With respect to the Share Acquisition Rights Tender Offer Price that is one of the various conditions of the Transaction, in response to the proposal made by the Offeror on April 15, 2020 that the Share Acquisition Rights Tender Offer Price would be set to be the amount calculated by multiplying the difference of the Tender Offer Price and the exercise price of each Share Acquisition Right per Target Common Share by 100 that is the number of the Target Common Shares underlying one Share Acquisition Right, the Target conducted discussions and negotiations with the Offeror. As a result, it was agreed on April 16, 2020 that the Share Acquisition Rights Tender Offer Price would be set to be the amount calculated by multiplying the difference of the Tender Offer Price and the exercise price of each Share Acquisition Right per Target Common Share by 100 that is the number of the Target Common Shares underlying one Share Acquisition Right, as proposed by the Offeror.

Then, in light of the share valuation report on the Target Common Shares (the “**Target Valuation Report**”) provided by Frontier Management on April 27, 2020 and other matters, the special committee provided a written Recommendation (the “**Committee Recommendation**”) to the board of directors of the Target on April 28, 2020 stating that (i) the board of directors of the Target should express its opinion in support of the Tender Offer that constitutes the Transaction and recommend that its shareholders and the Share Acquisition Rights Holders tender their shares and Share Acquisition Rights in the Tender Offer and that (ii) the decision on the Transaction by the board of directors of the Target



would not be disadvantageous for the minority shareholders of the Target (for details of the composition and specific activities of the special committee, and the outline of the Committee Recommendation, see “(c) Establishment of an independent special committee at the Target and obtainment of a recommendation from the special committee by the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Calculation of Purchase Price” in “2. Overview of Purchase” below.).

Thereafter, the board of directors of the Target considered the legal advice from Gaien Partners regarding the decision-making process and method and other considerations regarding the Transaction, including the Tender Offer, and the substance of the Target Valuation Report. The Target conducted careful discussions and examinations regarding whether the Transaction would enhance the corporate value of the Target, and whether the various conditions for the Transaction, including the Tender Offer Price, were appropriate based on the substance of the Committee Recommendation obtained from the special committee.

As a result, the board of directors of the Target concluded that the Transaction would provide synergies described above and the Transaction would contribute to the enhancement of the corporate value of the Target.

In addition, (i) the Tender Offer Price is a price agreed after measures to ensure the fairness of the conditions for the Transaction, including the Tender Offer Price, were fully taken, and the Target repeatedly conducted negotiations with the Offeror with the substantial involvement by the special committee, (ii) the Committee Recommendation obtained from the independent special committee of the Target recognized that the Transaction would contribute to the enhancement of the corporate value of the Target, and the conditions were considered to be reasonable and the procedures were considered to be fair from the standpoint of securing the Target’s general shareholders’ interest, (iii) the Tender Offer Price exceeds the range of the calculation results based on the average market price method, and also falls within the range of the calculation results based on the discounted cash flow method (the “**DCF Method**”) from among the calculation results of the share value of the Target Common Shares provided by Frontier Management as stated in “(b) Obtainment of a share valuation report from an independent third-party valuation agent by the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Calculation of Purchase Price” in “2. Overview of Purchase” below; (iv) the Tender Offer Price is the amount including a 64.87% premium (rounded off to two decimal places; the same shall apply hereinafter to the calculations of premiums) over the closing price, JPY 558, of the Target Common Shares in regular trading on the First Section of the TSE on April 27, 2020, which is the Business Day immediately preceding today, a 85.86% premium over the simple average of the closing prices, JPY 495 (rounded off to the closest whole number; the same shall apply hereinafter to the calculations of simple averages of closing prices), in regular trading for the last one-month period, a 67.27% premium over the simple average of the closing prices, JPY 550, in regular trading for the last three-month period, and a 54.36% premium over the simple average of the closing prices, JPY 596, in regular trading for the last six-month period; (v) the Tender Offer Price is the amount including a 36.90% premium over the closing price, JPY 672, of the Target Common Shares in regular trading on the First Section of the TSE on January 14, 2020, when the

Offeror made a proposal with respect to the Transaction and such price was not affected by the stock price fluctuations due to the recent spread of new coronavirus, a 35.10% premium over the simple average of the closing prices, JPY 681, in regular trading for the last one-month period immediately before January 14, 2020, a 46.26% premium over the simple average of the closing prices, JPY 629, in regular trading for the last three-month period, and a 59.45% premium over the simple average of the closing prices, JPY 577, in regular trading for the last six-month period; and (vi) the Target adopted measures to ensure fairness of the Tender Offer Price as stated in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Calculation of Purchase Price” in “2. Overview of Purchase” below, and the interests of minority shareholders were taken into account. Considering these facts, the board of directors of the Target determined that the Tender Offer Price and other conditions concerning the Tender Offer were reasonable, and the Tender Offer was to provide the shareholders of the Target with the opportunity to sell the Target Common Shares at a price with a reasonable premium and on reasonable terms and conditions.

Although the Tender Offer Price is less than the net asset value (JPY 989) per share calculated based on the book net asset value of the Target as of March 31, 2020, the Target received advice from Frontier Management, which is the Target’s financial adviser and third-party valuation agent, (i) that upon the calculation of the share value of the Target Common Shares, the emphasis should be placed on the DCF Method because the Target was an ongoing entity, and (ii) that it was not necessarily reasonable to simply consider the net asset value as the standard to determine the Tender Offer Price because if a corporation is liquidated, the exact amount of the book net asset value would not be realized due to significant additional costs which will be generated due to the liquidation and other reasons, and the Target determined that such advice from Frontier Management was reasonable.

Based on the above, the Target resolved at its board of directors meeting held today that it will express its opinion in support of the Tender Offer and recommend that its shareholders tender their shares in the Tender Offer.

With respect to the Share Acquisition Rights, because the purchase price per Share Acquisition Right was determined to be the amount calculated by multiplying the difference of the Tender Offer Price (JPY 920) and the exercise price of each Share Acquisition Right per Target Common Share by the number of the Target Common Shares underlying one Share Acquisition Right, the Target resolved that it recommended that Share Acquisition Rights Holders tender their Share Acquisition Rights in the Tender Offer.

Masaaki Yamazaki, a director who concurrently serves as an employee of the Offeror, and Koji Sato, Hitoshi Yamazaki and Shin Shibuya, directors who had positions as employees of the Offeror, did not participate in the deliberations or resolution at the relevant board of directors meeting, nor in the discussions and negotiations with the Offeror. The resolution at the board of directors meetings of the Target were made by the method stated in “(f) Approval of all non-interested directors of the Target and opinion that they had no objection from all non-interested auditors of the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Calculation of Purchase Price” in “2. Overview of Purchase” below.

**(ii) Management Policy after Completion of the Tender Offer**

While the Offeror dispatches one director to the Target as of today, although the future management system of the Target including the expected transfer of officers from the Offeror has not been determined as of today, the Offeror requests the current employees of the Target to endeavor to continue to contribute to the development of the Target's business after the execution of the Transaction. In light of the effect on the customers of the Target, the Offeror intends to continue to use the trade name of the Target for the time being.

**(3) Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest**

In light of the fact that the Target is a consolidated subsidiary of the Offeror and the fact that the Transaction, including the Tender Offer, is a type of transaction in which there are typically problems with structural conflicts of interests and problems with asymmetric information, the Offeror and the Target have taken the following measures to address these problems and to ensure fairness in the Transaction.

The Offeror owns 13,013,064 shares of the Target Common Shares (ownership ratio, 51.78%) as of today as stated in "(1) Overview of the Tender Offer" above, therefore if the Offeror were to set a minimum number of Share Certificates, Etc. of the so-called "majority of minority" to be purchased in the Tender Offer, it believes that the successful completion of the Tender Offer would become uncertain and that it is possible that setting such minimum number would not serve the interests of general shareholders who wish to tender their shares in the Tender Offer, so the Offeror has not set a minimum number of Share Certificates, Etc. of the so-called majority of minority to be purchased in the Tender Offer. However, the Offeror and the Target believe that because the measures below have been taken by the Offeror and the Target, the interests of the general shareholders of the Target have been fully considered.

- (a) Obtainment of a share valuation report from an outside third-party valuation agent by the Offeror
- (b) Obtainment of a share valuation report from an independent third-party valuation agent by the Target
- (c) Establishment of an independent special committee at the Target and obtainment of a recommendation from the special committee by the Target
- (d) Advice from an outside law firm received by the Target
- (e) Advice from an independent law firm received by the special committee of the Target
- (f) Approval of all non-interested directors of the Target and opinion that they had no objection from all non-interested auditors of the Target
- (g) Measures to ensure an opportunity to purchase by other offerors

For details of the above, see "Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest" in "(ii) Background of the Calculation" in "(4) Basis of Calculation of Purchase Price" in "2. Overview of Purchase" below.

**(4) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called**

## **Two-Step Acquisition)**

As mentioned in “(1) Overview of the Tender Offer” above, the Offeror intends to make the Target a wholly-owned subsidiary of the Offeror, and if the Offeror is not able to acquire all of the Target Common Shares (excluding the Target Common Shares owned by the Offeror and the treasury shares owned by the Target) and all of the Share Acquisition Rights through the Tender Offer, the Offeror plans on conducting procedures for the purpose of acquiring all of the Target Common Shares (excluding the Target Common Shares owned by the Offeror and the treasury shares owned by the Target) and all of the Share Acquisition Rights by the following methods after the successful completion of the Tender Offer.

