

November 12, 2021

To Whom it may concern:

Company name: Space Value Holdings Co., Ltd.  
 Representative: President & CEO Naoki Morioka  
 (Tokyo Stock Exchange (First Section)  
 Code No.1448)  
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**Notice of Endorsement of the Tender Offer for the Share Certificates, etc. of the Company  
 by PTCJ-2 Holdings Inc.**

Space Value Holdings Co., Ltd. (the “**Company**”) hereby announces that the Company, at the board of directors meeting held today, resolved to express its opinion in favor of the tender offer (the “**Tender Offer**”) to be conducted by PTCJ-2 Holdings Inc. (the “**Tender Offeror**”) for the common shares of the Company (the “**Company Shares**”) and Stock Acquisition Rights (as defined in “2. Tender Offer Price” below. The same applies to the definition of each Stock Acquisition Rights.), to recommend that the shareholders of the Company tender their shares in the Tender Offer, and to recommend that the stock acquisition right holders (“**Stock Acquisition Right Holders**”) who hold the Second Stock Acquisition Rights, the Third Stock Acquisition Rights, the Fourth Stock Acquisition Rights, the Fifth Stock Acquisition Rights, the First Stock Acquisition Rights (For Employees), the Second Stock Acquisition Rights (For Employees), the Third Stock Acquisition Rights (For Employees) and the Fourth Stock Acquisition Rights (For Employees) tender their stock acquisition rights in the Tender Offer; on the other hand, to leave the decision on whether the Stock Acquisition Right Holders who hold the Fifth Stock Acquisition Rights (For Employees) and the Sixth Stock Acquisition Rights (For Employees) tender their stock acquisition rights in the Tender Offer to the judgment of those Stock Acquisition Right Holders as follows.

The aforementioned resolution at the board of directors meeting was adopted on the understanding that the Tender Offeror intends to make the Company a wholly owned subsidiary of the Tender Offeror through the Tender Offer and a series of procedures to be conducted thereafter and the Company Shares are to be delisted.

**1. Overview of the Tender Offeror**

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| (1) Name                                       | PTCJ-2 Holdings Inc.   |
| (2) Address                                    | 1-9-1, Marunouchi, Chiyoda-ku, Tokyo   |
| (3) Name and title of representative           | Naohiko Ohno, Representative Director  |
| (4) Description of business                    | Control and management of the business activities of the Company by owning the share certificates, etc. of the Company |
| (5) Capital stock<br>(As of November 12, 2021) | 500,000 yen  |

|   |  |
|---|--|
| (6) Date of incorporation   | October 13, 2021   |
| (7) Major shareholders and shareholding ratios<br>(As of November 12, 2021) | Polaris Capital Group Co., Ltd. 100%                       |
| (8) Relationship between the Company and the Tender Offeror                 |  |
| Capital relationship  | The Tender Offeror holds 100 shares of the Company Shares. |
| Personal relationship   | N/A  |
| Business relationship   | N/A  |
| Status as related parties   | N/A  |

## 2. Tender Offer Price

(1) Common shares: 1,150 yen per share

(2) Stock Acquisition Rights

- (i) Second stock acquisition rights issued pursuant to the resolution at the board of directors meeting of Nissei Build Kogyo Co., Ltd. (“Nissei Build Kogyo”) held on June 28, 2018 (the “Second Stock Acquisition Rights”) (the exercise period is from October 1, 2018 to July 19, 2042) : 574,500 yen per one Stock Acquisition Right
- (ii) Third stock acquisition rights issued pursuant to the resolution at the board of directors meeting of Nissei Build Kogyo held on June 28, 2018 (the “Third Stock Acquisition Rights”) (the exercise period is from October 1, 2018 to July 11, 2043) : 574,500 yen per one Stock Acquisition Right
- (iii) Fourth stock acquisition rights issued pursuant to the resolution at the board of directors meeting of Nissei Build Kogyo held on June 28, 2018 (the “Fourth Stock Acquisition Rights”) (the exercise period is from October 1, 2018 to July 13, 2044) : 574,500 yen per one Stock Acquisition Right
- (iv) Fifth stock acquisition rights issued pursuant to the resolution at the board of directors meeting of Nissei Build Kogyo held on June 28, 2018 (the “Fifth Stock Acquisition Rights”) (the exercise period is from October 1, 2018 to July 12, 2045) : 574,500 yen per one Stock Acquisition Right
- (v) First stock acquisition rights (for employees) issued pursuant to the resolution at the board of directors meeting of Nissei Build Kogyo held on June 28, 2018 (the “First Stock Acquisition Rights (For Employees)”) (the exercise period is from October 1, 2018 to April 8, 2023) : 374,000 yen per one Stock Acquisition Right
- (vi) Second stock acquisition rights (for employees) issued pursuant to the resolution at the board of directors meeting of Nissei Build Kogyo held on June 28, 2018 (the “Second Stock Acquisition Rights (For Employees)”) (the exercise period is from October 1, 2018 to April 28, 2024) : 313,000 yen per one Stock Acquisition Right
- (vii) Third stock acquisition rights (for employees) issued pursuant to the resolution at the board of directors meeting of Nissei Build Kogyo held on June 28, 2018 (the “Third Stock Acquisition Rights (For Employees)”) (the exercise period is from October 1, 2018 to April 24, 2025) : 185,000 yen per one Stock Acquisition Right
- (viii) Fourth stock acquisition rights (for employees) issued pursuant to the resolution at the board

of directors meeting of Nissei Build Kogyo held on June 28, 2018 (the “Fourth Stock Acquisition Rights (For Employees)”) (the exercise period is from October 1, 2018 to April 25, 2026) : 83,000 yen per one Stock Acquisition Right

