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October 31, 2024

Listed company name: Shinko Shoji Co., Ltd.
Representative: Tatsuya Ogawa,
President and Representative Director
(Code number: 8141; Tokyo Stock
Exchange Prime Market)
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Notice Concerning Treasury Shares Purchase and Tender Offer

Shinko Shoji Co., Ltd. (the “Company”) hereby announces that, at a meeting of the Board of Directors held on October 31, 2024, it resolved to purchase its treasury shares and to execute a tender offer for the treasury shares as the specific method of the purchase (the “Tender Offer”) in accordance with Article 156, Paragraph 1 of the Companies Act (Act No. 86 of 2005, including any subsequent amendments; the “Companies Act”), as applied pursuant to Article 165, Paragraph 3 of the said Act, and Article 7 of the Company’s Articles of Incorporation. The details of which are set out below.

1. Purpose of purchase, etc.

The basic policy of the Company is to distribute dividends to shareholders with a target consolidated payout ratio of 50% in consideration of the balance between stable and continuous distribution of dividends to shareholders and investment in the growth strategy. For the 71st term (fiscal year ended March 31, 2024), the interim dividend was 26.5 yen per share and the year-end dividend was 22.0 yen per share. As a result, the consolidated payout ratio for the consolidated fiscal year ended March 31, 2024 was 50.2%.

Article 7 of the Company’s Articles of Incorporation stipulates that the Company may purchase treasury shares of the Company upon resolution of the Board of Directors in accordance with Article 165, Paragraph 2 of the Companies Act. This article in the Articles of Incorporation is intended to enable the execution of a flexible capital policy that can respond to changes in the business environment by giving the Board of Directors the authority to purchase treasury shares.

Since the 53rd Ordinary General Meeting of Shareholders held on June 23, 2006 resolved to approve an amendment to the Articles of Incorporation, the Company, for the purpose of improving capital efficiency and ensuring shareholder returns, has purchased treasury shares as follows:

240,800 shares on November 15, 2011 through brokerages on the Tokyo Stock Exchange Trading Network Off-Auction Own Share Repurchase Trading System (the “ToSTNeT-3”), based on a resolution of the Board of Directors held on November 14, 2011 (Ownership ratio as of September 30, 2011 (Note 1): 0.97%, cumulative total purchase amount: 145,924,800 yen);

791,300 shares on March 13, 2013 through brokerages on the ToSTNeT-3, based on a resolution of the Board of Directors held on March 12, 2013 (Ownership ratio as of December 31, 2012 (Note 2): 3.23%, cumulative total purchase amount: 734,326,400 yen);

(i) 600,000 shares on November 30, 2015 through brokerages on the ToSTNeT-3, based on a resolution of the Board of Directors held on October 30, 2015 (Ownership ratio as of September 30, 2015 (Note 3): 2.53%, cumulative total purchase amount of 772,200,000 yen) and (ii) 273,500 shares between December 1, 2015 and January 29, 2016 through the auction market on the Tokyo Stock Exchange (Ownership ratio as of September 30, 2015: 1.15%, cumulative total purchase amount: 342,205,500 yen);

500,000 shares between February 1, 2017 and March 1, 2017 through the auction market on the Tokyo Stock Exchange, based on a resolution of the Board of Directors held on January 31, 2017 (Ownership ratio as of December 31, 2016 (Note 4): 2.19%, cumulative total purchase amount: 656,598,400 yen);

1,841,400 shares between August 1, 2017 and April 17, 2018 through the auction market on the Tokyo Stock Exchange, based on a resolution of the Board of Directors held on July 31, 2017 (Ownership ratio as of June 30, 2017 (Note 5): 8.24%, cumulative total purchase amount: 3,599,939,800 yen);

4,000,000 shares between November 1, 2018 and October 24, 2019 through the auction market on the Tokyo Stock Exchange, based on a resolution of the Board of Directors held on October 31, 2018 (Ownership ratio as of September 30, 2018 (Note 6): 9.75%, cumulative total purchase amount: 3,613,080,800 yen);

1,070,100 shares between February 15, 2022 and May 17, 2022 through the auction market on the Tokyo Stock Exchange, based on a resolution of the Board of Directors held on February 14, 2022 (Ownership ratio as of December 31, 2021 (Note 7): 2.88%, cumulative total purchase amount: 999,983,600 yen); and

(i) 2,029,900 shares on June 22, 2022 through brokerages on the ToSTNeT-3, based on a resolution of the Board of Directors held on June 17, 2022 (Ownership ratio as of May 31, 2022 (Note 8): 5.63%, cumulative total purchase amount: 1,904,046,200 yen) and (ii) 1,016,100 shares between June 20, 2022 and February 8, 2023 through the auction market on the Tokyo Stock Exchange, based on a resolution of the Board of Directors held on June 17, 2022 (Ownership ratio as of May 31, 2022: 2.82%, cumulative total purchase amount: 1,095,862,200 yen).

(Note 1) “Ownership ratio as of September 30, 2011” refers to the ratio (rounded to two decimal places) to the number of shares (24,753,596 shares) obtained by deducting the number of treasury shares held by the Company as of September 30, 2011 (101,687 shares), from the total number of issued shares of the Company as of the same date as stated in the Quarterly Securities Report for the Second Quarter of the 59th Term filed by the Company on November 14, 2011 (24,855,283 shares).