### **(i) Demand for Sale of Shares, Etc.**

If, as a result of the successful completion of the Tender Offer, the total number of voting rights in the Target owned by the Offeror becomes 90% or more of the voting rights of all shareholders of the Target, and the Offeror becomes a special controlling shareholder as provided for in Article 179, paragraph (1) of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same applies), the Offeror intends to, promptly after the completion of the settlement of the Tender Offer, make a demand to all of the shareholders of the Target (excluding the Offeror and the Target) to sell all of the Target Common Shares they hold (the “**Demand for Sale of Shares**”), and to make a demand to all of the Share Acquisition Rights Holders to sell all of the Share Acquisition Rights they hold (the “**Demand for Sale of Share Acquisition Rights**”, and collectively with the Demand for Sale of Shares, the “**Demand for Sale of Shares, Etc.**”) under the provisions of Part II, Chapter II, Section 4-2 of the Companies Act. In the Demand for Sale of Shares, money equal to the amount of the Tender Offer Price is to be delivered to the shareholders of the Target (excluding the Offeror and the Target) as consideration for each Target Common Share, and in the Demand for Sale of Share Acquisition Rights, money equal to the amount of the Share Acquisition Rights Tender Offer Price is to be delivered to the Share Acquisition Rights Holders of the Target as consideration for each Share Acquisition Right. In that case, the Offeror will notify the Target to that effect and request approval from the Target for the Demand for Sale of Shares, Etc. If the Target approves the Demand for Sale of Shares, Etc. by a resolution of its board of directors meeting, the Offeror will acquire all of the Target Common Shares held by all of the shareholders of the Target (excluding the Offeror and the Target) and acquire all of the Share Acquisition Rights held by all of the Share Acquisition Rights Holders as of the acquisition date stated in the Demand for Sale of Shares, Etc. without requiring any individual approval of the shareholders of the Target and the Share Acquisition Rights Holders in accordance with procedures prescribed in relevant laws and regulations. The Offeror is to deliver money equal to the amount of the Tender Offer Price to those shareholders of the Target as consideration for each Target Common Share they held, and is to deliver money equal to the amount of the Share Acquisition Rights Tender Offer Price to those Share Acquisition Rights Holders as consideration for each Share Acquisition Right they held. According to the Target Press Release, if the Target receives from the Offeror a notice regarding the fact that the Offeror intends to conduct the Demand for Sale of Shares, Etc. and regarding a matter in any item of Article 179-2, paragraph (1) of the Companies Act, it will approve the Demand for Sale of Shares, Etc. at the board of directors meeting of the Target. If the Demand for Sale of Shares, Etc. has been conducted, any shareholder of the Target and Share Acquisition Rights Holder may file a petition to the court for a determination of the purchase price of the Target Common Shares and the Share Acquisition Rights they

own in accordance with Article 179-8 of the Companies Act and the provisions of other relevant laws and regulations.

**(ii) Share Consolidation**

Conversely, if the total number of voting rights in the Target owned by the Offeror is less than 90% of the voting rights of all shareholders of the Target as a result of the successful completion of the Tender Offer, the Offeror intends to make a demand to the Target promptly after the completion of the settlement of the Tender Offer to convene an extraordinary shareholders meeting (the “**Extraordinary Shareholders Meeting**”) at which the agenda items will include a consolidation of the Target Common Shares pursuant to Article 180 of the Companies Act (the “**Share Consolidation**”) and an amendment to the Target’s articles of incorporation to abolish the provisions on share units on the condition that the Share Consolidation takes effect. The Offeror believes that it would be desirable to convene the Extraordinary Shareholders Meeting as soon as possible from the perspective of enhancing the corporate value of the Target, and intends to make a demand to the Target to make a public notice of the record date during the purchase period of the Tender Offer (the “**Tender Offer Period**”) to set the record date for the Extraordinary Shareholders Meeting on a date after but close to the settlement commencement date of the Tender Offer (as of today, such date is expected to be sometime in late June 2020). The Offeror intends to approve those proposals at the Extraordinary Shareholders Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders Meeting, on the day on which the Share Consolidation takes effect, each shareholder of the Target will own the Target Common Shares in a number that corresponds to the ratio of the Share Consolidation approved at the Extraordinary Shareholders Meeting. If a fraction less than one share arises in the number of shares as a result of the Share Consolidation, money obtained from selling to the Target or the Offeror the Target Common Shares in a number that is equal to the total number of those fractions (if there is a fraction less than one share in that total number, that fraction is to be rounded down, hereinafter the same) is to be delivered to the shareholders of the Target in accordance with the procedures prescribed in Article 235 of the Companies Act and other relevant laws and regulations. With respect to the sale price of the Target Common Shares equivalent to the total number of those fractions, the Offeror intends to make a demand to the Target to file a petition to a court for permission to make a sale by private contract after setting the amount of money to be delivered to the shareholders of the Target that did not tender shares in the Tender Offer as a result of that sale being the same as the price obtained by multiplying the Tender Offer Price by the number of Target Common Shares owned by each of those shareholders. Further, although the ratio of the consolidation of the Target Common Shares has not been determined as of today, the ratio is to be determined so that the number of Target Common Shares owned by the shareholders of the Target (excluding the Offeror and the Target) that did not tender shares in the Tender Offer will be a fraction less than one share so that the Offeror owns all of the Target Common Shares (excluding the treasury shares owned by the Target).

The Companies Act provides that if the Share Consolidation is performed and a fraction less than one share arises as a result of the Share Consolidation, any shareholder of the Target may, in accordance with Article 182-4 and Article 182-5 of the Companies Act and the provisions of other relevant laws and regulations, make a demand to the Target to purchase at a fair price all of the shares owned by that shareholder that will become a fraction less than one share and file a petition to the court for a determination of the price

of the Target Common Shares.

The Tender Offer is not intended to solicit the shareholders of the Target to approve the proposals at the Extraordinary Shareholders Meeting.

The procedures in (i) and (ii) above might require time to implement or might change to another method depending on circumstances, etc. such as any revision, enforcement, or interpretation, etc. by authorities of relevant laws and regulations. However, even in that case, if the Tender Offer is successfully completed, it is expected that the method of ultimately delivering money to the shareholders of the Target (excluding the Offeror and the Target) that have not tendered shares in the Tender Offer will be used, and the amount of money to be delivered to those shareholders in that case is to be calculated so that it is equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Common Shares owned by each of those shareholders. If delivering money to the Share Acquisition Rights Holders that have not tendered Share Acquisition Rights in the Tender Offer, the amount of such money is to be calculated so that it is equal to the price obtained by multiplying the Share Acquisition Rights Tender Offer Price by the number of the Share Acquisition Rights owned by each of the Share Acquisition Rights Holders. However, if a petition for a determination of the purchase price in the Demand for Sale of Shares, Etc. or a petition for a determination of the price in relation to the appraisal rights regarding Share Consolidation is filed, the purchase price of the Target Common Shares and the Share Acquisition Rights or the price in relation to the appraisal rights of the Target Common Shares will be ultimately determined by the court.

Upon the successful completion of the Tender Offer, if the total number of voting rights in the Target owned by the Offeror is less than 90% of the voting rights of all shareholders of the Target and the Offeror is not able to acquire all of the Share Acquisition Rights through the Tender Offer, the Offeror will not be able to acquire all of the Share Acquisition Rights through the Share Consolidation after the Tender Offer so the Offeror intends to make a demand to the Target to implement, or intends to implement acquisition and cancellation of the Share Acquisition Rights and other procedures reasonably necessary to make the Target a wholly-owned subsidiary.

Matters such as the specific procedures in each of the above cases and the timing of the implementation of those procedures are to be promptly publicly announced by the Target once they have been determined following discussions between the Target and the Offeror. The shareholders of the Target and the Share Acquisition Rights Holders should consult with tax experts at its own responsibility on the handling of tax matters in relation to tendering Target Common Shares and Share Acquisition Rights in the Tender Offer and the above procedures.

#### **(5) Likelihood of Delisting and Reasons for that Delisting**

Although the Target Common Shares are listed on the First Section of the TSE as of today, the Offeror has not set a maximum number of Share Certificates, Etc. to be purchased in the Tender Offer, so the Target Common 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. Even if the Target Common Shares do not fall under those criteria at the time of the successful completion of the Tender Offer, if the Offeror takes each procedure stated in “(4) Policy of Restructuring, Etc. after the Tender Offer (Matters

Concerning So-Called Two-Step Acquisition)” above after the successful completion of the Tender Offer, the Target Common Shares will fall under the delisting criteria and be delisted through the prescribed procedures. After delisting, the Target Common Shares will not be able to be traded on the First Section of the TSE.

**(6) Matters Concerning Material Agreement Regarding the Tender Offer**

Not applicable.

## 2. Overview of Purchase

### (1) Overview of the Target

(i)	Company name	DSB Co., Ltd.																				
(ii)	Address	9-15, Shiomi 2-chome, Koto-ku, Tokyo																				
(iii)	Name and title of representative	Eiichiro Yamaguchi, President & CEO																				
(iv)	Description of business	Back office business, IT services business, and securities business																				
(v)	Capital	JPY 8,932 million																				
(vi)	Date of incorporation	May 13, 1957																				
(vii)	Major shareholders and their shareholding ratios (as of September 30, 2019)	<table border="0"> <tr> <td>Nomura Research Institute, Ltd.</td> <td>51.92%</td> </tr> <tr> <td>Japan Trustee Service Bank, Ltd. (Trust Account)</td> <td>4.30%</td> </tr> <tr> <td>Nomura Holdings, Inc.</td> <td>4.27%</td> </tr> <tr> <td>CGML PB CLIENT ACCOUNT/COLLATERAL (Standing proxy: Citibank, N.A., Tokyo Branch)</td> <td>3.42%</td> </tr> <tr> <td>Resona Bank, Limited.</td> <td>2.78%</td> </tr> <tr> <td>Sumitomo Mitsui Banking Corporation</td> <td>2.78%</td> </tr> <tr> <td>MUFG Bank, Ltd.</td> <td>2.75%</td> </tr> <tr> <td>MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)</td> <td>2.28%</td> </tr> <tr> <td>Aizawa Securities Co., Ltd.</td> <td>1.95%</td> </tr> <tr> <td>DSB Group's Shareholding Association</td> <td>1.33%</td> </tr> </table>	Nomura Research Institute, Ltd.	51.92%	Japan Trustee Service Bank, Ltd. (Trust Account)	4.30%	Nomura Holdings, Inc.	4.27%	CGML PB CLIENT ACCOUNT/COLLATERAL (Standing proxy: Citibank, N.A., Tokyo Branch)	3.42%	Resona Bank, Limited.	2.78%	Sumitomo Mitsui Banking Corporation	2.78%	MUFG Bank, Ltd.	2.75%	MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	2.28%	Aizawa Securities Co., Ltd.	1.95%	DSB Group's Shareholding Association	1.33%
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Aizawa Securities Co., Ltd.	1.95%																					
DSB Group's Shareholding Association	1.33%																					
(viii)	Relationship between the listed company and the Target																					
	Capital relationship	As of today, the Offeror owns 13,013,064 shares of the Target Common Shares (ownership ratio: 51.78%), and the Target is a consolidated subsidiary of the Offeror.																				
	Personnel relationship	As of today, the Offeror has sent one Director to the Target. In addition, 14 employees of the Offeror are seconded to the Target.																				



Business relationship	The Offeror conducts transactions with the Target such as undertaking and entrusting the contracting of system services and group financing.
Status as related party	The Target is a consolidated subsidiary of the Offeror; therefore, the Target constitutes a related party of the Offeror.

(Note) Statements in “Major shareholders and their shareholding ratios (as of September 30, 2019)” are based on “Major Shareholders” in the quarterly securities report for the second quarter of the 64th fiscal year filed by the Target on November 8, 2019.