- (ix) Fifth stock acquisition rights (for employees) issued pursuant to the resolution at the board of directors meeting of Nissei Build Kogyo held on June 28, 2018 (the “Fifth Stock Acquisition Rights (For Employees)”) (the exercise period is from May 12, 2019 to May 11, 2027) : 1 yen per one Stock Acquisition Right
- (x) Sixth stock acquisition rights (for employees) issued pursuant to the resolution at the board of directors meeting of Nissei Build Kogyo held on June 28, 2018 (the “Sixth Stock Acquisition Rights (For Employees)”) and collectively with the stock acquisition rights set out in (i) through (ix) above, the “Stock Acquisition Rights”) (the exercise period is from May 11, 2020 to May 10, 2028)) : 1 yen per one Stock Acquisition Right

Note: Due to the establishment of the Company as the wholly-owning parent company of Nissei Build Kogyo through a sole share transfer on October 1, 2018, the stock acquisition rights issued by Nissei Build Kogyo extinguished as of that date and the Stock Acquisition Rights of the Company were delivered to the holders of the extinguished stock acquisition rights in exchange for their stock acquisition rights. The date of resolution by Nissei Build Kogyo’s board of directors meeting indicates the date on which the share transfer plan for the establishment of the Company was approved at Nissei Build Kogyo. The First Stock Acquisition Rights (the exercise period is from October 1, 2018 to August 28, 2041) issued pursuant to the resolution at the board of directors meeting of Nissei Build Kogyo held on June 28, 2018 have extinguished as of June 30, 2021 as a result of being fully exercised.

### **3. Details and Background and Reasons for, the Opinion Regarding the Tender Offer**

#### **(1) Details of the Opinion**

Based on the background and reasons specified in “(2) Background and Reasons for the Opinion” below, the Company, at the board of directors meeting held today, resolved to express its opinion in favor of the Tender Offer, to recommend that the shareholders of the Company tender their shares in the Tender Offer, and to recommend that the Stock Acquisition Right Holders who hold the Second Stock Acquisition Rights, the Third Stock Acquisition Rights, the Fourth Stock Acquisition Rights, the Fifth Stock Acquisition Rights, the First Stock Acquisition Rights (For Employees), the Second Stock Acquisition Rights (For Employees), the Third Stock Acquisition Rights (For Employees) and the Fourth Stock Acquisition Rights (For Employees) tender their stock acquisition rights in the Tender Offer; on the other hand, to leave the decision on whether the Stock Acquisition Right Holders who hold the Fifth Stock Acquisition Rights (For Employees) and the Sixth Stock Acquisition Rights (For Employees) tender their stock acquisition rights in the Tender Offer to the judgment of those Stock Acquisition Right Holders.

The aforementioned resolution at the Board of Directors Meeting was resolved pursuant to the method specified in “(D) Approval of All Directors (Including Directors Who are Also Audit and Supervisory Committee Members) of the Company” in “(6) Measures to Ensure Fairness of the Transactions Including the Tender Offer, Including Measures to Ensure Fairness of the Tender

Offer Price and Measures to Avoid Conflicts of Interest” in below.

## (2) Background and Reasons for the Opinion

Of the statements in background and reasons for the opinion regarding the Tender Offer, statements relating to the Tender Offeror are based on explanations received from the Tender Offeror.

### (A) Outline of the Tender Offer

The Tender Offeror is a stock company established on October 13, 2021 for the principal purpose of acquiring and holding all of the Company Shares and the Stock Acquisition Rights through the Tender Offer. Polaris Capital Group Co., Ltd. (“**Polaris**”) holds all of the issued shares of the Tender Offeror as of today. Polaris is a private equity fund management firm founded in September 2004, which has established investment funds totaling approximately 350 billion yen through five rounds of domestic and foreign capital financing. Over the past 17 years, Polaris has invested in a total of 38 companies, including SOGO MEDICAL HOLDINGS CO., LTD., HITOWA Holdings Co., Ltd., Panasonic i-PRO Sensing Solutions Co., Ltd., FUJITSU CONNECTED TECHNOLOGIES LIMITED, and INCREMENT P CORPORATION, under its investment concept of “revival of venture spirit and promotion of business model innovation for revitalizing of Japanese economy.”

The Tender Offeror has determined to conduct the Tender Offer as part of a series of transactions (the “**Transactions**”) intended to make the Tender Offeror the sole shareholder of the Company by acquiring all of the Company Shares and the Stock Acquisition Rights (including Company Shares delivered through the exercise of the Stock Acquisition Rights (defined below), and excluding the Company Shares Held by the Tender Offeror and treasury shares held by the Company) and delist the Company Shares. As of today, the Tender Offeror holds 100 shares (the “Company Shares Held by the Tender Offeror”; see Note 1) of the Company Shares (ownership ratio: 0.00%; see Note 2). As of today, the Tender Offeror’s parent company Polaris does not hold any Company Shares.

Note 1: The Tender Offeror acquired 100 shares of the Company Shares at a price of 841 yen per share (the closing price of the Company Shares on the First Section of the Tokyo Stock Exchange (“**TSE**”) on October November 5, 2021) through an off-market transfer with Mr. Naoki Morioka, the President, CEO & Representative Director of the Company, conducted on November 8, 2021 pursuant to a share purchase agreement entered into with Mr. Morioka as of November 2, 2021, for the purpose of enabling the Tender Offeror to exercise its right to view or request an extract of the shareholder register in order to send information about the Tender Offer to the shareholders of the Company during the Tender Offer Period.