(Note 2) “Ownership ratio as of December 31, 2012” refers to the ratio (rounded to two decimal places) to the number of shares (24,512,556 shares) obtained by deducting the number of treasury shares held by the Company as of December 31, 2012 (342,727 shares), from the total number of issued shares of the Company as of the same date as stated in the Quarterly Securities Report for the Third Quarter of the 60th Term filed by the Company on February 14, 2013 (24,855,283 shares).

(Note 3) “Ownership ratio as of September 30, 2015” refers to the ratio (rounded to two decimal places) to the number of shares (23,719,707 shares) obtained by deducting the number of treasury shares held by the Company as of September 30, 2015 (1,135,576 shares), from the total number of issued shares of the Company as of the same date as stated in the Quarterly Securities Report for the Second Quarter of the 63rd Term filed by the Company on November 13, 2015 (24,855,283 shares). The number of treasury shares includes 300,000 shares held by the benefit trust.

(Note 4) “Ownership ratio as of December 31, 2016” refers to the ratio (rounded to two decimal places) to the number of shares

(22,847,550 shares) obtained by deducting the number of treasury shares held by the Company as of December 31, 2016 (2,007,733 shares), from the total number of issued shares of the Company as of the same date as stated in the Quarterly Securities Report for the Third Quarter of the 64th Term filed by the Company on February 10, 2017 (24,855,283 shares). The number of treasury shares includes 298,200 shares held by the benefit trust.

(Note 5) “Ownership ratio as of June 30, 2017” refers to the ratio (rounded to two decimal places) to the number of shares (22,347,347 shares) obtained by deducting the number of treasury shares held by the Company as of June 30, 2017 (2,507,936 shares), from the total number of issued shares of the Company as of the same date as stated in the Quarterly Securities Report for the First Quarter of the 65th Term filed by the Company on August 10, 2017 (24,855,283 shares). The number of treasury shares includes 298,200 shares held by the benefit trust.

(Note 6) “Ownership ratio as of September 30, 2018” refers to the ratio (rounded to two decimal places) to the number of shares (20,505,250 shares) obtained by deducting the number of treasury shares held by the Company as of September 30, 2018 (4,350,033 shares), from the total number of issued shares of the Company as of the same date as stated in the Quarterly Securities Report for the Second Quarter of the 66th Term filed by the Company on November 14, 2018 (24,855,283 shares). The number of treasury shares includes 298,200 shares held by the board benefit trust and 200,000 shares held by the employee benefit trust.

Further, the Company performed a 2-for-1 stock split of its common shares, effective October 1, 2019. The ownership ratio as of September 30, 2018 was calculated with this stock split taken into account. Without taking into account this stock split, the ownership ratio as of September 30, 2018 would have been 19.51%.

(Note 7) “Ownership ratio as of December 31, 2021” refers to the ratio (rounded to two decimal places) to the number of shares (37,144,494 shares) obtained by deducting the number of treasury shares held by the Company as of December 31, 2021 (866,072 shares), from the total number of issued shares of the Company as of the same date as stated in the Quarterly Securities Report for the Third Quarter of the 69th Term filed by the Company on February 14, 2022 (38,010,566 shares). The number of treasury shares includes 510,300 shares held by the board benefit trust and 351,500 shares held by the employee benefit trust.

(Note 8) “Ownership ratio as of May 31, 2022” refers to the ratio (rounded to two decimal places) to the number of shares (36,078,156 shares) obtained by deducting the number of treasury shares held by the Company as of May 31, 2022 (1,932,410 shares), from the total number of issued shares of the Company as of the same date as stated in the Share Buyback Report filed by the Company on June 15, 2022 (38,010,566 shares). The number of treasury shares includes 857,900 shares held by the board benefit trust and employee benefit trust.

As mentioned above, the Company had considered as necessary the purchase of treasury shares in order to execute a flexible capital policy while taking into account matters such as the Company’s share price fluctuations and financial position. Under these circumstances, on December 14, 2023, the Company received communication from Kitai & Co. (Number of shares held as of September 30, 2023: 4,900,000 shares (Ownership ratio as of September 30, 2023 (Note 9): 14.80%, shareholder ranking as of September 30, 2023: 1st), (“Kitai & Co.”), a major shareholder and the major and largest shareholder of the Company, that it intended to sell a portion of the Company’s common shares that it held for the purpose of cashing. On December 20, 2023, we responded that we would give an on-going examination to the matter while also considering the Company’s financial position, etc.

(Note 9) “Ownership ratio as of September 30, 2023” refers to the ratio (rounded to two decimal places) to the number of shares (33,101,461 shares) obtained by deducting the number of treasury shares held by the Company as of September 30, 2023 (4,909,105 shares), from the total number of issued shares of the Company as of the same date as stated in the

Quarterly Securities Report for the Second Quarter of the 71st Term filed by the Company on November 14, 2023 (38,010,566 shares). The number of treasury shares includes 477,386 shares held by the board benefit trust and 320,929 shares held by the employee benefit trust.