**(2) Schedule, etc.**

**(i) Schedule**

Date of resolution of the board of directors meeting	April 28, 2020 (Tuesday)
Date of public notice of commencement of the Tender Offer	April 30, 2020 (Thursday) An electronic public notice will be made, and that fact will then be published in the <i>Nikkei</i> . (Electronic public notice address: <a href="https://disclosure.edinet-fsa.go.jp/">https://disclosure.edinet-fsa.go.jp/</a> )
Submission date of the Tender Offer registration statement	April 30, 2020 (Thursday)

**(ii) Initial Tender Offer Period as of the Submission Date of the Tender Offer Registration Statement**

April 30, 2020 (Thursday) until June 15, 2020 (Monday) (30 Business Days)

**(iii) Possibility of Extending the Above Period upon Request of the Target**

Not applicable.

**(3) Purchase Price**

(i) JPY 920 per common share

(ii) Share Acquisition Rights

(a) JPY 91,900 per 10th series share acquisition rights issued pursuant to the resolution at the board of directors meeting of the Target held on June 24, 2011 (the “**10th Series Share Acquisition Rights**”) (exercise period: from August 1, 2011 to July 31, 2041.)

(b) JPY 91,900 per 11th series share acquisition rights issued pursuant to the resolution

- at the board of directors meeting of the Target held on June 22, 2012 (the “**11th Series Share Acquisition Rights**”) (exercise period: from August 1, 2012 to July 31, 2042.)
- (c) JPY 91,900 per 12th series share acquisition rights issued pursuant to the resolution at the board of directors meeting of the Target held on June 21, 2013 (the “**12th Series Share Acquisition Rights**”) (exercise period: from August 1, 2013 to July 31, 2043.)
  - (d) JPY 91,900 per 13th series share acquisition rights issued pursuant to the resolution at the board of directors meeting of the Target held on June 20, 2014 (the “**13th Series Share Acquisition Rights**”) (exercise period: from August 1, 2014 to July 31, 2044.)
  - (e) JPY 91,900 per 14th series share acquisition rights issued pursuant to the resolution at the board of directors meeting of the Target held on June 20, 2014 (the “**14th Series Share Acquisition Rights**”) (exercise period: from August 1, 2014 to July 31, 2044.)
  - (f) JPY 91,900 per 15th series share acquisition rights issued pursuant to the resolution at the board of directors meeting of the Target held on June 18, 2015 (the “**15th Series Share Acquisition Rights**”) (exercise period: from August 4, 2015 to August 3, 2045.)
  - (g) JPY 91,900 per 16th series share acquisition rights issued pursuant to the resolution at the board of directors meeting of the Target held on June 18, 2015 (the “**16th Series Share Acquisition Rights**”) (exercise period: from August 4, 2015 to August 3, 2045.)
  - (h) JPY 91,900 per 17th series share acquisition rights issued pursuant to the resolution at the board of directors meeting of the Target held on June 20, 2016 (the “**17th Series Share Acquisition Rights**”) (exercise period: from August 2, 2016 to August 1, 2046.)
  - (i) JPY 91,900 per 18th series share acquisition rights issued pursuant to the resolution at the board of directors meeting of the Target held on June 20, 2016 (the “**18th Series Share Acquisition Rights**” and collectively with the 10th, 11th, 12th, 13th, 14th, 15th, 16th, and 17th Series Share Acquisition Rights, the “**Share Acquisition Rights**”) (exercise period: from August 2, 2016 to August 1, 2046.)

**(4) Basis of Calculation of Purchase Price**

**(i) Basis of the Calculation**

**(a) Common Shares**

In determining the Tender Offer Price, the Offeror requested Nomura Securities, which is the Offeror’s financial advisor, to calculate the share value of the Target Common Shares as an outside third-party valuation agent. Although Nomura Securities is a related party of the Offeror, in light of the track record of Nomura Securities as a valuation agent and in considering the fact that the designated information blocking measures, as measures to prevent adverse effects, have been taken between the department of Nomura Securities that conducts the calculation of the share value of the Target Common Shares and other departments in Nomura Securities and Nomura HD, which is a parent company of Nomura Securities, the fact that the independence as a third-party valuation agent is

ensured because the Offeror and Nomura Securities have conducted the transaction under the same conditions as those of the transaction with general customers, and the fact that Nomura Securities is not a related party of the Target and therefore there is no particular issue for the Offeror to request that Nomura Securities calculate the share value of the Target Common Shares, the Offeror requested that Nomura Securities calculate the share value of the Target Common Shares.

Nomura Securities has, after considering the calculation method in the Tender Offer, calculated the share value of the Target Common Shares using the following methods: (a) the average market price method given that the Target Common Shares are listed on the First Section of the TSE and (b) the DCF Method to reflect the future status of business operations in the valuation, and the Offeror obtained a share valuation report from Nomura Securities on April 27, 2020 (the “**Offeror Valuation Report**”). The Offeror has not obtained from Nomura Securities an opinion on the appropriateness of the Tender Offer Price (a fairness opinion).

The results of the calculation by Nomura Securities of the share value per share of the Target Common Shares are as follows.

Average market price method: JPY 495 – JPY 596

DCF Method: JPY 754 – JPY 1,011

For the average market price method, the calculation record date was set as April 27, 2020. The average market price method resulted in a per share value of the Target Common Shares ranging from JPY 495 to JPY 596 based on the closing price of JPY 558 of the Target Common Shares on the First Section of the TSE on the record date and the simple average of the closing price for the most recent five-Business Day, one-month, three-month, and six-month periods (JPY 523, JPY 495, JPY 550, and JPY 596, respectively).

The DCF Method resulted in a per share value of the Target Common Shares ranging from JPY 754 to JPY 1,011, taking into account various factors, including the earnings and investment plans set out in the business plans of the Target for five business periods (from the Fiscal Year Ending March 2021 to the Fiscal Year Ending March 2025 as well as publicly available information, etc., and after evaluating the corporate value and share value of the Target by discounting the free cash flow that the Target is expected to generate in the future in and after the Fiscal Year Ending March 2021 to the present value at a certain discount rate. A significant increase or decrease in profit is not expected in the business plan used as the basis of the DCF Method. In addition, the effect of the synergies expected to be realized through the execution of the Transaction is not reflected because such effect on earnings is difficult to estimate at this point in time.

Referring to the calculation results using each calculation method set out in the Offeror Valuation Report obtained from Nomura Securities, the Offeror ultimately determined by resolution of its board of directors meeting today that the Tender Offer Price is JPY 920 in light of the results of discussions and negotiations with the Target and the fact that although the market price of the Target Common Shares was swinging up and down after late-February 2020 due to the recent global spread of new coronavirus, the Offeror and the Target should evaluate the fair corporate value of the Target, which was not influenced by the situation of such market price, and by comprehensively considering factors such as the fact that the Tender Offer Price exceeds the upper limit of the calculation results based on the average market price method and also falls within the range of the calculation results based on the DCF Method set out in the Offeror Valuation Report, the results of the due diligence conducted on the Target from early February 2020 until mid-April 2020,

whether the Tender Offer is approved by the board of directors of the Target, trends in the market share price of the Target Common Shares, examples of premiums that have been provided upon determination of the tender offer price in past tender offers for share certificates, etc. by persons other than the issuer that are of the same kind as the Tender Offer (tender offer by a parent company to make its listed subsidiary its wholly-owned subsidiary), and the prospect of the number of shares being tendered in the Tender Offer.

The Tender Offer Price (JPY 920 per Target Common Share) represents a 64.87% premium over the closing price, JPY 558, of the Target Common Shares on the First Section of the TSE on April 27, 2020, which is the Business Day immediately preceding today, a 75.91% premium over the simple average of the closing price, JPY 523, for the last five-Business Day period (from April 21, 2020 to April 27, 2020), a 85.86% premium over the simple average of the closing price, JPY 495, for the last one-month period (from March 30, 2020 to April 27, 2020), a 67.27% premium of over the simple average of the closing price, JPY 550, for the last three-month period (from January 28, 2020 to April 27, 2020), and a 54.36% premium over the simple average of the closing price, JPY 596, for the last six-month period (from October 28, 2019 to April 27, 2020).

**(b) Share Acquisition Rights**

With respect to the Share Acquisition Rights, as of today, the exercise price per share of the Target Common Shares in each Share Acquisition Right (JPY 1) falls below the Tender Offer Price (JPY 920). Therefore, the Offeror determined the Share Acquisition Rights Tender Offer Price to be the amount (JPY 91,900) calculated by multiplying the difference of the Tender Offer Price and the exercise price of each Share Acquisition Right per Target Common Share (JPY 919) by 100 that is the number of the Target Common Shares underlying one Share Acquisition Right.

Although the approval of the board of directors of the Target is required to obtain any Share Acquisition Right through assignment, it is resolved at the board of directors meeting held today, that the Target comprehensively approves subject to the successful completion of the Tender Offer that the Share Acquisition Rights Holders assign their Share Acquisition Rights to the Offeror by tendering those Share Acquisition Rights in the Tender Offer.

In determining the Share Acquisition Rights Tender Offer Price, the Offeror has not obtained a valuation report or an opinion letter (a fairness opinion) or the like from a third-party valuation agent because the Share Acquisition Rights Tender Offer Price is calculated based on the Tender Offer Price.

(Note) In calculating the share value of the Target Common Shares, Nomura Securities assumed the accuracy and completeness of the publicly available information and all of the information that Nomura Securities has been provided, and did not independently verify the accuracy or completeness of such information. Nomura Securities has not conducted an independent evaluation, appraisal, or assessment, and has not made any request to a third party institution for any appraisal or assessment in connection with any assets or liabilities (including derivatives, off-balance sheet assets and liabilities, and other contingent liabilities), including any analysis or evaluation of individual assets and liabilities, of the Target and its affiliated companies. Nomura Securities assumed that the financial forecast (including profit plans and other information) of the Target had been reasonably considered or prepared based on the best projections and judgment made in good faith that were currently available to the management of

the Target. The calculation by Nomura Securities reflects the information and the economic conditions available to it as of April 27, 2020. The sole purpose of the calculation by Nomura Securities is for the board of directors of the Offeror to use the calculation results as a reference for considering the share value of the Target Common Shares.

**(ii) Background of the Calculation**

**(Background Leading to Determination of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price)**

In light of the background, purpose and expected synergies of the Transaction described 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 Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” in “1. Purpose of the Purchase” above, the Offeror determined that in order to further increase the corporate value of the Offeror and the Target, it would be necessary to further strengthen the alliance of both companies and concentrate their management resources by the Offeror making the Target a wholly-owned subsidiary, and commenced specific examination of the Transaction in mid-November 2019. After that examination, the Offeror made to the Target a proposal to commence examination and discussions for the execution of the Transaction on January 14, 2020. In response, the Target established a system to conduct discussions and negotiations concerning the Tender Offer, and the Offeror and the Target commenced specific discussions and examinations for the Transaction.