Note 2: “Ownership ratio” means the proportion of the number of shares (35,597,198 shares; the “**Total Number of Shares After Considering Potential Shares**”) equal to the sum (35,767,284 shares) of the total number of issued shares of the Company as of September 30, 2021 (35,556,584 shares) as stated by the Company in the “Consolidated Financial Summary (Japanese GAAP) for the Second Quarter of the Fiscal Year Ended March 31, 2022” announced by the Company today (the “**Company's Quarterly Financial Results**”) plus the number of Company Shares (210,700 shares) underlying the total number of Stock Acquisition Rights remaining

as of September 30, 2021 and exercisable as of today (691 stock acquisition rights) (see Note 3) less the number of treasury shares held by the Company as of September 30, 2021 (170,086 shares) as stated in the Company's Quarterly Financial Results. The ownership ratio is rounded to two decimal places, and the same applies hereinafter to statements of the ownership ratio, unless otherwise specified.

Note 3: The itemization of the Stock Acquisition Rights as of September 30, 2021 is as follows.

| Name  | Number of Stock Acquisition Rights as of September 30, 2021 | Underlying Company Shares |
|---|---|---------------------------|
| Second Stock Acquisition Rights                 | 14  | 7,000                     |
| Third Stock Acquisition Rights                  | 10  | 5,000                     |
| Fourth Stock Acquisition Rights                 | 5   | 2,500                     |
| Fifth Stock Acquisition Rights                  | 5   | 2,500                     |
| First Stock Acquisition Rights (For Employees)  | 28  | 14,000                    |
| Second Stock Acquisition Rights (For Employees) | 54  | 27,000                    |
| Third Stock Acquisition Rights (For Employees)  | 94  | 47,000                    |
| Fourth Stock Acquisition Rights (For Employees) | 63  | 31,500                    |
| Fifth Stock Acquisition Rights (For Employees)  | 81  | 40,500                    |
| Sixth Stock Acquisition Rights (For Employees)  | 337   | 33,700                    |
| Total   | 691   | 210,700                   |

The Tender Offeror has entered into an agreement to tender stock in the Tender Offer (the “**Tender Offer Agreement**”) dated as of today with Aslead Capital Pte. Ltd (“**Aslead Capital**”). According to Aslead Capital, Aslead Capital manages assets for ASLEAD STRATEGIC VALUE FUND (shareholding: 5,497,000 shares; ownership ratio: 15.44%; the Company’s largest shareholder; see Note 4) and ASLEAD GROWTH IMPACT FUND (shareholding: 3,346,000 shares; ownership ratio: 9.40%; the Company’s 3<sup>rd</sup>-largest shareholder; ASLEAD STRATEGIC VALUE FUND and ASLEAD GROWTH IMPACT FUND collectively, the “**Prospective Tendering Shareholders**”) under a discretionary investment contract (see Note 5). Under the Tender Offer Agreement, the Prospective Tendering Shareholders agree to tender 6,845,100 shares (ownership ratio: 19.23%; the “**Prospective Tendered Shares**”) of the Company Shares that they hold (total shareholding: 8,843,000 shares; ownership ratio: 24.84%) in the Tender Offer and not to tender the remaining 1,997,900 shares (ownership ratio: 5.61%; the “**Prospective Shares not to be Tendered**”). The Prospective Shares not to be Tendered are to be acquired later by the Tender Offeror through the Squeeze-Out Procedure because they are held through credit transactions, and therefore Aslead Capital wishes to dispose of them through the Squeeze-Out Procedure. Aslead Capital is not anticipated to be a shareholder of the Company after the Transactions are completed. For details of the Tender Offer Agreement, see “4. Matters regarding Important Agreements relating to the Tender Offer” below.

Note 4: According to Aslead Capital, of ASLEAD STRATEGIC VALUE FUND's shareholding of 5,497,000 shares, 2,051,600 shares (ownership ratio: 5.76%) are held through credit transactions, which means that ASLEAD STRATEGIC VALUE FUND does not constitute a major shareholder of the Company.

Note 5: According to Aslead Capital, while Aslead Capital is authorized to manage the shares held by ASLEAD STRATEGIC VALUE FUND and ASLEAD GROWTH IMPACT FUND under the above discretionary investment contract, Aslead Capital does not hold any shares of the Company on its own account.

Because the objective of the Tender Offer is to delist the Company Shares, the Tender Offeror has set the minimum number of shares to be purchased through the Tender Offer at 23,731,300 shares (ownership ratio: 66.67%), and the Tender Offeror will not purchase any of the Share Certificates, Etc. tendered in the Tender Offer (the "**Tendered Share Certificates, Etc.**") if the total number of the Tendered Share Certificates, Etc. is less than the minimum number of shares to be purchased. The minimum number of shares to be purchased (23,731,300 shares) is equal to the product (23,731,300 shares) of 100 shares times the difference (237,313 voting rights) of two-thirds (237,314 voting rights; rounded down to the nearest whole number) of the voting rights pertaining to the Total Number of Shares After Considering Potential Shares (355,971 voting rights) less the number of voting rights pertaining to the Company Shares Held by the Tender Offeror (1 voting right). The reason for setting a minimum number of shares to be purchased is so that the Tender Offeror comes to hold at least two-thirds of the voting rights of the Company after the Tender Offer, in order to ensure that the Transactions are completed in light of the requirement for a special resolution of the shareholder meeting of the Company when conducting the share consolidation procedures described in "(5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the "Two-Step Acquisition")" below under Article 309, paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended), considering that the purpose of the Tender Offer is to delist the Company. Under the Tender Offer Agreement, Aslead Capital has agreed to (i) grant a comprehensive proxy to the Tender Offeror or a person designated by the Tender Offeror with respect to, or (ii) exercise pursuant to the instructions of the Tender Offeror, all voting rights and other rights with respect to the Prospective Shares not to be Tendered, at the Tender Offeror's option, at the shareholder meeting of the Company (including Extraordinary Shareholders' Meeting (as defined below)) held within three months after the start of settlement of the Tender Offer, subject to the successful completion of the Tender Offer. For the details of the Tender Offer Agreement, see "4. Matters regarding Important Agreements relating to the Tender Offer" below.