As announced in “Notice Concerning Termination of Distribution Agreement with Major Business Partner” on April 11, 2024, the Company terminated its distribution agreement with Renesas Electronics Corporation (“Renesas”), our major supplier, on September 30, 2024. Therefore, we decided to sell our inventory of Renesas products to our customers or to transfer the inventory to the successor distributor by a date no later than September 30, 2024. As the Company anticipated that it will have an increase in cash reserves following the sale of the Renesas product inventory and the inventory transfer to the successor distributor, the Company decided on a policy of effectively using these funds as part of its growth and capital strategies. It was as part of this capital strategy that we began, in early September 2024, initial considerations as to the purchase of the Company’s treasury shares with the aim of improving the Company’s capital efficiency and shareholder returns.

Against this backdrop, on September 20, 2024, we once again confirmed the intention of Kitai & Co. (Number of shares held as of June 30, 2024: 4,900,000 shares (Ownership ratio as of June 30, 2024 (Note 10): 14.80%, shareholder ranking as of June 30, 2024: 1st) as had been previously communicated to us, to which, on the same day, we received the response that it intended to sell 3,430,000 shares, a portion of the Company’s shares that it held (Ownership ratio as of June 30, 2024: 10.36%) (the “Shares to be Tendered”). In response to this intention and in consideration of the impact on the liquidity and market price of the Company’s common shares and on the Company’s financial position, etc. that a temporary release of such a high number of shares onto the market could have, we on the same day began specific considerations as to the purchase of the Shares to be Tendered in the form of treasury shares. The Company reached a conclusion that it would be possible to avoid a deterioration in supply and demand for the Company’s common shares and a negative impact on the its share price, which would be expected outcomes should there be a temporary release of such a high number of shares onto the market. Further, the Company’s current assets on hand (Cash and deposits) on consolidated basis as of June 30, 2024 were approximately 15,600 million yen (Short-term liquidity: 1.4 months) (Note 11), as stated in the “Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]” dated July 31, 2024. However, the Company’s current assets on hand (Cash and deposits) on consolidated basis as of September 30, 2024 increased to approximately 17,200 million yen (Short-term liquidity: 1.6 months) (Note 12), as stated in the “Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]” dated October 31, 2024 (the “Financial Results”). As a result, the Company does not believe that it would have a significant impact on the financial position of the Company even if its current assets on hand (Cash and deposits) are used to fund the roughly 3,200 million yen currently assumed necessary to purchase the treasury shares.

(Note 10) “Ownership ratio as of June 30, 2024” refers to the ratio (rounded to two decimal places) to the number of shares (33,105,843 shares) obtained by deducting the number of treasury shares held by the Company as of June 30, 2024 (4,904,723 shares), from the total number of issued shares of the Company as of the same date as stated in the “Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]” announced by the Company on July 31, 2024 (38,010,566 shares). The number of treasury shares includes 471,500 shares held by the board benefit trust and 712,300 shares held by the employee benefit trust.

(Note 11) The liquidity was obtained by dividing the cash and deposits amount as of June 30, 2024, as stated in the “Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]” announced by the Company on July 31, 2024, by the monthly net sales (obtained by dividing the consolidated cumulative net sales for the first three months ended June 30, 2024 by 3) (rounded to one decimal place).

(Note 12) The liquidity was obtained by dividing the cash and deposits amount as of September 30, 2024, as stated in the Financial Results, by the monthly net sales (obtained by dividing the consolidated cumulative net sales for the first six months

ended September 30, 2024 by 6) (rounded to one decimal place).

As a result, the Company determined on October 3, 2024 that repurchasing the Shares to be Tendered in the form of treasury shares would contribute to improved capital efficiency, such as the Company's basic earnings per share (EPS) and return on equity (ROE), while also leading to returns of profit to our shareholders. With regard to the specific method for repurchasing the treasury shares, after exhaustive consideration of, among others: (1) Equality among shareholders, (2) Transparency in transactions, (3) The fact that being able to purchase the Company's common shares at a price with a certain discount relative to its market price and then buying the shares at that discounted price would help prevent the outflow of the Company's assets, and (4) Providing shareholders other than Kitai & Co. with a certain amount of time to consider their options and to ensure that they have the opportunity to tender based on the Company's share price fluctuations, the Company decided that the method of a tender offer would be appropriate.

When determining the price of the purchase, etc., in the Tender Offer (the "Tender Offer Price"), upon taking into consideration the fact that the Company's common shares are listed on a financial instruments exchange and that treasury share purchases by listed companies are often carried out through the auction market on a financial instruments exchange as doing so allows for more flexible purchasing in line with share price levels formulated based on market supply and demand, the Company decided to emphasize the clarity and objectivity of the criteria and determined that the market price of the Company's common shares should act as the basis for the Tender Offer Price. Based on this, the Company has determined that it would be preferable to make the purchase at a price discounted by a certain amount from the market price of the Company's common shares so as to minimize the outflow of the Company's assets as we believe that this will respect the interests of those shareholders who will continue to hold the Company's common shares without tendering in the Tender Offer.

Therefore, in order to ensure a certain number of samples of the discounted rate, the Company looked at tender offers for treasury shares for which resolutions were made on or after January 1, 2021 and those for which resolutions were made and the tender offer concluded by August 31, 2024. Our survey found that of the 66 cases of such tender offers that were carried out using a discounted rate as the basis to calculate the market price used for the tender offer price (the "Cases") (Note 13), 50, comprising a large majority, used a discounted rate of 10%. As such, we decided to use a discounted rate of 10% in the Tender Offer.