Specifically, on January 14, 2020, the Offeror made to the Target a proposal to commence examinations and discussions for the execution of the Transaction, and since January 30, 2020, when the Target established the system to conduct examinations concerning the Transaction, the Offeror has had discussions with, and provided explanations to, the Target about the significance and purpose of the Transaction including the Tender Offer. Also, the Offeror conducted due diligence to examine the feasibility of the Transaction from early February 2020 to mid-April 2020, and at the same time, conducted discussions and examinations about the significance and purpose of the Transaction in further detail and conducted discussions and examinations about the management system and business policy after the Transaction, and other various conditions for the Transaction with the Target on multiple occasions. In addition, the Offeror commenced examinations on the Tender Offer Price, and the Offeror conducted discussions and negotiations on multiple occasions. Specifically, while the Offeror made a proposal for determining the Tender Offer Price to be 665 yen per share to the Target on March 23, 2020, the Target requested to reexamine the content of the proposal with respect to the Tender Offer Price. In response to the request to reexamine the content of the proposal by the Target, the Offeror made a proposal for determining the Tender Offer Price to be 850 yen per share to the Target on April 6, 2020, and then made a proposal for determining the Tender Offer Price to be between 800 yen and 899 yen on April 17, 2020, but the Target requested to reexamine the contents of the proposals on the grounds that the prices are not appropriate. In response to this, the Offeror made a proposal for determining the Tender Offer Price to be 920 yen per share to the Target on April 23, 2020. Upon the discussions and negotiations for the execution of the Transaction, although the market price of the Target Common Shares was swinging up and down after late-February 2020 due to the recent global spread of new coronavirus, the Offeror and the Target conducted discussions and negotiations for the execution of the Transaction on the condition that they would evaluate

the fair corporate value of the Target, which was not influenced by the situation of such market price.

Further, in order to make the Share Acquisition Rights subject to the tender in the Tender Offer, the Offeror examined the Share Acquisition Rights Tender Offer Price, and on April 15, 2020, made a proposal for determining the Share Acquisition Rights Tender Offer Price to be the amount calculated by multiplying the difference of the Tender Offer Price and the exercise price of each Share Acquisition Right per Target Common Share by 100 that is the number of the Target Common Shares underlying one Share Acquisition Right, and conducted discussions and negotiations with the Target. It was agreed on April 16, 2020 that the Share Acquisition Rights Tender Offer Price would set to be the amount calculated by multiplying the difference of the Tender Offer Price and the exercise price of each Share Acquisition Right per Target Common Share by 100 that is the number of the Target Common Shares underlying one Share Acquisition Right, as proposed by the Offeror.

As a result of these discussions and negotiations, the Offeror and the Target agreed on April 27, 2020 the Tender Offer Price to be JPY 920 and the Share Acquisition Rights Tender Offer Price to be JPY 91,900 (the amount calculated by multiplying the difference of the Tender Offer Price and the exercise price of each Share Acquisition Right per Target Common Share by 100 that is the number of the Target Common Shares underlying one Share Acquisition Right) based on the background stated below and the Offeror determined to implement the Tender Offer based on the resolution at its board of directors meeting held today.

**(a) Obtainment of a share valuation report from an outside third-party valuation agent**

In the course of determining the Tender Offer Price, the Offeror requested Nomura Securities, which is an outside third-party valuation agent and the Offeror's financial advisor, to calculate the share value of the Target Common Shares, and the Offeror obtained the Offeror Valuation Report regarding the results of the calculation of the share value of the Target Common Shares on April 27, 2020. Although Nomura Securities is a related party of the Offeror, in light of the track record of Nomura Securities as a valuation agent and in considering the fact that the designated information blocking measures, as measures to prevent adverse effects, have been taken between the department of Nomura Securities that conducts the calculation of the share value of the Target Common Shares and other departments in Nomura Securities and Nomura HD, which is a parent company of Nomura Securities, the fact that the independence as a third-party valuation agent is ensured because the Offeror and Nomura Securities have conducted the transaction under the same conditions as those of the transaction with general customers, and the fact that Nomura Securities is not a related party of the Target and therefore there is no particular issue for the Offeror to request that Nomura Securities calculate the share value of the Target Common Shares, the Offeror requested that Nomura Securities calculate the share value of the Target Common Shares. The Offeror has not obtained from Nomura Securities an opinion on the appropriateness of the Tender Offer Price (a fairness opinion).

**(b) Overview of the opinion**

Nomura Securities calculates the share value of the Target Common Shares using each of the average market price method and the DCF Method, and the following is the calculation results of share value per share of the Target Common Shares as calculated by each of the above-mentioned methods:

Average market price method: JPY 495 – JPY 596

DCF Method: JPY 754 – JPY 1,011

**(c) Background leading to the determination of the Tender Offer Price and the Share Acquisition Rights Tender Offer Price based on that opinion**

Referring to the calculation results using each calculation method set out in the Offeror Valuation Report obtained from Nomura Securities, the Offeror ultimately determined by resolution of its board of directors meeting held today that the Tender Offer Price is JPY 920 in light of the results of discussions and negotiations with the Target and the fact that although the market price of the Target Common Shares was swinging up and down after late-February 2020 due to the recent global spread of new coronavirus, the Offeror and the Target should evaluate the fair corporate value of the Target, which was not influenced by the situation of such market price, and by comprehensively considering factors such as the fact that the Tender Offer Price exceeds the upper limit of the calculation results based on the average market price method and also falls within the range of the calculation results based on the DCF Method set out in the Offeror Valuation Report, the results of the due diligence conducted on the Target from early February 2020 until mid-April 2020, whether the Tender Offer is approved by the board of directors of the Target, trends in the market share price of the Target Common Shares, examples of premiums that have been provided upon determination of the tender offer price in past tender offers for share certificates, etc. by persons other than the issuer that are of the same kind as the Tender Offer (tender offer by a parent company to make its listed subsidiary its wholly-owned subsidiary), and the prospect of the number of shares being tendered in the Tender Offer.

As stated in “(i) Basis of the Calculation” above, with respect to the Share Acquisition Rights, as of today, the exercise price per share of the Target Common Shares in each Share Acquisition Right (JPY 1) falls below the Tender Offer Price (JPY 920). Therefore, the Offeror determined the Share Acquisition Rights Tender Offer Price to be the amount (JPY 91,900) calculated by multiplying the difference of the Tender Offer Price and the exercise price of each Share Acquisition Right per Target Common Share (JPY 919) by 100 that is the number of the Target Common Shares underlying one Share Acquisition Right.

In determining the Share Acquisition Rights Tender Offer Price, the Offeror has not obtained a valuation report or an opinion letter (a fairness opinion) or the like from a third-party valuation agent because the Share Acquisition Rights Tender Offer Price is calculated based on the Tender Offer Price.

**(Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest)**

In light of the fact that the Target is a consolidated subsidiary of the Offeror and the fact that the Transaction, including the Tender Offer, is a type of transaction in which there are typically problems with structural conflicts of interests and problems with asymmetric information, the Offeror and the Target have taken the following measures to address these problems and to ensure fairness in the Transaction.

The Offeror owns 13,013,064 shares of the Target Common Shares (ownership ratio, 51.78%) as of today as stated in “(1) Overview of the Tender Offer” in “1. Purpose of the Purchase” above, therefore if the Offeror were to set a minimum number of Share Certificates, Etc. of the so-called “majority of minority” to be purchased in the Tender

Offer, it believes that the successful completion of the Tender Offer would become uncertain and that it is possible that setting such minimum number would not serve the interests of general shareholders who wish to tender their shares in the Tender Offer, so the Offeror has not set a minimum number of Share Certificates, Etc. of the so-called majority of minority to be purchased in the Tender Offer. However, the Offeror and the Target believe that because the measures set out in (a) through (g) below have been taken by the Offeror and the Target, the interests of the general shareholders of the Target have been fully considered.

**(a) Obtainment of a share valuation report from an outside third-party valuation agent by the Offeror**

In the course of determining the Tender Offer Price, the Offeror requested Nomura Securities, which is an outside third-party valuation agent and the Offeror's financial advisor, to calculate the share value of the Target Common Shares, and the Offeror obtained the Offeror Valuation Report regarding the results of the calculation of the share value of the Target Common Shares on April 27, 2020. For details of the Offeror Valuation Report obtained from Nomura Securities by the Offeror regarding the results of the calculation of the share value of the Target Common Shares, see "(i) Basis of the Calculation" above.

**(b) Obtainment of a share valuation report from an independent third-party valuation agent by the Target**

According to the Target Press Release, in expressing its opinion on the Tender Offer, with the view to ensuring fairness in the decision-making process concerning the Tender Offer Price, the Target obtained the approval of the special committee and requested Frontier Management, which is the Target's financial advisor and a third-party valuation agent that is independent from the Target and the Offeror, to calculate the value of the Target Common Shares. Frontier Management is a third-party valuation agent that is independent from the Target and the Offeror and has no material interest to be disclosed in the Tender Offer.

Frontier Management considered the methods to be used for calculating the share value of the Target Common Shares from among multiple calculation methods. On the assumption that the Target is a going concern, and based on the view that multifaceted valuation of the value of the Target Common Shares would be appropriate, Frontier Management analyzed the share value per Target Common Share using the following methods: (i) the average market price method given that the Target Common Shares are listed on the First Section of the TSE and (iii) the DCF Method to reflect the future status of business operations of the Target in the valuation, and the Target obtained the Target Valuation Report on April 27, 2020 from Frontier Management. The Target has not obtained an opinion letter to the effect that the Tender Offer Price is fair to the minority shareholders of the Target from a financial point of view (a fairness opinion) from Frontier Management.

According to the Target Valuation Report, the range of share values per share of the Target Common Shares as calculated by each of the above-mentioned methods is as follows.

Average market price method: JPY 495 to JPY 596

DCF Method: JPY 853 to JPY 1,060

For the average market price method, the record date was set as April 27, 2020. The average market price method resulted in a per share value of the Target Common Shares



ranging from JPY 495 to JPY 596 based on the closing price of JPY 558 of the Target Common Shares on the First Section of the TSE on the record date, the simple average of the closing price, JPY 495, for the last one-month period (from March 28, 2020 to April 27, 2020), the simple average of the closing price, JPY 550, for the last three-month period (from January 28, 2020 to April 27, 2020), and the simple average of the closing price, JPY 596, for the last six-month period (from October 28, 2019 to April 27, 2020).