Because the Tender Offeror intends to acquire all of the Company Shares (including Company Shares delivered through the exercise of the Stock Acquisition Rights, and excluding the Company Shares Held by the Tender Offeror, treasury shares held by the Company and the Prospective Shares not to be Tendered) and the Stock Acquisition Rights through the Tender Offer and thereby delist the Company Shares, the Tender Offeror has not set a maximum number of shares to be purchased, and if the total number of the Tendered Share Certificates, Etc. is equal to or greater than the minimum number of shares to be purchased, the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

Because the Tender Offeror and Aslead Capital agreed that the Prospective Shares not to be Tendered would not be tendered, the Tender Offeror shall be unable to acquire all of the Company Shares (including Company Shares delivered through the exercise of the Stock Acquisition Rights and the Prospective Shares not to be Tendered, and excluding the Company Shares Held by the Tender Offeror, treasury shares held by the Company) and the Stock

Acquisition Rights through the Tender Offer. Therefore, the Tender Offeror intends to conduct the series of procedures specified in “(5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the “Two-Step Acquisition”)” below in order to make the Company a wholly owned subsidiary of the Tender Offeror after the successful Tender Offer. The Tender Offeror intends to source the funds required for the settlement of the Tender Offeror from (i) capital contributions by Polaris Private Equity Fund V, L.P. (“**Polaris Fund V (1)**”) and Polaris Private Equity Fund V Co-Investment, L.P. (“**Polaris Fund V (2)**”), of which Polaris is the general partner, and by Tiara CG Private Equity Fund 2019, L.P. (“**Tiara (1)**”), Tiara CG Private Equity Fund 2019S, L.P. (“**Tiara (2)**”), Crown CG Private Equity Fund 2019, L.P. (“**Crown (1)**”), Crown CG Private Equity Fund 2019S, L.P. (“**Crown (2)**”), Jewel CG Private Equity Fund 2019, L.P. (“**Jewel (1)**”), and Jewel CG Private Equity Fund 2019S, L.P. (“**Jewel (2)**”), which receive information about investment opportunities from wholly owned subsidiaries of Polaris , and (ii) borrowings (the “**Buyout Loan**”) from Sumitomo Mitsui Banking Corporation (“**SMBC**”). Specifically, the Tender Offeror plans to receive capital contributions of 3,979 million yen from Polaris Fund V (1) (rounded to the nearest million yen; the same applies hereinafter), 2,156 million yen from Polaris Fund V (2), 2,586 million yen from Tiara (1), 1,401 million yen from Tiara (2), 2,742 million yen from Crown (1), 1,485 million yen from Crown (2), 2,692 million yen from Jewel (1), and 1,458 million yen from Jewel (2), and a total of up to 45,500 million yen in financing from SMBC, at least two Business Days before the start of the settlement of the Tender Offer, subject to the success of the Tender Offer. With respect to the Buyout Loan, it is anticipated that a security will be established over the Company Shares that the Tender Offeror acquires and comes to hold through the Tender Offer and certain other assets, etc. of the Tender Offeror after the commencement date of the settlement of the Tender Offer and that a security will be established over certain assets of the Company and some its subsidiary companies, and the Company and some its subsidiary companies will be a joint and several guarantor of the Buyout Loan after the effective date of the Squeeze-Out Procedure (defined in “(5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the “Two-Step Acquisition”)” below). The Tender Offeror has consulted with SMBC regarding the detailed terms and conditions of the Buyout Loan, and the Buyout Loan will stipulate that all of the issued shares of the Tender Offeror and the Company Shares acquired by the Tender Offeror through the Tender Offer will be provided as security, and after the Tender Offeror becomes the sole shareholder of the Company through the Squeeze-Out Procedure, certain assets of the Company and some its subsidiary companies will be provided as security for the Buyout Loan. The terms of the financing agreement with respect to the Buyout Loan are anticipated to consist of the loan drawdown conditions specified in the financing certificate attached hereto and certain financial covenants and other terms ordinarily stipulated in financing agreements of this type.

**(B) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror Deciding to Conduct the Tender Offer**

Nissei Build Kogyo, a wholly owned subsidiary of the Company, was founded in July 1961, and operates as a company providing total support for prefab housing and parking systems including development, manufacturing, construction, and after-sales service. It listed on the Second Section of the Osaka Stock Exchange (“**OSE**”) in August 1978, moved its listing to the First Section of the OSE in February 1991, and listed on the First Section of the TSE in October 1996. The Company was established on October 1, 2018 by a standalone share transfer by

Nissei Build Kogyo as part of the transition to a holding company system, and subsequently listed on the First Section of the TSE; as a holding company, it conducts management and administration of its subsidiary companies, etc. and other business incidental or related thereto. The Company Group comprises the Company, 11 consolidated subsidiaries, one non-consolidated subsidiary, one equity-method affiliate, and one non-equity-method affiliate as of today, and its principal businesses are the Systemized Construction business, the Parking Structure business, the General Construction business, the Property Development business, and the Facility Management business. The details of those businesses and the roles of the Company and its group companies with respect to those businesses are as follows.

**Systemized Construction business:** Systemized Construction is a systemized approach to construction that includes all stages from design to factory production to onsite construction, based on standardized fitting parts and construction materials. Nissei Build Kogyo and System House R&C Co., Ltd. conduct contract work and rental for Systemized Construction.

**Parking Structure business:** Nissei Build Kogyo conducts contract work for construction, maintenance, and renovations of mechanical and drive-in parking lots. Additionally, NB PARKING CO., LTD. conducts parking operation and management.

**General Construction business:** NB CONSTRUCTION CO., LTD., NBC-Kitakantou Co., Ltd., and Urban-Staff Co., Ltd. conduct work and renovations for contract construction and civil engineering. NB CONSTRUCTION CO., LTD. also conducts contract work and maintenance for railroads.