Furthermore, regarding the market price of the Company's common shares, which acts as the basis for calculating the Tender Offer Price, the Company believes that using the most recent share price, with due consideration given to fluctuations in the share price over a set period, will most adequately reflect the Company's recent business performance, as the market price can fluctuate day to day due to economic conditions and other factors. Of the 66 Cases, 48, comprising a large majority, used either the closing price on the business day before the announcement of the execution of a tender offer on the Tokyo Stock Exchange or the simple average of closing prices for the previous one month leading up to the same, as the basis for the calculation. The Company decided to make both of these as options. By then setting the lower of the aforementioned prices as the basis for the calculation, it is thought that the possibility of the Tender Offer Price during the tender offer purchase period (the "Tender Offer Period") falling below the market price will be reduced. This, in turn, will reduce the possibility that the total number of the shares tendered in the Tender Offer will be in excess of the number of shares that we plan to purchase. In doing this, it is thought that the certainty of the sale of the Company's common shares by Kitai & Co. will be increased and the possibility of the outflow of the Company's assets will be minimized, while also being in the interests of other shareholders who will not tender in the Tender Offer. In light of the above, the Company decided on October 3, 2024 that it would be preferable to use whichever is the lowest price out of the closing price for the Company's common shares on the Tokyo Stock Exchange Prime Market on the business day prior to the date of the meeting of the Board of Directors in which the execution of the Tender Offer is to be decided and the simple average of closing prices for the Company's common shares taken over a period of one month up to the same (the "Base Price").

(Note 13) As reference, we used 66 cases of tender offers for treasury shares for which resolutions were made in the period between January 1, 2021 and August 31, 2024, where the market price was used as the basis for calculating the tender offer price and for which a discounted rate was applied. The rates were as follows:

Discounted rate of 30%: 1 case;

Discounted rate of 15%: 3 cases;

Discounted rate of 13%: 4 cases;

Discounted rate of 11%: 2 cases;

Discounted rate of 10%: 50 cases;

Discounted rate of 9%: 2 cases;

Discounted rate of 7%: 3 cases; and

Discounted rate of 6%: 1 case.

Therefore, the Company proposed on October 3, 2024 to Kitai & Co. that a price calculated by applying a 10% discount to the Base Price be used as the Tender Offer Price. On the same day, we received a response from Kitai & Co. that, if the Company were to execute the Tender Offer under those conditions, they would subscribe the Shares to be Tendered to the Tender Offer.

The Company plans to fund the entire Tender Offer using its own funds. The Company's current assets on hand (Cash and deposits) on consolidated basis as of September 30, 2024, as stated in the Financial Results, were approximately 17,200 million yen (Short-term liquidity: 1.6 months). Even after using these to fund the purchase of the treasury shares for the Tender Offer, the Company's current assets on hand are expected to remain around 14,000 million yen (Short-term liquidity: 1.3 months), and so the Company has determined that it will not have a large impact on the Company's financial position or dividend policy.

In light of the above, the Company confirmed at a meeting of the Board of Directors held on October 31, 2024, that the lowest price out of the closing price of the Company's common shares on the Tokyo Stock Exchange Prime Market on October 30, 2024, one business day prior to the meeting of the Board of Directors (950 yen), and the simple average of closing prices of the Company's common shares over a period of one month up to and including October 30, 2024 (940 yen) (rounded to the nearest yen; hereinafter, the same applies when calculating the simple average of closing prices) was 940 yen. In accordance with Article 156, Paragraph 1 of the Companies Act, as applied pursuant to Article 165, Paragraph 3 of the said Act, and Article 7 of the Company's Articles of Incorporation, the Company resolved to purchase its treasury shares and to execute the Tender Offer as the specific method of this purchase, with a Tender Offer Price of 846 yen (rounded to nearest yen; hereinafter, the same applies when calculating the Tender Offer Price), a price with a 10% discount to 940 yen, the simple average of closing prices of the Company's common shares on the Tokyo Stock Exchange Prime Market over a period of one month up to and including October 30, 2024, one business day prior to the resolution at the meeting of the Board of Directors held on October 31, 2024.

With regard to the number of shares we plan to purchase in the Tender Offer, we considered providing shareholders other than Kitai & Co. (Number of shares held as of September 30, 2024: 4,900,000 shares (Ownership ratio (Note 14): 14.80%, shareholder ranking as of September 30, 2024: 1st)) with the opportunity to tender. As a result, we decided to set the number of shares to a maximum of 3,773,000 shares (Ownership ratio: 11.39%), which is 10% higher than 3,430,000 Shares to be Tendered (Ownership ratio: 10.36%) for the Tender Offer, reflecting the fact that in 40 of the 66 Cases, which represents a majority, the number of shares planned to be purchased was roughly 10% higher than the number of shares planned to be tendered by a specific shareholder.

(Note 14) “Ownership ratio” refers to the ratio (rounded to two decimal places) to the number of shares (33,112,943 shares) obtained by deducting the number of treasury shares held by the Company as of September 30, 2024 (4,897,623 shares), from the total number of issued shares of the Company as of the same date as stated in the Financial Results (38,010,566 shares). The number of treasury shares includes 471,500 shares held by the board benefit trust and 705,200 shares held by the employee benefit trust. The same applies hereinafter.