The DCF Method resulted in a per share value of the Target Common Shares ranging from JPY 853 to JPY 1,060, taking into account various factors, including the earnings and investment plans set out in the business plans prepared by the Target for the period (from the Fiscal Year Ending March, 2021 to the Fiscal Year Ending March 2025) as well as publicly available information, etc., and after evaluating the corporate value and share value of the Target by discounting the free cash flow that the Target is expected to generated in and after the Fiscal Year Ending March 2021 to the present value at a certain discount rate. Frontier Management applied the discount rate of 6.92% - 8.92%, and adopted the perpetual growth rate method to calculate the terminal value, with the perpetual growth rate of -0.5%% - 0.5%.

The financial forecasts used by Frontier Management based on the business plans of the Target as a basis of calculation using the DCF Method are as follows. The financial forecasts do not include any business periods in which a significant increase or decrease in profits is projected. In addition, the effect of the synergies expected to be realized through the execution of the Transaction is not considered in the following financial forecasts because such effect is difficult to estimate at the present. Further, the financial forecasts has not been prepared based on any implementation of the restructuring, etc. after the Tender Offer.

The subject of the Tender Offer includes the Share Acquisition Rights. The purchase price per Share Acquisition Right is determined to be the amount calculated by multiplying the difference of the Tender Offer Price (JPY 920) and the exercise price of each Share Acquisition Right per share of the Target Common Shares by 100 that is the number of the Target Common Shares underlying one Share Acquisition Right, so the Target has not obtained a valuation report or an opinion letter (a fairness opinion) from a third-party valuation agent.

Although the remuneration payable to Frontier Management includes a contingency fee to be paid only upon the successful completion of the Transaction and satisfaction of other conditions, since the influence of the contingency fee on the revenue of Frontier Management is very little, the Target considers that this would not constitute a material interest in the Tender Offer.

(JPY millions)

Business period ending	March 2021	March 2022	March 2023	March 2024	March 2025
Operating revenue	20,447	21,207	22,324	23,501	24,740
Operating income	1,063	1,140	1,270	1,416	1,582

EBITDA	1,467	1,544	1,674	1,820	1,986
Free cash flow	(3,311)	948	1,010	1,124	1,255

(Note) In calculating the share value of the Target Common Shares, Frontier Management has, in principle, used data such as information provided to it by the Target and publicly available information as presented, and assumed that those materials, information and the like are entirely accurate and complete, and did not independently verify the accuracy and completeness of such materials and information. Also, Frontier Management has not conducted an independent evaluation or assessment, and has not made any request 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 any affiliated company of the Target. In addition, Frontier Management assumed that information regarding the financial forecasts of the Target has been reasonably prepared based on the best forecasts and judgments available to the management of the Target at the present. The calculation by Frontier Management reflects the above information up to April 27, 2020.

**(c) Establishment of an independent special committee at the Target and obtainment of a recommendation from the special committee by the Target**

According to the Target Press Release, in which the Offeror received the proposal regarding the Transaction, from January 14, 2020 the board of directors of the Target immediately commenced deliberations, from a position independent from the Offeror, concerning the establishment of a system to review and negotiate the Transaction from the perspective of enhancing the corporate value of the Target and ensuring the interests of general shareholders of the Target, and resolved to establish a special committee consisting of three members, namely, Akira Ariyoshi (independent outside director of the Target and Specially Appointed Professor of Graduate School of International Relations of International University of Japan), Yoshitsugu Nishimura (independent outside auditor of the Target and Special Counsel of MIYAKE & PARTNERS), and Makiko Fuse (independent outside auditor of the Target and director of YAMADA Consulting Group Co., Ltd.), who are independent officers independent from the Target and the Offeror on January 30, 2020. In appointing each member, the board of directors of the Target received advice from Frontier Management and Gaizen Partners, who were to be appointed as the financial advisor and the legal advisor of the Target.

Masaaki Yamazaki, a director who concurrently serves as an employee of the Offeror, and Koji Sato, Hitoshi Yamazaki and Shin Shibuya, directors who had positions as employees of the Offeror, did not participate in the deliberations or resolution at the board of directors meeting mentioned above.

The board of directors of the Target requested, by the resolution of the board of directors mentioned above, that the special committee: (i) consider whether the board of directors of the Target should approve the Tender Offer that constitutes the Transaction and whether to recommend that the shareholders of the Target and the Share Acquisition Rights Holders tender their shares and Share Acquisition Rights in the Tender Offer, and give a recommendation to the board of directors of the Target after (a) considering and determining the appropriateness of the Transaction from the perspective of whether the Transaction would contribute to the enhancement of the corporate value of the Target and

(b) considering and determining the appropriateness of the terms of the transaction and the fairness of the procedures from the perspective of ensuring the interests of general shareholders of the Target, and (ii) consider whether the decision on the Transaction by the board of directors of the Target is disadvantageous for the minority shareholders of the Target, and express an opinion to the board of directors of the Target (collectively, the “**Inquired Matters**”). The board of directors resolved that (i) the board of directors makes its decision regarding the Transaction with the utmost respect for the judgments made by the special committee, including whether the Transaction is approved or not, and (ii) the Tender Offer will not be approved if the special committee determines that the implementation of the Tender Offer or the terms of the transaction are not appropriate. The board of directors of the Target has determined that it gives the special committee (i) the power to be substantially involved in the process of negotiation between the Target and the Offeror or the like (including giving instructions or making a request with respect to the negotiation policies with the Offeror or the like and negotiating with the Offeror or the like, as necessary), (ii) the power to appoint its financial or legal advisor at the Target’s expense or to nominate or approve (including the approval after the appointment) the financial or legal advisor of the Target, as necessary, (iii) the power to receive information necessary for review and judgment regarding the Transaction (including information regarding the details of business plans and assumptions used in their preparation) from an officer or an employee of the Target, and (iv) any other power that the special committee considers necessary for review and judgment regarding the Transaction. The remuneration for the special committee members consists solely of the remuneration paid on an hourly basis regardless of the contents of the recommendation.

The special committee held 12 meetings between January 30, 2020 and today to carefully discuss and consider the Inquired Matters. Specifically, the committee appointed Hibiya Park Law Offices as a legal advisor that has no interest in the Offeror, the Target, or the successful completion of the Transaction, and has received legal advice regarding overall matters relating to the Transaction from Hibiya Park Law Offices. In addition, the special committee confirmed that it is able to receive professional advice from Frontier Management, which was appointed by the Target, due to there being no issues with the independence or expertise of Frontier Management. Based on the above, the special committee had multiple question and answer sessions with the management of the Target regarding matters such as the description of the business, the business environment, and the details and processes for preparation of the business plans, and had an interview in person with the Offeror and held a question and answer session regarding matters such as the impact of the Transaction on the corporate value of the Target. The special committee received explanations from Frontier Management on the methods and results of the calculation of share value of the Target Common Shares and held question and answer sessions. Based on the above, the special committee was substantially involved in the repeated price negotiations between the Offeror and the Target by receiving timely reports from the Target and Frontier Management on the status of the negotiations regarding the transaction terms of the Transaction or the like and by giving instructions or the like to the Target and Frontier Management. As a result, the Offeror granted a significant concession and they reached an agreement on the Tender Offer Price.

Subsequently, today the special committee submitted to the board of directors of the Target the Committee Recommendation with unanimous approval of the members as a result of the multiple careful negotiations and review on the Inquired Matters, as summarized below (hereinafter the special committee is referred to as the “**Committee**” in the overview of the Committee Recommendation).

(a) Opinion of the Committee

On the Inquired Matter (i):

The Committee makes a recommendation to the board of directors of the Target to the effect that the board of directors of the Target should express its opinion in support of the Tender Offer and recommend that its shareholders and the Share Acquisition Rights Holders tender their shares and Share Acquisition Rights in the Tender Offer.

On the Inquired Matter (ii):

The Committee believes that the decision on the Transaction by the board of directors of the Target would not be disadvantageous for the minority shareholders of the Target.

(b) Reasons for the Committee's opinion

(i) Appropriateness of the Transaction from the perspective of whether it contributes to enhancement of the corporate value of the Target

There are no unreasonable elements and the Committee has no objection to the recognition of the current status concerning the description of the business and the business environment of the Target and the description of the business of the Offeror set out 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 Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer" in "1. Purpose of the Purchase" above.

In addition, taking into account synergies realized through the Transaction recognized by the Target set out in "(c) Decision-Making Process and Reasons of the Target" 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 Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer" in "1. Purpose of the Purchase" above, and synergies realized through the Transaction recognized by the Offeror set out in "(b) Background and Purpose of the Offeror's Decision to Implement the Tender Offer" 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 Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer" in "1. Purpose of the Purchase" above, the purpose of the Transaction is to make the most effective use of the management resources of the Offeror and the Target, thereby expanding the range of the targeted customers and services provided, and enhancing the corporate value. Further, in considering that the Target and the Offeror have confirmed that, to achieve the purpose steadily at an early stage, they will proceed with the measures set out 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 Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer" in "1. Purpose of the Purchase" above, the feasibility of enhancing the corporate value is expected to a respectable degree. On the other

hand, based on the statement above, the purpose of the Transaction is not intended for Offeror to use its position as a parent company to benefit itself or a third party at the expense of the minority shareholders of the Target.

Accordingly, the Transaction may be approved from the perspective of whether it contributes to enhancing the corporate value.

- (ii) Fairness of procedures and appropriateness of terms of transaction from the perspective of ensuring interests of general shareholders
- (x) Fairness of procedures
  - (a) The Target appointed Gaien Partners as an outside legal advisor with the objective of ensuring fairness and appropriateness of the decision-making by the board of directors of the Target, and has received its legal advice regarding the decision-making process and methods of the board of directors meetings of the Target and other notable points in relation to the Tender Offer and the subsequent series of procedures. With respect to each transaction that constitutes the Transaction, procedures that conflict with the Financial Instruments and Exchange Act, the Companies Act, or other related laws or regulations are not expected.
  - (b) As the measures to ensure fairness of the Transaction, measures have been taken such as: (i) establishment of the Committee and obtainment of a recommendation from the Committee, (ii) advice from Hibiya Park Law Offices, which is an outside independent law firm, received by the Committee, (iii) substantial involvement in the negotiation by the Committee, (iv) advice from Gaien Partners, which is an outside law firm, received by the Target, (v) obtainment of a share valuation report from Frontier Management, which is an outside independent third-party valuation agent, by the Target, (vi) obtainment of a share valuation report from Nomura Securities, which is an outside third-party valuation agent, by the Offeror, (vii) establishment of a system in the Target to review and negotiate the Transaction from a position independent from the Offeror, (viii) preventing directors and auditors who have an interest in the Target from participating in deliberations or resolutions at the board of directors meeting, (ix) measures to ensure an opportunity to propose acquisition by other acquirers, (x) eliminating coercive pressure, and (xi) appropriate information disclosure. The measures above to ensure fairness are not only comparable to past transactions of the same kind (transactions in which a parent company makes a listed subsidiary its wholly-owned subsidiary), but can also be evaluated as functioning effectively.
  - (c) For the process of negotiation regarding the transaction terms, the Committee and the Offeror negotiated by (i) taking the above measures to ensure fairness, (ii) comprehensively considering various factors such as the calculation results of share value by Frontier Management, the level of premiums for similar cases, and past share price changes of the Target Common Shares, and (iii) giving instructions to the Target and Frontier Management regarding negotiation policies relating to the main transaction terms, mainly with respect to the Tender Offer Price. In the process of those negotiations, the Offeror did not behave in such a way as to achieve advantageous terms by using its position as a parent company, and the Target did not behave in such a way as to make any allowance for the Offeror's intentions, and the

negotiations were conducted on equal terms between the companies and there is no fact that the price negotiations were conducted unfairly without consideration of the interests of minority shareholders.