**Property Development business:** Nissei Build Kogyo, NB INVESTMENT CO., LTD., and NB Management Co., Ltd. conduct the development, buying and selling, and leasing, etc. of commercial real estate.

**Facility Management business:** NB Management Co., Ltd. conducts cleaning, maintenance, management and consulting of buildings and equipment.

Internationally, NISSEI BUILD ASIA PTE. LTD. and P-PARKING INTERNATIONAL PTE LTD (Singapore) conduct contract work for parking structure construction and parking operation and management, and SPACE VALUE (THAILAND) CO., LTD. (Thailand) conducts contract work for systemized construction and parking structure construction and parking operation and management. In addition, PCC-1 NISSEI TIC AUTO PARKING JOINT STOCK COMPANY (Vietnam) conducts contract work for parking structure construction and maintenance, and EXCELLENCE PARKING SOLUTION SDN.BHD. (Malaysia) and NISSEI ABSA CO., LTD. (Thailand) conduct parking operation and management.

The Company Group's performance has been constantly declining in terms of both consolidated sales and consolidated ordinary profit since the transition to a holding company system in March 2019, partly due to the pressure on private construction investment due to the effects of the Covid-19 pandemic: consolidated sales decreased from 85,666 million yen in the year ended March 2019 to 85,481 million yen in the year ended March 2020 and 77,510 million yen in the year ended March 2021, and consolidated ordinary profit decreased from 4,314



million yen in the year ended March 2019 to 2,855 million yen in the year ended March 2020 and 732 million yen in the year ended March 2021, reflecting the difficult business environment. In November 2020, the Company Group formulated a new medium-term management plan for the three year period beginning in the year ended March 2021 (the “**Company’s Medium-Term Management Plan**”) to address this difficult environment, with the theme of “Returning to Our Core Business.” The Company’s Medium-Term Management Plan is centered on the Company Group’s core business of construction, and aims to grow each individual business by enhancing coordination between businesses through fusion with the expertise of the parking lot business, the general construction business, and the land use business.

Specifically, with the awareness that the construction business environment that surrounds the Company Group faces problems including labor shortages in manufacturing and construction and increasing labor costs, and that there is high potential in systemized construction, which is “less labor-intensive” and has “stable costs” and “short delivery timeframes” compared to traditional construction, the Company Group plans to expand its market share in the under-2,000 m<sup>2</sup> construction market in which it specializes, by investing management resources into building a foundation for the systemized construction business and promoting the development of products that match the Company’s space visions (see Note 1) and encourage innovation in society. In addition, the Company Group is planning measures to generate synergies between its businesses (because it has the Systemized Construction, Parking Structures, General Construction, and Property Development businesses, the Company Group is able to provide solutions based on a comprehensive approach in the areas of nationwide cross-development of land use solutions (see Note 2) and PPP/PFI business (see Note 3), etc.) and expanding its business including looking at strategic M&A and alliances in order to secure the functions and opportunities necessary to develop its businesses.

- Note 1: In the Company’s Medium-Term Management Plan, the Company Group outlines its four space visions of “Creating *working spaces* that are useful to society,” “Creating *low-impact spaces* that contribute to the environment,” “Creating *strong spaces* that withstand disasters,” and “Creating *shared spaces* that promote synergy” as growth areas.
- Note 2: The Company Group plans to provide integrated solutions from the collection of land information to the construction of business facilities, which is expected to generate synergies among group companies and lead to business expansion.
- Note 3: PPP (Public Private Partnership) is a general term for a method of cooperation between public agencies and private enterprises, such as the construction of facilities of public agencies by private enterprises and the leasing of such facilities, and PFI (Private Finance Initiative) is one of the representative methods. The Company has been selected by the Ministry of Land, Infrastructure, Transport and Tourism as a partner for the “FY2021 PPP Agreement (Individual Consultation Type),” as it was in the previous fiscal year, based on a certain evaluation of its past PPP/PFI projects and cooperation with projects to support local governments organized by the Ministry of Land, Infrastructure, Transport and Tourism, etc. The Company has a proven track record in the construction of multi-story parking lots, municipal buildings, and food service centers, and will work on solutions for public agencies.

Under the above circumstances, and after the resurgence of the COVID-19 pandemic in late 2020 began to have serious effects in February 2021, the Company began to explore the