If the total of the number of shares tendered in the Tender Offer exceeds the number planned to be purchased, the Tender Offer shall be conducted by the pro rata method and the Company shall purchase a portion of the Shares to be Tendered. The Company has received communication from Kitai & Co. that, in the event that the total of the number of shares tendered in the Tender Offer exceeds the number planned to be purchased and, as a result of those shares being purchased by the pro rata method, and the number of shares to be sold in the Tender Offer falls short of 3,430,000 shares, it has not yet decided on a policy for disposing, etc. of any of the common shares of the Company from among the Shares to be Tendered that the Company is unable to purchase.

The Company has also received communication from Kitai & Co. that, it intends to continue its policy of holding 1,470,000 of the Company’s common shares it holds (Ownership ratio: 4.44%) separate from the Shares to be Tendered.

As of today, Kitai & Co. is a major shareholder and the major and largest shareholder; however, depending on the total number of shares tendered in the Tender Offer, Kitai & Co. may no longer be a major shareholder and the major and largest shareholder, which may result in a change in the major shareholders and the major and the largest shareholder.

The policy for disposing, etc. of treasury shares purchased through the Tender Offer is still, at this time, undecided.

2. Details of resolution of the Board of Directors concerning the purchase of treasury shares

(1) Details of resolution

Type of share certificates, etc.	Total number	Total cost of purchase
Common shares	3,773,100 shares (upper limit)	3,192,042,600 yen (upper limit)

(Note 1) Total number of issued shares: 38,010,566 shares (as of October 31, 2024)

(Note 2) Ratio to total number of issued shares: 9.93% (Rounded to two decimal places)

(Note 3) Period of purchase: November 1, 2024 (Fri.) to January 31, 2025 (Fri.)

(Note 4) Owing to there being tender in excess of the number of shares planned to be purchased, the number of shares to be purchased may be in excess of the number planned to be purchased once the share units have been adjusted by the pro rata method. Therefore, the total number of shares planned to be purchased upon resolution of the Board of Directors was added by one unit (100 shares).

(2) Listed share certificates, etc., pertaining to treasury shares already purchased through said resolution of the Board of Directors

Not applicable.

3. Overview of purchase, etc.

(1) Timetable, etc.

1) Resolution of the Board of Directors	October 31, 2024 (Thu.)
2) Date of public notice of Tender Offer commencement	November 1, 2024 (Fri.) The public notice shall be made electronically and announced in The Nikkei. (Electronic public notice: https://disclosure2.edinet-fsa.go.jp/)

3) Date to file tender offer statement	November 1, 2024 (Fri.)
4) Period of purchase, etc.	November 1, 2024 (Fri.) through December 2, 2024 (Mon.) (21 business days)

(2) Price of purchase, etc.

846 yen per common share

(3) Basis and other factors relating to calculation of price of purchase, etc.

1) Basis of calculation

When determining the Tender Offer Price, upon taking into consideration the fact that the Company's common shares are listed on a financial instruments exchange and that treasury share purchases by listed companies are often carried out through the auction market on a financial instruments exchange as doing so allows for more flexible purchasing in line with share price levels formulated based on market supply and demand, the Company decided to emphasize the clarity and objectivity of the criteria and determined that the market price of the Company's common shares should act as the basis for the Tender Offer Price. Based on this, the Company has determined that it would be preferable to make the purchase at a price discounted by a certain amount from the market price of the Company's common shares so as to minimize the outflow of the Company's assets as we believe that this will respect the interests of those shareholders who will continue to hold the Company's common shares without tendering in the Tender Offer.

Therefore, in order to ensure a certain number of samples of the discounted rate, the Company looked at tender offers for treasury shares for which resolutions were made on or after January 1, 2021 and those for which resolutions were made and the tender offer concluded by August 31, 2024. Our survey found that of the Cases, 50, comprising a large majority, used a discounted rate of 10%. As such, we decided to use a discounted rate of 10% in the Tender Offer.

Furthermore, regarding the market price of the Company's common shares, which acts as the basis for calculating the Tender Offer Price, the Company believes that using the most recent share price, with due consideration given to fluctuations in the share price over a set period, will most adequately reflect the Company's recent business performance, as the market price can fluctuate day to day due to economic conditions and other factors. Of the 66 Cases, 48, comprising a large majority, used either the closing price on the business day before the announcement of the execution of a tender offer on the Tokyo Stock Exchange or the simple average of closing prices for the previous one month leading up to the same, as the basis for the calculation. The Company decided to make both of these as options. By then setting the lower of the aforementioned prices as the basis for the calculation, it is thought that the possibility of the Tender Offer Price during the Tender Offer Period falling below the market price will be reduced. This, in turn, will reduce the possibility that the total number of the shares tendered in the Tender Offer will be in excess of the number of shares that we plan to purchase. In doing this, it is thought that the certainty of the sale of the Company's common shares by Kitai & Co. will be increased and the possibility of outflow of the Company's assets will be minimized, while also being in the interests of other shareholders who will not tender in the Tender Offer. In light of the above, the Company decided on October 3, 2024 that it would be preferable to use the Base Price.