Therefore, (a) the legality of each transaction that constitutes the Transaction is ensured, (b) the measures to ensure fairness of the Transaction are considered to have worked effectively as a whole, and (c) the process of the negotiations on the transaction terms pertaining to the Transaction, such as the price, have been executed appropriately. Accordingly, from the perspective of ensuring the interests of general shareholders of the Target, it is considered that the fairness of procedures of the Transaction have been ensured.

(y) Appropriateness of terms of transaction

- (a) In light of the measures to ensure fairness described above, it is considered that, in the Transaction, the conditions that may be deemed to be substantially equivalent to those between mutually independent parties were ensured, and negotiations were conducted.
- (b) Because the Committee needs to confirm the details of the calculation of the share price, which is an important basis for determining the appropriateness of the terms of the transaction, the Committee conducted interviews with Frontier Management about the calculation method of the share value and the calculation results thereof on multiple occasions. The calculation method and the calculation results by Frontier Management were deemed to be reasonable, and it is considered that the agreement on the Tender Offer Price, which is determined to fall within the range of share values of the Target Common Shares calculated based on each method, or exceed the upper price of share values thereof, is reasonable to a certain extent. The price of the Share Acquisition Rights is determined to be the amount calculated by multiplying the difference of the Tender Offer Price (JPY 920) and the exercise price of each Share Acquisition Rights per Target Common Shares (JPY 1) by 100 that is the number of the Target Common Shares underlying one Share Acquisition Right, and is considered to be a price that provides economic benefits similar to those provided to the shareholders of the Target Common Shares.
- (c) According to the materials and other information disclosed by Frontier Management, the level of premiums of the Tender Offer Price is considered to be in line with that of other similar cases (transactions where a parent company makes its subsidiary its wholly-owned subsidiary by using cash as the consideration) in both cases where it is based on the share price as of the Business Day immediately preceding the announcement date of the Tender Offer and for a certain past period before such Business Day, and where it is based on the share price as of January 14, 2020, on which the proposal of the Transaction was made, and for a certain past period before such date without reference to the share price after the decline in share price in the entire stock market after such date.

In addition, according to the materials and other information disclosed by Frontier Management, the level of price-book value ratio (PBR) of the Tender Offer Price is considered to be in line with that of other similar cases (transactions where the Target with respect to which the PBR of the market

share price is less than 1 becomes a wholly-owned subsidiary).

Further, because the method in which the Tender Offer is conducted as the first step, and the Demand for Sale of Shares, Etc. and the Share Consolidation are conducted as the second step is a method generally adopted in transactions similar to the Transaction which make an entity a wholly-owned subsidiary, and a scheme in which general shareholders may dispute through court procedures if they consider that the consideration for acquisition is unreasonably low, the method of the acquisition in the Transaction is considered to be appropriate.

The method in which the tender offer is conducted using cash as the consideration as the first step is considered to be appropriate for the Target's general shareholders compared to the method using the Offeror's shares as the consideration, because the business of the Offeror and that of the Target are different. In addition, with respect to the type of the consideration for acquisition in the second-step transaction, unlike in the case of the share exchange using the Offeror's shares as the consideration, because general shareholders who do not tender in the Tender Offer may avoid the risks of a decline in the Offeror's share price, and may receive cash that is based on the same price as the Tender Offer Price, the transaction using cash as the consideration is more appropriate. Therefore, the type of the consideration for acquisition is considered to be appropriate.

In addition to the above, with respect to the terms of the Transaction other than the price, there is no fact that the Offeror unfairly obtained interests at the expense of the Target's minority shareholders, and there is no situation that impairs the appropriateness of such terms.

As stated above, taking into consideration (i) the process of negotiations in light of the measures to ensure fairness described above, (ii) the calculation method of the share price and the calculation results, and (iii) the level of the consideration for acquisition resulting from the negotiations as well as the fact that, through the Transaction, the general shareholders can be offered a chance to sell their shares at the price that is more than 1.6 times as much as the market share price on the Business Day immediately preceding the day on which the Tender Offer was publicly announced in the midst of the current highly uncertain situation where market share prices including that of the Target Common Shares plunged due to the global spread of new coronavirus, prospects on the trend of the market share price are unclear, and it is uncertain whether the market share price will go back to the level before the plunge, and other matters, the terms of the Transaction are considered to be appropriate from the perspective of ensuring the interests of the Target's general shareholders.

(iii) Conclusion

As stated above, the execution of the Transaction is considered to contribute to the enhancement of the Target's corporate value, and the procedures are considered to be fair and the terms of transaction are considered to be appropriate from the perspective of ensuring the interests of the Target's general shareholders. Therefore, the Committee considers that the decision on the Transaction including the Tender Offer by the board of directors of the Target (i.e., the decision to express

its opinion in support of the Tender Offer and to recommend that its shareholders and the Share Acquisition Rights Holders tender their shares and Share Acquisition Rights in the Tender Offer), and the decision on the Demand for Sale of Shares, Etc. and the Share Consolidation to be conducted after the Tender Offer as part of the Transaction are not disadvantageous for the minority shareholders of the Target.

**(d) Advice from an outside law firm received by the Target**

According to the Target Press Release, the Target has appointed Gaien Partners as its outside legal advisor with the objective of ensuring fairness and appropriateness of the decision-making by the board of directors of the Target, and has received its legal advice regarding the decision-making process and methods of the board of directors meetings of the Target and other notable points in relation to the Tender Offer and the subsequent series of procedures.

**(e) Advice from an independent law firm received by the special committee of the Target**

According to the Target Press Release, the special committee has appointed Hibiya Park Law Offices as its legal advisor, and has received its legal advice regarding overall matters relating to the Transaction.

**(f) Approval of all non-interested directors of the Target and opinion that they had no objection from all non-interested auditors of the Target**

According to the Target Press Release, the board of directors of the Target resolved at its board of directors meeting held today with unanimous approval of all of the directors who participated in the deliberations and resolutions (excluding Masaaki Yamazaki, Koji Sato, Hitoshi Yamazaki and Shin Shibuya out of the nine directors of the Target) to express its opinion in support of the Tender Offer and to recommend that its shareholders and the Share Acquisition Rights Holders tender their shares and Share Acquisition Rights in the Tender Offer, as stated in “(c) Decision-Making Process and Reasons of the Target” 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 Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” in “1. Purpose of the Purchase” above, as a result of careful discussions and review based on the contents of the Committee Recommendation obtained from the special committee, with consideration given to the legal advice obtained from Gaien Partners regarding the decision-making process and methods and other notable points in relation to the Transaction including the Tender Offer and the contents of the Target Valuation Report. All of the four auditors (including three outside auditors) of the Target expressed the opinion that they had no objections with respect to the above resolution at the board of directors meeting above.

**(g) Measures to ensure an opportunity to purchase by other offerors**

The Offeror has set a relatively long Tender Offer Period of 30 Business Days, which is longer than the statutory minimum period of 20 Business Days. By setting a relatively long Tender Offer Period, the Offeror intends to ensure that the shareholders of the Target and the Share Acquisition Rights Holders have an opportunity to properly determine whether to tender their shares and Share Acquisition Rights in the Tender Offer and provide opportunities for counter offers by offerors other than the Offeror, thereby ensuring the fairness of the Tender Offer Price. In addition, the Offeror and the Target have not made any agreement containing deal protection provisions that would prohibit the Target from having contact with a counter offeror, or any other agreement that would



restrict that counter offeror from contacting the Target. The Offeror and the Target have given consideration to ensuring the fairness of the Tender Offer by ensuring the opportunity for a counter offer and the like as well as setting the Tender Offer Period mentioned above.

**(iii) Relationship with the Valuation Agent**

Although Nomura Securities, which is a financial advisor (a valuation agent) of the Offeror, is a related party of the Offeror, in light of the track record of Nomura Securities as a valuation agent and in considering the fact that the designated information blocking measures, as measures to prevent adverse effects, have been taken between the department of Nomura Securities that conducts the calculation of the share value of the Target Common Shares and other departments in Nomura Securities and Nomura HD, which is a parent company of Nomura Securities, the fact that the independence as a third-party valuation agent is ensured because the Offeror and Nomura Securities have conducted the transaction under the same conditions as those of the transaction with general customers, and the fact that Nomura Securities is not a related party of the Target and therefore there is no particular issue for the Offeror to request that Nomura Securities calculate the share value of the Target Common Shares, the Offeror requested that Nomura Securities calculate the share value of the Target Common Shares.

**(5) Number of Share Certificates, Etc. to Be Purchased**

Number of Share Certificates, Etc. to be purchased	Minimum number of Share Certificates, Etc. to be purchased	Maximum number of Share Certificates, Etc. to be purchased
12,116,752 shares	3,740,136 shares	— shares

(Note 1) If the total number of the Tendered Share Certificates, Etc. is less than the minimum number of Share Certificates, Etc. to be purchased (3,740,136 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of the Tendered Share Certificates, Etc. is equal to or greater than the minimum number of Share Certificates, Etc. to be purchased, the Offeror will purchase all of the Tendered Share Certificates, Etc.

(Note 2) Shares less than one unit are also eligible for the Tender Offer. In addition, if a shareholder exercises its right to request the purchase of shares less than one unit in accordance with the Companies Act, the Target might purchase its treasury shares during the Tender Offer Period in accordance with procedures required by laws and regulations.

(Note 3) The Offeror does not intend to acquire the treasury shares owned by the Target through the Tender Offer.

(Note 4) In the Tender Offer, the Offeror has not set a maximum number of Share Certificates, Etc. to be purchased, so the number of Share Certificates, Etc. to be purchased is the maximum number of Share Certificates, Etc. of the Target to be acquired by the Offeror in the Tender Offer. Such maximum number is the number of Target Common Shares (12,116,752 shares), which is the sum (25,728,200 shares) of (i) the total number of the issued shares of the Target as of March 31, 2020 as stated in the Summary of Financial Results of the Target (25,657,400 shares) and (ii) the number

of the Target Common Shares underlying the Share Acquisition Rights as of March 31, 2019 as stated in the Securities Report of the Target (70,800 shares in total), less (iii) the number of Target Common Shares owned by the Offeror as of today (13,013,064 shares) and (iv) the number of the treasury shares owned by the Target as of March 31, 2020 as stated in the Summary of Financial Results of the Target (598,384 shares).