possibility of an alliance with a strategic partner as a potential method to enhance the Company Group's corporate value as an alternative to enhancing corporate value through its own efforts. During that process, in early March 2021, the Company received an initial proposal from Aslead Capital, with which it had formerly had constructive dialogues regarding maximizing the Company Group's corporate value and share value as the Company's shareholder, to conduct a management buyout sponsored by Aslead Capital as one method of maximizing the Company Group's corporate value and share value, and to grant to Aslead Capital exclusive negotiating rights with respect to that buyout. (According to Aslead Capital, the background to Aslead Capital's request for exclusive negotiating rights for a fixed period is that if Aslead Capital were to discuss a management buyout with the Company under the knowledge that the Company was concurrently in discussions with other candidates, and the discussions with Aslead Capital were terminated, Aslead Capital would still know that the Company was in discussions to delist its shares, and would therefore still have to refrain from trading in the listed shares of the Company.) The Company responded to Aslead Capital on March 23, 2021, to the effect that while it would like to consider the management buyout in the future, it could not immediately determine to pursue deliberations with Aslead Capital regarding the management buyout on the basis of granting exclusive negotiating rights to Aslead Capital, because while the management buyout proposal could be a method of enhancing the Company Group's corporate value, the Company was at that time still focusing on handling the 2019 accounting, etc. misconduct and rebuilding its internal compliance system and corporate governance system, and could not immediately begin deliberating a management buyout while it was still unable to determine when those measures would be complete, and also because it needed to conduct broad-based deliberations including comparison with alternative options, such as alliances with other candidates (For the details of the 2019 accounting, etc. misconduct, see the Company's "Notice of Receipt of Investigation Report from Third-Party Committee" dated April 11, 2019.). As a result, the Company received a communication from Aslead Capital on March 24, 2021 to the effect that Aslead Capital would withdraw the above proposal. (According to Aslead Capital, the background to Aslead Capital's withdrawal of its proposal is that its trades for investment in listed shares would be adversely affected if it was left waiting for the decision of the Company's management, and so it determined to promote the enhancement of corporate value through dialogue with the management as a shareholder of the Company.) Thereafter, the Target Company continued to have constructive dialogues with Aslead Capital so as to maximize the Target Company Group's corporate value and share value, and the Target Company implemented various measures to enhance its management committee system and otherwise strengthen its corporate governance, considering such facts that in late June 2021 before the general shareholders' meeting held on June 29, 2021, the Target Company was pointed out by Aslead Capital that Aslead Capital had such concerns that the restructuring of the management system had not yet permeated the organization of the Target Company even after the inappropriate accounting issue in 2019, that the member selection of the management advisory committee had been strongly influenced by the intentions of the Target Company's management, and that there had been insufficient explanations to investors regarding the details of impairment write-offs and the reserves for construction losses. Since late June 2021, the Company received proposals for transactions of the same type or similar to the Transactions from multiple other candidates and discussed and deliberated each of those proposals as an option for enhancing the Company Group's corporate value (For the details, see "(C) Decision-making process and reasoning that led the Company to endorse the Tender Offer" below.).

Based on its preliminary research into the business of the Company Group, which it started in late April 2021 as part of the process of selecting investment targets which all of the Company group's business companies are investment targets, Polaris expects that the industries to which the Company Group belongs will experience standardization of construction, automation and labor-saving in facility management, advancements in smart parking (see Note 4) and other DX concepts, and diversification and refinement of customer needs. Polaris is also conscious that the Company Group must implement policies that further improve differentiation from other companies and that are more attuned to DX.

Note 4: Smart parking refers to increased sophistication of parking technology in general through digitalization; examples include real-time booking management, cashless payments, and number plate recognition using cameras and sensors (eliminating the need for wheel locks).

Polaris also concluded from its preliminary research that, following the discovery of accounting, etc. misconduct within the Company Group in 2019, the Company Group has prioritized handling that issue and reforming its internal compliance and corporate governance structures, which has held back its business performance. However, given that the third-party committee's investigation of that misconduct has already been completed (for details, see the Company's "Notice of Receipt of Investigation Report from Third-Party Committee" dated April 11, 2019), Polaris believes, based on its preliminary research, that the Company Group can expect to see a rebound in performance and growth going forward.

Through its preliminary research up to July 2021, Polaris determined that the Company Group has a strong business base, particularly in the under-2000 m<sup>2</sup> Systemized Construction business and the Parking Structure business, and can be expected to grow significantly in the future. In order to secure that rebound in performance and growth of the Company Group, it will be important for the Company Group to redouble its compliance and corporate governance efforts and concentrate on increasing efficiency through DX strategy and other measures and strengthening its management systems.

Polaris thus requested to meet with the Company, and has had multiple meetings and discussions with the Company's management, including President, CEO & Representative Director Naoki Morioka and Managing Director Keisuke Suzuki, since early July 2021 with the objective of confirming its conclusions based on the preliminary research described above and deepening its knowledge of the current situation and challenges faced by the Company. After asking the opinions of the management of the Company regarding its business as part of those meetings and discussions, Polaris strengthened its convictions that the Company Group has strong advantages in the under-2000 m<sup>2</sup> Systemized Construction business and the Parking Structure business, that the industries to which the Company Group belongs will see developments in DX going forward, and that the Company Group needs to implement measures to promote DX. Through its deliberations up to early September 2021, Polaris has determined that the most effective means to flexibly address management challenges without being influenced by short-term performance and achieve greater medium- to long-term corporate value under a stable management system is to delist the Company Shares, make the Company a wholly owned subsidiary of Polaris, and work to reform the Company Group's management and proactively develop its business by constructing a management system that enables agile and flexible decision-making.

On September 10, 2021, Polaris made an initial proposal to the board of directors of the Company for the Tender Offeror to acquire all of the Company Shares and the Stock Acquisition Rights and delist the Company Shares through the Tender Offer and subsequent Squeeze-Out Procedure. In mid-September 2021, the Company told Polaris that it would begin active deliberations regarding Polaris's proposal, and Polaris and the Company held discussions and mutually confirmed that both parties would concretely deliberate the Transactions, and Polaris conducted due diligence from mid-September through mid-October 2021 for the purpose of deliberating the Transaction.

Through its due diligence, Polaris has concluded that in addition to the challenges that it was already conscious of (such as promotion of DX), the Company Group also has room to grow in terms of increasing order inflow, improving the efficiency of group administration and achieving intra-group synergies, and enhancement of management and administration. Based on that due diligence, Polaris has concluded that by leveraging and combining the Company Group's management expertise with the rich value creation expertise and management resources (especially personnel and capital) that Polaris has accrued, it can ensure that the Company is able to return to growth under the Company's Medium-Term Management Plan. The specific measures that Polaris plans to implement are as follows.

(i) Promotion of DX

Going forward, the industries to which the Company Group belongs will experience DX in the form of standardization (such as the standardization to highly cost-effective technologies such as modular construction and the two-by-four construction method), automation and headcount reduction (such as facility management automation and labor-saving using sensors, cameras, robotics, and other technologies), and the progress of smart technologies (such as the adoption of smart parking including parking management that leverages data), and also experience diversification and refinement of customer needs. By promoting DX in the Company, Polaris plans to help the Company develop its business model into a total solution company that not only constructs buildings but also proposes standardization of buildings and provides operations using DX technology, in order to further differentiate itself from other companies and provide services that are more attuned to the changing times.