Therefore, the Company proposed on October 3, 2024 to Kitai & Co. that a price calculated by applying a 10% discount to the Base Price be used as the Tender Offer Price. On the same day, we received a response from Kitai & Co. that, if the Company were to execute the Tender Offer under those conditions, they would subscribe the Shares to be Tendered to the Tender Offer.

In light of the above, the Company confirmed at a meeting of the Board of Directors held on October 31, 2024, that the lowest price out of the closing price of the Company's common shares on the Tokyo Stock Exchange Prime Market on

October 30, 2024, one business day prior to the meeting of the Board of Directors (950 yen), and the simple average of closing prices of the Company's common shares over a period of one month up to and including October 30, 2024 (940 yen) was 940 yen. In accordance with Article 156, Paragraph 1 of the Companies Act, as applied pursuant to Article 165, Paragraph 3 of the said Act, and Article 7 of the Company's Articles of Incorporation, the Company resolved to purchase its treasury shares and to execute the Tender Offer as the specific method of this purchase, with a Tender Offer Price of 846 yen, a price with a 10% discount to 940 yen, the simple average of closing prices of the Company's common shares on the Tokyo Stock Exchange Prime Market over a period of one month up to and including October 30, 2024, one business day prior to the resolution at the meeting of the Board of Directors held on October 31, 2024.

The Tender Offer Price of 846 yen represents a 10.95% discount (rounded to two decimal places; hereinafter, the same applies when calculating premiums and discounts) to 950 yen, the closing price of the Company's common shares on the Tokyo Stock Exchange Prime Market on October 30, 2024, one business day prior to the meeting of the Board of Directors in which the decision to execute the Tender Offer was made, a 10.00% discount to 940 yen, the simple average of closing prices of the Company's common shares over a period of one month from October 1, 2024 to October 30, 2024, an 8.34% discount to 923 yen, the simple average of closing prices of the Company's common shares for a period of three months from July 31, 2024 to October 30, 2024, and a 9.42% discount to 934 yen, the simple average of closing prices of the Company's common shares for a six month period from May 1, 2024 to October 30, 2024.

2) Process of calculation

When determining the Tender Offer Price, upon taking into consideration the fact that the Company's common shares are listed on a financial instruments exchange and that treasury share purchases by listed companies are often carried out through the auction market on a financial instruments exchange as doing so allows for more flexible purchasing in line with share price levels formulated based on market supply and demand, the Company decided to emphasize the clarity and objectivity of the criteria and determined that the market price of the Company's common shares should act as the basis for the Tender Offer Price. Based on this, the Company has determined that it would be preferable to make the purchase at a price discounted by a certain amount from the market price of the Company's common shares so as to minimize the outflow of the Company's assets as we believe that this will respect the interests of those shareholders who will continue to hold the Company's common shares without tendering in the Tender Offer.

Therefore, in order to ensure a certain number of samples of the discounted rate, the Company looked at tender offers for treasury shares for which resolutions were made on or after January 1, 2021 and those for which resolutions were made and the tender offer concluded by August 31, 2024. Our survey found that of the Cases, 50, comprising a large majority, used a discounted rate of 10%. As such, we decided to use a discounted rate of 10% in the Tender Offer.

Furthermore, regarding the market price of the Company's common shares, which acts as the basis for calculating the Tender Offer Price, the Company believes that using the most recent share price, with due consideration given to fluctuations in the share price over a set period, will most adequately reflect the Company's recent business performance, as the market price can fluctuate day to day due to economic conditions and other factors. Of the 66 Cases, 48, comprising a large majority, used either the closing price on the business day before the announcement of the execution of a tender offer on the Tokyo Stock Exchange or the simple average of closing prices for the previous one month leading up to the same, as the basis for the calculation. The Company decided to make both of these as options. By then setting the lower of the aforementioned prices as the basis for the calculation, it is thought that the possibility of the Tender Offer Price during the Tender Offer Period falling below the market price will be reduced. This, in turn, will reduce the possibility that the total number of the shares tendered in the Tender Offer will be in excess of the number of shares that we plan to purchase. In doing this, it is thought that

the certainty of the sale of the Company's common shares by Kitai & Co. will be increased and the possibility of outflow of the Company's assets will be minimized, while also being in the interests of other shareholders who will not tender in the Tender Offer. In light of the above, the Company decided on October 3, 2024 that it would be preferable to use the Base Price.

Therefore, the Company proposed on October 3, 2024 to Kitai & Co. that a price calculated by applying a 10% discount to the Base Price be used as the Tender Offer Price. On the same day, we received a response from Kitai & Co. that, if the Company were to execute the Tender Offer under those conditions, they would subscribe the Shares to be Tendered to the Tender Offer.

In light of the above, the Company confirmed at a meeting of the Board of Directors held on October 31, 2024, that the lowest price out of the closing price of the Company's common shares on the Tokyo Stock Exchange Prime Market on October 30, 2024, one business day prior to the meeting of the Board of Directors (950 yen), and the simple average of closing prices of the Company's common shares over a period of one month up to and including October 30, 2024 (940 yen) was 940 yen. In accordance with Article 156, Paragraph 1 of the Companies Act, as applied pursuant to Article 165, Paragraph 3 of the said Act, and Article 7 of the Company's Articles of Incorporation, the Company resolved to purchase its treasury shares and to execute the Tender Offer as the specific method of this purchase, with a Tender Offer Price of 846 yen, a price with a 10% discount to 940 yen, the simple average of closing prices of the Company's common shares on the Tokyo Stock Exchange Prime Market over a period of one month up to and including October 30, 2024, one business day prior to the resolution at the meeting of the Board of Directors held on October 31, 2024.