(Note 5) The Share Acquisition Rights may be exercised by the last day of the Tender Offer Period, and in that case, the Target Common Shares issued or transferred through such exercise are also subject to the Tender Offer.

**(6) Changes in Ownership Ratio of Share Certificates, Etc. due to the Purchase, Etc.**

Number of voting rights represented by Share Certificates, Etc. owned by the Offeror before the purchase, etc.	130,130	(Ownership ratio of the Share Certificates, Etc. before the purchase, etc.: 51.78%)
Number of voting rights represented by Share Certificates, Etc. owned by special related parties before the purchase, etc.	1,343	(Ownership ratio of the Share Certificates, Etc. before the purchase, etc.: 0.53%)
Number of voting rights represented by Share Certificates, Etc. owned by the Offeror after the purchase, etc.	251,298	(Ownership ratio of the Share Certificates, Etc. after the purchase, etc.: 100%)
Number of voting rights represented by Share Certificates, Etc. owned by special related parties after the purchase, etc.	0	(Ownership ratio of the Share Certificates, Etc. after the purchase, etc.: 0%)
Number of voting rights held by all shareholders of the Target	250,478	

(Note 1) “Number of voting rights represented by Share Certificates, Etc. owned by special related parties before the purchase, etc.” is the total number of voting rights represented by Share Certificates, Etc. owned by each special related party (other than special related parties who are not considered special related parties pursuant to Article 3, paragraph (2), item (i), of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Persons Other Than Issuers (Ordinance of the Ministry of Finance No. 38 of 1990, as amended; hereinafter referred to as the “**Cabinet Office Ordinance**”) for the purpose of calculating the ownership ratio of Share Certificates, Etc. set out in each item under Article 27-2, paragraph (1) of the Act). Since Share Certificates, Etc. owned by the special related parties (excluding the treasury shares owned by the Target) are subject to the Tender Offer, “Number of voting rights represented by Share Certificates, Etc. owned by special related parties after the purchase, etc.” is 0. If it is necessary for the Offeror to revise this press release upon confirming the Share Certificates, Etc. of the Target owned by special related parties thereafter, the Offeror will promptly disclose the amended details.

(Note 2) “Number of voting rights held by all shareholders of the Target” is the number of

voting rights of all shareholders (described as the share unit number is 100 shares) as of December 31, 2019 as stated in the quarterly securities report for the third quarter of the 64th fiscal year filed on February 7, 2020 by the Target. However, given that shares less than one unit and Target Common Shares that may be issued or transferred through exercise of the Share Acquisition Rights are also subject to the Tender Offer, in the calculation of the “Ownership ratio of the Share Certificates, Etc. before the purchase, etc.” and the “Ownership ratio of the Share Certificates, Etc. after the purchase, etc.”, the number of voting rights (251,298 voting rights) pertaining to the number of Target Common Shares (25,129,816 shares), which is the sum (25,728,200 shares) of (i) the total number of the issued shares of the Target as of March 31, 2020 as stated in the Summary of Financial Results of the Target (25,657,400 shares) and (ii) the number of the Target Common Shares underlying the Share Acquisition Rights as of March 31, 2019 as stated in the Securities Report of the Target (70,800 shares in total), less (iii) the number of treasury shares owned by the Target as of March 31, 2020 as stated in the Summary of Financial Results of the Target (598,384 shares), will be calculated as the “Number of voting rights held by all shareholders of the Target.”

(Note 3) The figures in the “Ownership ratio of the Share Certificates, Etc. before the purchase, etc.” and the “Ownership ratio of the Share Certificates, Etc. after the purchase, etc.” are rounded to two decimal places.

**(7) Purchase Price**

JPY 11,147,411,840

(Note) Purchase price is the amount obtained by multiplying the number of Share Certificates, Etc. to be purchased (12,116,752 shares) by the Tender Offer Price (JPY 920).

**(8) Method of Settlement**

**(i) Name and Location of Head Office of Financial Instruments Business Operator or Bank, Etc. in Charge of Settlement of the Tender Offer**

Nomura Securities Co., Ltd.,  
9-1, Nihombashi 1-chome, Chuo-ku, Tokyo

**(ii) Commencement Date of the Settlement**

June 22, 2020 (Monday)

**(iii) Method of Settlement**

A written notice of the purchase, etc. through the tender offer is to be mailed to the address of each Tendering Shareholder, Etc. (in the case of a Foreign Shareholder, Etc., of its standing proxy) without delay after the completion of the Tender Offer Period.

The purchases are to be paid for in cash. Tendering Shareholders, Etc. may receive the sales proceeds pertaining to the tender offer in the manner they instruct, including by way of remittance, without delay after the commencement date of the settlement (a remittance fee may be charged).

**(iv) Method of Returning Share Certificates, Etc.**

If all of the Tendered Share Certificates, Etc. are not purchased under the conditions set out in “(i) Conditions Listed in the Items of Article 27-13, Paragraph (4) of the Act and the Details of Those Conditions” and “(ii) Conditions for Withdrawal of the Tender Offer, Details Thereof and Method of Disclosing the Withdrawal” in “(9) Other Conditions and Methods of the Tender Offer” set out below, the Share Certificates, Etc. that are to be returned will be returned promptly after the second Business Day following the last day of the Tender Offer Period (or, if the Tender Offer has been withdrawn, after the date of that withdrawal). With respect to the shares, the shares that are to be returned will be returned to the accounts held by the Tendering Shareholders, Etc. with the tender offer agent by restoring the record to the status immediately preceding the tendering of those shares (if the Tendering Shareholders, Etc. wish their shares to be transferred to their account established with other financial instruments business operators, please confirm with the main office or any branch in Japan of the tender offer agent that accepted a tender). With respect to the share acquisition rights, the documents submitted upon tender of the share acquisition rights (a Notice of Approval for Transfer issued by the Target upon request from a Share Acquisition Rights Holders in accordance with the resolution of the board of directors of the Target, a document stating the items described in the share acquisition right registry which is issued by the Target upon request from a Share Acquisition Rights holder, and other documents necessary to request the change of the holders’ name of the share acquisition right in the registry subject to the completion of the Tender Offer) will be delivered to the Tendering Shareholders, Etc. or mailed to the address of the Tendering Shareholders, Etc. in accordance with the instructions given by each Tendering Shareholder, Etc.

Due to the measures for the prevention of the spread of new coronavirus, the services at the branches may be suspended, or other special measures may be taken during the Tender Offer Period. For details, please contact the main office or branch in Japan of the tender offer agent. Also, for details of special measures and branches subject to such measures, see the website of the tender offer agent (<https://www.nomura.co.jp/>).

**(9) Other Conditions and Methods of the Tender Offer**

**(i) Conditions Listed in the Items of Article 27-13, Paragraph (4) of the Act and the Details of Those Conditions**

If the total number of Tendered Share Certificates, Etc. is less than the minimum number of the Share Certificates, Etc. to be purchased (3,740,136 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. is equal to or greater than the minimum number of Share Certificates, Etc. to be purchased (3,740,136 shares), the Offeror will purchase all of the Tendered Share Certificates, Etc.

**(ii) Conditions for Withdrawal of the Tender Offer, Details Thereof and Method of Disclosing the Withdrawal**

Upon the occurrence of any circumstance falling under the provisions of Article 14, paragraph (1), item (i), subitems (a) through (i) and subitems (l) through (r), item (iii), subitems (a) through (h) and subitem (j), and Article 14, paragraph (2), items (iii) through (vi) of the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended; the “**Order**”), the Offeror may withdraw or otherwise cancel the Tender Offer. “Facts equivalent to those set forth in (a) through (i)” prescribed in Article 14, paragraph (1), item (iii), subitem (j) of the Order means any of

the following:

- (a) where it is discovered that there is a false statement about a material particular or an omission of a statement about a material particular that is required to be stated with respect to any statutory disclosure documents submitted by the Target in the past, but the Offeror was not aware of such false statement, etc. nor could the Offeror have been aware of such false statement, etc. even with reasonable care, and
- (b) where a fact listed in Article 14, paragraph (1), item (iii), subitems (a) through (g) occurs with respect to a major subsidiary of the Target.

If the Offeror decides to withdraw, etc. the Tender Offer, the Offeror will make a public notice electronically and publish a notice in the *Nikkei*. However, if it is difficult to make a public notice by the last day of the Tender Offer Period, the Offeror will make an announcement by the method prescribed in Article 20 of the Cabinet Office Ordinance and make a public notice immediately thereafter.

**(iii) Conditions for Reducing the Tender Offer Price, Details Thereof and Method of Disclosing the Reduction**

If the Target conducts any act prescribed in Article 13, paragraph (1) of the Order during the Tender Offer Period, pursuant to the provisions of Article 27-6, paragraph (1), item (i) of the Act, the purchase price may be reduced in accordance with the standards prescribed in Article 19, paragraph (1) of the Cabinet Office Ordinance. If the Offeror decides to reduce the purchase price, the Offeror will make a public notice electronically and publish a notice in the *Nikkei*. However, if it is difficult to make a public notice by the last day of the Tender Offer Period, the Offeror will make an announcement by the method prescribed in Article 20 of the Cabinet Office Ordinance and make a public notice immediately thereafter. If the purchase price is reduced, the Tendered Share Certificates, Etc. that were tendered before the date of that public notice will also be purchased at the reduced purchase price.

**(iv) Matters concerning Rights to Cancel Agreements of the Tendering Shareholders, Etc.**

Any Tendering Shareholder, Etc. may cancel any agreement relating to the Tender Offer at any time during the Tender Offer Period. If an agreement is to be cancelled, the relevant Tendering Shareholder, Etc. is to deliver or send a document stating that the agreement relating to the Tender Offer will be cancelled (the “**Cancellation Documents**”) to the main office or any branch in Japan of the person specified below that received a tendering application no later than 15:30 on the last day of the Tender Offer Period. However, if the Cancellation Documents are to be sent, they must be reached no later than 15:30 on the last day of the Tender Offer Period.

A contract executed via the online service can be canceled either via the online service (<https://hometrader.nomura.co.jp/>) or by delivering or sending the Cancellation Document. To cancel a contract via the online service, Tendering Shareholders, Etc. must complete the cancellation procedures in the manner prescribed on that website by 15:30 on the last day of the Tender Offer Period. Tendering Shareholders, Etc. may not cancel via the online service the contract executed at the office of the tender offer agent they have an account with. To cancel a contract by delivering or mailing the Cancellation Document, Tendering Shareholders, Etc. must request the form of the Cancellation Document in advance from the office of the tender offer agent they have an account with and then

deliver or send it to such office by 15:30 on the last day of the Tender Offer Period. If cancellation is made by postal mail, the cancellation will not be effective unless the Cancellation Document is reached by 15:30 on the last day of the Tender Offer Period.