Specifically, in the Systemized Construction business, Polaris intends to work on proposals for standardizing buildings and materials and provide equipment inspections and maintenance that leverage DX technology by using accumulated know-how. In the Parking Structure business, future growth in the smart parking market is expected in Japan with the increase in consumers' digital literacy. The Company Group's Singapore subsidiary, P-PARKING INTERNATIONAL PTE LTD (Singapore), is focusing its efforts on smart parking, and has advanced expertise including independent software development. Polaris intends to create intra-group synergies and efficiently develop the smart parking business in Japan by leveraging this expertise in the domestic Parking Structure business. Polaris also intends to implement DX policies in the Parking Structure business, including improving profitability by collaborating with external parking apps to enable visualization of parking lot capacity, enhancing maintenance business by leveraging IoT sensing and similar technologies, and preventing non-collection of fees using surveillance cameras with number plate recognition. In the Company's business management, Polaris plans to reduce the workload of on-site management by introducing digital tools for construction database and report preparation, as well as digitizing forms, etc., which will lead to more advanced business management and the provision of high-quality services.

Polaris has a rich experience in the promotion of DX (for example, preparing checklists of DX measures to be implemented and promoting DX in coordination with business partners of Polaris), as it is a common value-up theme in many of its investments in recent years, and believes that it will be able to support the Company in efficiently introducing DX.

(ii) Increasing order inflow/Global expansion

Through the due diligence conducted on the Company, Polaris recognizes that, as a management issue of the Company, there is a shortage of sales staff in some regions of Japan in the Systemized Construction business and that the Company is having difficulty in gaining market share in those regions. In addition, although there is room for the Company to expand orders by actively developing its overseas business, Polaris recognizes that the Company has had to lower its priority on overseas development because it has placed the highest priority on reforming its compliance and corporate governance systems in recent years, as described above.

In response to the management issues above, Polaris plans to increase the pace of order acquisition and market share expansion by optimizing the allocation of management resources, such as by increasing the number of sales staff in Japan, with a focus on regions where sales order has remained sluggish. With regard to overseas development, in the Systemized Construction business, Polaris intends to increase the order inflow by entering the South East Asian market, starting with Singapore, which has one of the fastest-growing systemized construction markets in that region. In the Parking Structure business, Polaris intends to increase sales by building connections with local companies overseas to expand sales channels.

Polaris believes that it will be able to utilize the value-up know-how that Polaris has cultivated in implementing the above measures by construction of efficient operating systems through the redistribution of human resources, and deliberating hiring plans and the like. In particular, with regard to overseas development, Polaris believes that it will be able to make use of its Singapore subsidiary, the ASEAN Fund, and Polaris's network of overseas investors, in addition to the overseas development support know-how that Polaris has cultivated.

(iii) Improving efficiency of group administration and achieving intra-group synergies

Through the due diligence conducted on the Company, Polaris recognizes that the Company's group operations have the potential to achieve greater intra-group synergies through the integration of overlapping operations to improve efficiency and the sharing of know-how among the group companies.

Specifically, two companies in the Company group operate the Systemized Construction business (Nissei Build Kogyo and System House R&C Co., Ltd.). Because those two companies have different customer bases and different operations, they are currently managed separately, but there are overlaps between their operations; Polaris intends to consider ways to improve efficiency through the concentration of sales offices and sharing of materials, and create synergies between the two companies.

In addition, as stated in (i) above, in the Parking Structure business, Polaris intends to efficiently develop the smart parking business in Japan by utilizing the smart parking know-how held by P-PARKING INTERNATIONAL PTE LTD (Singapore) in the Parking Structure business in order to efficiently develop the smart parking business in Japan and create synergies among the group companies.

(iv) Enhancement of management and administration/Enhancement of ESG and SDG-related measures

The Company Group has been working to enhance its compliance and corporate governance systems since the discovery of misconduct in 2019; Polaris intends to combine its accumulated management and administration expertise and resources to enhance the Company Group's compliance and corporate governance systems.

Polaris will also further enhance front-line management and administration by promoting management visualization, including stronger data-based management, and the implementation of an independent PDCA Cycle based on appropriate KPIs (see Notes 1 and 2), including at the root level of corporate culture.

In addition, Polaris intends to further enhance the Company Group's current ESG and SDG-related measures, including increasing the proportion of prefabricated housing rentals in Systemized Construction and promoting modulization.

Note 1: "KPIs" means, in general, the key performance indicators used for evaluating a company's achievement of its targets.

Note 2: "PDCA cycle" refers, in general, to the method of continuously improving business operations by repeating the four-step cycle of Plan, Do, Check, Action.

Polaris believes that advanced management expertise and especially personnel and capital management resources are indispensable for the achievement of the above measures (i) through (iv). Therefore, it believes that it is desirable for the Company to supplement and support its management expertise and management resources and construct a management system that enables agile and flexible decision-making by collaborating with Polaris, which has deep insight into the Company based on a long investment track record, industry knowledge, and practical value-up and M&A expertise, and is able to offer support at both management and operational levels by dispatching officers and employees while respecting the portfolio company's management philosophy, corporate culture, and management policies.

Polaris also believes that while collaborations beyond the current framework and prospective investments in DX, etc. will be necessary in order to achieve measures (i) through (iv) above, the uncertain effect of those efforts on future earnings means that they present a risk of adverse financial effects in the short term, in the form of reduced earnings and cash-flow and greater interest-bearing obligations. Therefore, the above efforts may not be properly evaluated by the capital markets as measures taken by a listed company, which would lead to a decrease in the Company's share price that may have a negative effect on the shareholders of the Company in the short term. Polaris believes that the business restructuring, including prospective investments, described above could reduce the Company's short-term profitability and cash-flow and the possibility of a negative impact on the Company's share price cannot be denied if the Company implements these measures while maintaining its listing.