(4) Planned number of the share certificates, etc. to be purchased

Type of share certificates, etc.	Planned number to be purchased	Number in excess of planned purchase number	Total
Common shares	3,773,000 shares	— shares	3,773,000 shares

(Note 1) If the total number of share certificates, etc., made an offer for sales related to the Tender Offer (the "Tendered Shares, etc.") does not exceed the planned number to be purchased (3,773,000 shares), the Company will purchase all Tendered Shares, etc. If the total number of Tendered Shares, etc. exceeds the planned number to be purchased (3,773,000 shares), the Company will purchase none or part of the excess, and deliver or otherwise settle for the purchase of share certificates, etc. by the pro rata method as stipulated in Article 27-13, Paragraph 5 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, including all subsequent amendments; the "Act") as applied mutatis mutandis pursuant to Article 27-22-2, Paragraph 2 of the Act and in Article 21 of the Cabinet Office Order on Disclosure Required for Tender Offer for Listed Share Certificates by Issuers (Ministry of Finance Order No. 95 of 1994, including all subsequent amendments).

(Note 2) Shares less than one unit shall also be subject to the Tender Offer. If a shareholder exercises the right to request the purchase of shares less than one unit pursuant to the Companies Act, the Company may purchase its treasury shares during the Tender Period pursuant to the procedures prescribed by laws and regulations.

(5) Funds required for purchase

3,217,958,000 yen

(Note) This represents the total amount of the estimated purchase commission and other expenses (expenses required for making public notice of the Tender Offer and other sundry expenses, including printing expenses for a tender offer explanation and other necessary documents) are added to the purchase price assuming that all Tendered Shares, etc. planned to be purchased (3,773,000 shares) are purchased.

(6) Method of settlement

- 1) Name and address of the head office of financial instruments business operators or banks, etc., in charge of settlement of purchase

(Tender offer agent)

Daiwa Securities Co. Ltd. 1-9-1 Marunouchi, Chiyoda-ku, Tokyo

- 2) Commencement date of settlement

December 24, 2024 (Tue.)

- 3) Method of settlement

A notice of purchase, etc. shall be mailed to the address or location of the person that accepts the offer for the purchase or makes an offer for sales of share certificates, etc. related to the Tender Offer (the “Tendering Shareholder, etc.”) (or the address or location of standing proxies in the case of non-resident shareholders, etc. (including corporate shareholders; the “Foreign Shareholders, etc.”)) without delay after the expiry of the Tender Offer Period.

The purchase will be made in cash. The purchase amount, after deducting therefrom any applicable withholding tax (Note), shall be, without delay after the commencement of settlement, sent by the tender offer agent to the place specified by the Tendering Shareholder, etc. (or their standing proxies in the case of Foreign Shareholders, etc.), or paid at the head office or any branch office within Japan of the tender offer agent in charge of acceptance of tendering.

(Note) Taxation of shares purchased through the Tender Offer

For any specific questions or doubts concerning tax-related matters, please consult with a certified public tax accountant or any other relevant professional. The Company is not responsible for any decisions you may or may not make.

(a) For individual shareholders

- (i) For Tendering Shareholders, etc., who are residents of Japan or nonresidents with a permanent establishment in Japan

If the amount of money delivered for tendering in the Tender Offer exceeds the portion of the Company’s stated capital, etc. (or the amount of consolidated individual stated capital, etc. in the case of consolidated corporations) that corresponds to the shares that were basic caused of the delivery, the excess amount shall be deemed as dividend income and taxed accordingly. Any such amount deemed as dividend income shall, as a rule, be taxed at the source an amount equivalent to 20.315% (15.315% in income tax and special income tax for reconstruction (the “Special Income Tax for Reconstruction”) under the “Act on Special Measures to Secure Necessary Financial Resources to Execute Measures for Reconstruction from Great East Japan Earthquake (Act No. 117 of 2011; including all subsequent amendments)”, and 5% in resident tax) (for nonresidents with a permanent establishment in Japan, the resident tax of 5% shall not be subject to special collection). However, if the Tendering Shareholder, etc. is a major shareholder as specified in Article 4-6-2, Paragraph 38 of the Order for Enforcement of the Act on Special Measures Concerning Taxation (Cabinet Order No. 43 of 1957; including all subsequent amendments) (“Major Shareholders, etc.”), they shall be taxed at the source an amount equivalent to 20.42% (income tax and Special Income Tax for Reconstruction, only). The portion of the amount of money to be delivered for tendering in the Tender Offer, excluding the amount deemed as dividend income, shall be income from the transfer of shares, etc. The amount obtained by deducting the purchase cost of such shares from the transfer income is, in principle, subject to the separate taxation on declaration.