Person with authority to receive the Cancellation Documents

Nomura Securities Co., Ltd.

9-1, Nihombashi 1-chome, Chuo-ku, Tokyo

(or any branch in Japan of Nomura Securities Co., Ltd.)

The Offeror will not make any claim for damages against or request a penalty payment to a Tendering Shareholder, Etc. in connection with the cancellation of an agreement by that Tendering Shareholder, Etc. In addition, the Offeror will bear the costs of returning the Tendered Share Certificates, Etc.

Due to the measures for the prevention of the spread of new coronavirus, the services at the branches may be suspended, or other special measures may be taken during the Tender Offer Period. For details, please contact the main office or branch in Japan of the tender offer agent. Also, for details of special measures and branches subject to such measures, see the website of the tender offer agent (<https://www.nomura.co.jp/>).

**(v) Method of Disclosure If Conditions, etc., of the Tender Offer are Changed**

The Offeror may change the conditions, etc. of the Tender Offer during the Tender Offer Period, except for any change prohibited by Article 27-6, paragraph (1) of the Act or Article 13 of the Order. If the Offeror intends to change any conditions, etc. of the Tender Offer, the Offeror will make a public notice electronically and publish a notice in the *Nikkei* detailing those changes and other conditions. However, if it is difficult to make a public notice by the last day of the Tender Offer Period, the Offeror will make an announcement by the method prescribed in Article 20 of the Cabinet Office Ordinance and make a public notice immediately thereafter.

If the Tender Offer conditions, etc., are changed, the Tendered Share Certificates, Etc. that were tendered before the date of that public notice will also be purchased under those changed conditions, etc.

**(vi) Method of Disclosure When Submitting an Amended Statement**

If an amended statement is submitted to the Director General of the Kanto Local Finance Bureau (excluding the case prescribed in the proviso of Article 27-8, Paragraph (11) of the Act), the Offeror will immediately announce the details set out in that amended statement that relate to the contents of the public notice of the commencement of the Tender Offer by the method prescribed in Article 20 of the Cabinet Office Ordinance. The Offeror will also immediately amend the Tender Offer Explanation Statement and deliver the amended Tender Offer Explanation Statement to each Tendering Shareholder, Etc. that has already received a Tender Offer Explanation Statement. However, if an amendment is only minor in nature, the Offeror will prepare a document stating the reasons for that amendment, the matters that have been amended and the amended contents, and deliver that document to the Tendering Shareholders, Etc.

**(vii) Method of Disclosing the Results of the Tender Offer**

The Offeror will publicly announce the results of the Tender Offer the day immediately following the last day of the Tender Offer Period, in accordance with the provisions of Article 9-4 of the Order and Article 30-2 of the Cabinet Office Ordinance.

**(10) Date of Public Notice of Commencement of Tender Offer**

April 30, 2020 (Thursday)

**(11) Tender Offer Agent**

Nomura Securities Co., Ltd.

9-1, Nihombashi 1-chome, Chuo-ku, Tokyo

**3. Policies after Tender Offer and Future Prospects**

For the policies after the Tender Offer, see “1. Purpose of the Purchase” above.

**4. Other**

**(1) Agreements Between the Offeror and the Target or its Officers, and the Details Thereof**

**(i) Agreements Between the Offeror and the Target, and the Details Thereof**

According to the Target Press Release, the Target resolved at its board of directors meeting held today to express its opinion in support of the Tender Offer and to recommend that its shareholders and Share Acquisition Rights Holders tender their shares and Share Acquisition Rights in the Tender Offer.

For details regarding the decision-making process of the Target, see the Target Press Release and “(vi) Approval of all non-interested directors of the Target and opinion that they had no objection from all non-interested auditors of the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Calculation of Purchase Price” in “2. Overview of Purchase” above.

**(ii) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer**

See “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” in “1. Purpose of the Purchase” above.

**(iii) Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest**

See “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Calculation” in “(4) Basis of Calculation of Purchase Price” in “2. Overview of Purchase” above.

**(2) Other Information Necessary for Investors’ Decision of Tender**

(i) **Release of the “Summary of Financial Results (consolidated) for the Fiscal Year Ending March 2020 (Japanese GAAP)”**

The Target released the Summary of Financial Results of the Target (“Summary of Financial Results (consolidated) for the Fiscal Year Ending March 2020 (Japanese GAAP)”) today. Details of consolidated profit and loss and per-share data of the Target based on such announcement is as follows. According to the Target, the Target has not received an audit certification for the summary of financial results from an audit firm as provided for in Article 193-2, Paragraph (1) of the Act. Furthermore, note that the outline of the contents of the announcement is a partial excerpt of the contents released by the Target. The Offeror is not in a position to independently verify the accuracy or validity of the information, and nor has it made such verification. For details, see the contents of such announcement.

(a) Profit and loss (consolidated)

Accounting Period	Fiscal Year Ending March 2020
Operating income	JPY 20,359 million
Operating expenses	JPY 12,339 million
General administrative expenses	JPY 6,798 million
Non-operating income	JPY 65 million
Non-operating expenses	JPY 0 million
Net income attributable to the shareholders of the parent company	JPY 1,066 million

(b) Per-share data (consolidated)

Accounting Period	Fiscal Year Ending March 2020
Net assets per share	JPY 989.32
Net income per share	JPY 42.57
Net income per share after adjustment of potential shares	JPY 42.45

(ii) **Release of the “Announcement of Dividend Forecasts for Fiscal Year Ending March 2021 and Abolishment of Shareholder Special Benefit Plan”**

The Target resolved at its board of directors meeting held today that no dividends would be paid for the fiscal year ending March 2021, and the shareholder special benefit plan would be abolished after the fiscal year ending March 2021, subject to the completion of the Tender Offer. For details, see the “Announcement of Dividend Forecasts for Fiscal Year Ending March 2021 and Abolishment of Shareholder Special Benefit Plan” released by the Target today.

(iii) **Release of the “Announcement of Difference between Non-consolidated Business Performance for the Full Fiscal Year and Previous Year Results”**

The Target released the “Announcement of Difference between Non-consolidated



Business Performance for the Full Fiscal Year and Previous Year Results” today. The outline of the difference between the non-consolidated business performance for the full fiscal year ended March 2020 and the previous year results based on such announcement is as follows. Note that the outline of the contents of the announcement is a partial excerpt of the contents released by the Target. The Offeror is not in a position to independently verify the accuracy or validity of the information, and nor has it made such verification. For details, see the contents of such announcement.

Difference between non-consolidated business performance for the full fiscal year ended March 2020 and previous year results (April 1, 2019 to March 31, 2020)

	Operating income	Operating profit	Ordinary profit	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous year results (A) (Fiscal year ended March 2019)	12,391	529	743	882	35.03
Results (B) (Fiscal year ended March 2020)	13,082	866	1,099	926	36.97
Amount of increase or decrease (B-A)	691	337	356	43	
Ratio of increase or decrease (%)	5.6	63.6	48.0	5.0	

Contact: Nomura Research Institute, Ltd.  
Kuniaki Fujioka, Investor Relations Department  
Tel: 03-5877-7072  
E-mail: ir@nri.co.jp

### Restrictions on Solicitation

This press release is to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares, etc. If shareholders wish to make an offer to sell their shares, they should first read the Tender Offer Explanatory Statement for the Tender Offer and make their own independent decision. This press release does not constitute, nor form part of, any offer or solicitation to sell, or any offer or solicitation to buy, any securities. In addition, neither this press release (or any part of it) nor the fact of its distribution shall form the basis for any agreement on the Tender Offer or be relied on when executing such an agreement.

### Standards and regulations, etc. in the United States

The Tender Offer will be conducted in compliance with the procedures and information disclosure standards set out in the Act, but those procedures and standards are not necessarily the same as the procedures and information disclosure standards in the United States. In particular, the Tender Offer is not subject to Section 13(e) or Section 14(d) of the United States Securities Exchange Act of 1934 (as amended; the “**United States Securities Exchange Act of 1934**”) or the rules set out thereunder, and the Tender Offer will not be conducted in line with those procedures or standards. All of the financial data included in this press release is not equivalent to the financial information of a company in the United States. The Offeror and the Target are corporations that have been established outside of the United States and some or all of the directors of the Offeror and the Target reside outside of the United States, so it may be difficult to exercise any rights or make any demands under the federal securities laws of the United States. It also may be impossible to commence legal proceedings against a company or an individual person that is based outside of the United States in a court outside of the United States on the grounds of a violation of the federal securities laws of the United States. Additionally, the jurisdiction of a United States court over a corporation or an individual person that is based outside of the United States, or subsidiaries or affiliates of such a corporation (the “**Affiliates**”) may not be recognized.

Unless otherwise provided, all of the procedures concerning the Tender Offer will be conducted in the Japanese language. All or some of the documents related to the Tender Offer are prepared in the English language, and if there is a discrepancy between that English language document and the corresponding Japanese language document, the Japanese language document will prevail.

Statements that constitute “forward-looking statements” as defined in Section 27A of the Securities Act of 1933 of the United States (as amended) and Section 21E of the United States Securities Exchange Act of 1934 are included in statements in this press release. There may be a significant difference between actual results and the express or implied predictions, etc. made as “forward-looking statements” due to known or unknown risks, uncertainties, and other factors. None of the Offeror, the Target, and their Affiliates guarantees that any express or implied prediction, etc. made as a “forward-looking statements” will ultimately be correct. The “forward-looking statements” in this press release have been prepared based on information that is available to the Offeror as of the date of this press release, and unless required by applicable laws or regulations, none of the Offeror, the Target, and any of their Affiliates has an obligation to update or correct those statements in order to reflect future events or circumstances.

### Future prospects

Prospects and forecasts for future plans and strategies of the Offeror Group upon the acquisition of the Target Common Shares and the Share Acquisition Rights are included in statements in this press release. Those statements constitute the Offeror’s prospects based on the assumptions and beliefs determined by the Offeror based on the information currently available to Offeror. Please note that the actual results may differ significantly from Offeror’s prospects due to various risks or uncertainties.

### In other countries

Some countries or regions may impose restrictions on the announcement, issue, or distribution of this press release. In such cases, please take note of such restrictions and comply with them. Receipt of this press release in such countries or regions where implementation of the Tender Offer becomes illegal shall not constitute a solicitation of an offer to sell or an offer to buy shares, etc. relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.