If the shares, etc., held in tax exempt accounts (the “Tax Exempt Account(s)”) specified in Article 37-14 (Tax exemption on income from transfers pertaining to small amounts of listed shares held in tax exempt accounts) of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; including all subsequent revisions) are tendered in the

Tender Offer, the income from the transfer of shares obtained through the Tender Offer shall, in principle, be tax exempt if the financial instruments business operator with which the said tax exempt account is opened is Daiwa Securities Co. Ltd. If the tax-exempt account is opened with a financial instruments business operator other than Daiwa Securities Co. Ltd., the above treatment may differ.

- (ii) For Tendering Shareholders, etc., are nonresidents with a permanent establishment in Japan

Any amounts deemed to be dividend income shall be taxed at source at a rate of 15.315% (income tax and Special Income Tax for Reconstruction, only). Tendering Shareholders, etc. classified as Major Shareholders, etc., shall be taxed at source at a rate of 20.42% (income tax and Special Income Tax for Reconstruction, only). Income arising from the said transfer shall not, in principle, be subject to tax.

- (b) For corporate shareholders

If the Tender Offer Price exceeds the amount of stated capital, etc. per share, the difference shall be, in principle, taxed at source at a rate of 15.315% (income tax and Special Income Tax for Reconstruction, only) as taxation on deemed dividends.

With regard to such amounts deemed to be dividends for which payment from the Company has been received by Tendering Shareholders, etc. (limited to corporations whose head office or principle place of business is located within Japan (domestic corporations)) who directly own in excess of one-third of the total number of issued shares of the Company on the record date of the payment of the dividends, neither income tax nor Special Income Tax for Reconstruction shall be applied and no tax shall be withheld at the source.

Foreign Shareholders, etc., who wish to avail of reductions or exemptions from income tax and Special Income Tax for Reconstruction on amounts deemed to be dividends pursuant to applicable tax treaties should file the relevant notification pertaining to the tax treaty to their tender offer agent no later than December 2, 2024.

(7) Other

- 1) The Tender Offer shall not be directly or indirectly conducted within or toward the United States, conducted using the United States Postal Service or any methods or means of interstate or international commerce (including but not limited to telephone, telex, facsimile, e-mail and Internet communications), or conducted through securities exchange facilities located within the United States. It will not be possible to tender in the Tender Offer by any of the aforementioned methods or means, or through any of the aforementioned facilities, or from within the United States.

In addition, tender offer statements and related purchase documentation shall not be sent nor distributed to or from the United States, nor shall they be sent or distributed by means of the United States Postal Service or any other means, and attempting to do so is prohibited. Any tendering in the Tender Offer that directly or indirectly violate the aforementioned restrictions will not be accepted.

Those persons tendering in the Tender Offer may be required to make the following representations and warranties:

Tendering Shareholder, etc., shall not be located within the United States neither at the point that they tender in the Tender Offer nor when sending the application form for tendering in the Tender Offer;

Any information or documentation (including copies thereof) pertaining to the Tender Offer, shall not, directly or indirectly, be sent or received within, toward, or from the United States;

United States Postal Service or any methods or means of interstate or international commerce (including but not limited to telephone, telex, facsimile, e-mail and Internet communications), or any securities exchange facilities located within

the United States, shall not, directly or indirectly, be used for purchase or signing or delivery of tender offer application form; or

Such person shall not be acting as an agent without discretionary power or a trustee or delegate within the United States on behalf of the Tendering Shareholder, etc. (except in cases where the said Tendering Shareholder, etc., is providing all instruction pertaining to the Tender Offer from outside of the United States).

- 2) The Company received a response on October 3, 2024 from Kitai & Co. (Number of shares held as of September 30, 2024: 4,900,000 shares (Ownership ratio: 14.80%)), a major shareholder and the major and largest shareholder of the Company, that, if the Company were to resolve to execute the Tender Offer, they would tender in the Tender Offer with 3,430,000 Shares to be Tendered (Ownership ratio: 10.36%). Further, the Company has received communication from Kitai & Co. that, in the event that the total of the number of shares tendered in the Tender Offer exceeds the number planned to be purchased and, as a result of those shares being purchased by the pro rata method, and the number of shares to be sold in the Tender Offer falls short of 3,430,000 shares, it has not yet decided on a policy for disposing, etc. of any of the common shares of the Company from among the Shares to be Tendered that the Company is unable to purchase.

The Company has also received communication from Kitai & Co. that, it intends to continue its policy of holding 1,470,000 of the Company's common shares it holds (Ownership ratio: 4.44%) separate from the Shares to be Tendered.

- 3) On October 31, 2024, the Company published "Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]." A summary of the Company's financial results for the six months ended September 30, 2024 based on this published release is presented below. Please note that the contents of this published release have not been subject to a mid-term review by an auditing firm pursuant to Article 193-2, Paragraph 1 of the Act. For details, refer to the contents in the published release.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

(a) Profit (loss)

Fiscal year period	Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)
Net sales	64,883 million yen
Cost of sales	59,091 million yen
Selling, general and administrative expenses	4,433 million yen
Non-operating income	196 million yen
Non-operating expenses	385 million yen
Profit attributable to owners of parent	325 million yen

(b) Information per share

Fiscal year period	Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)
Basic earnings per share	9.83 yen
Dividend per share	7.50 yen
Net assets per share	1,663.52 yen

(Reference) Treasury share holdings as of September 30, 2024

Total number of issued shares (excluding treasury shares)	33,112,943 shares
Total number of treasury shares	4,897,623 shares