As such, Polaris determined that the best option for increasing the corporate value of the Company is to offer the shareholders of the Company an opportunity to sell their shares without incurring short-term negative effects, and to fully leverage the management capacity and management support of the Tender Offeror by delisting the Company Shares. Through the due diligence conducted on the Company and its concurrent discussions with the Company toward implementing the Transactions, Polaris determined in mid-October 2021 that conducting the Transactions and making the Company a wholly owned subsidiary of the Tender Offeror is a feasible way to achieve the above effects. Polaris informed the Company's

management of that decision and its intention to make another proposal regarding the purchase price and other terms of the Tender Offer.

Based on Polaris's comprehensive analysis of the Company's business and finances based on the financial information and other materials disclosed by the Company and the due diligence conducted on the Company, and based on Polaris's comprehensive consideration of the likelihood of tendering in the Tender Offer and other factors, Polaris made a proposal to the Company on October 18, 2021 to set the Tender Offer Price to 925 yen exceeded to the highest closing price of the Company's shares on the First Section of the TSE during the 12-month period to October 15, 2020, the Business Day preceding the first proposal (886 yen) and to make a separate proposal regarding the purchase, etc. price per Stock Acquisition Right (the "**Stock Acquisition Right Purchase Price**") calculated based on the Tender Offer Price. On October 22, 2021, the Company requested that the Tender Offer Price be increased due to the fact that the proposed price could not be considered to meet the expectations of the Company's shareholders in light of the premium rate on the recent market share price. Based on that request, Polaris made a proposal to the Company on October 28, 2021 to set the Tender Offer Price to 1,050 yen, and to make a separate proposal regarding the Stock Acquisition Right Purchase Price calculated based on the Tender Offer Price, after serious and comprehensive consideration of the Company's request to increase the proposed price, despite the fact that the initial proposal was not made with the expectation that it would be increased through negotiation with the Company. On November 1, 2021, the Company requested that the Tender Offer Price be increased to 1,250 yen in light of the inherent value of the Company Shares calculated by discounted cash flow method (the "**DCF method**") analysis and the premium rate on the recent market share price, and considering the increase in the corporate value of the Company Group expected as a result of the Tender Offer. In response to that request, Polaris considered that it would be difficult to increase the Tender Offer Price to 1,250 yen, but nevertheless again gave serious and comprehensive consideration of the Company's request to increase the price, and made a proposal to the Company on November 2, 2021 to set the Tender Offer Price to 1,150 yen, and to set the Stock Acquisition Right Purchase Price to be the difference between the Tender Offer Price and the exercise price of each of the Stock Acquisition Rights multiplied by the number of the underlying Company Shares, therefore 574,500 yen for the Second Stock Acquisition Rights, 574,500 yen for the Third Stock Acquisition Rights, 574,500 yen for the Fourth Stock Acquisition Rights, 574,500 yen for the Fifth Stock Acquisition Rights, 374,000 yen for the First Stock Acquisition Rights (For Employees), 313,000 yen for the Second Stock Acquisition Rights (For Employees), 185,000 yen for the Third Stock Acquisition Rights (For Employees), 83,000 yen for the Fourth Stock Acquisition Rights (For Employees), 1 yen for the Fifth Stock Acquisition Rights (For Employees), and 1 yen for the Sixth Stock Acquisition Rights (For Employees). On November 5, 2021, Polaris received a response from the Company to the effect that the Company did not intend to request that the Tender Offer Price and the Stock Acquisition Right Purchase Price be increased further, provided that there were no sudden changes in the market price or economic situation.

Polaris determined that in order to ensure the success of the Tender Offer, it would be useful to secure a commitment from the Prospective Tendering Shareholders, which are large shareholders of the Company, with respect to tendering shares in the Tender Offer, given that it was aware that Aslead Capital had met with the management of the Company on multiple occasions and held discussions with the Company regarding the Company's management policies and the like after submitting a substantial shareholding report in October 22 2020, as

stated in the Company's press release dated June 23, 2021 ("Notice of the Company's Opinion Regarding the Announcements by Some Shareholders"). The Tender Offeror thus began discussions with Aslead Capital in October 2021 regarding the tendering of Aslead Capital's shares in the Tender Offer and the conditions thereof. According to the Company's Press Release, the Company's management believes that the Tender Offer will contribute to maximizing the Company's corporate value and share value, and in mid-October 2021, it asked Aslead Capital to consider tendering its shares in the Tender Offer. Polaris then asked Aslead Capital whether it would tender its shares at a Tender Offer Price of 925 yen, but Aslead Capital responded that it could not do so at that price. Polaris held a total of 3 discussions with Aslead Capital from October 18, 2021 to October 24, 2021, discussed with Aslead Capital on multiple occasions regarding the conditions of tendering, mainly including tender offer price, that would be acceptable to Aslead Capital, and after late October, Polaris held specific discussions regarding the terms and conditions of the Tender Offer Agreement other than the Tender Offer Price ultimately entered into the Tender Offer Agreement dated as of today to set the Tender Offer Price at 1,150 yen. According to Aslead Capital, in determining whether to tender its shares in the Tender Offer, Aslead Capital believed based on explanations received from the Company that tendering its shares would contribute to maximizing the Company's corporate value and share value and that it was economically reasonable to do so. In the course of the above negotiations, Polaris received a request from Aslead Capital to the effect that it wished not to tender some Company Shares held by ASLEAD STRATEGIC VALUE FUND through credit transactions (the Prospective Shares not to be Tendered), and to have the Tender Offeror acquire those shares through the Squeeze-Out Procedure. Although Aslead Capital did not explain the details of the reason for this request and the Tender Offeror did not confirm the details, the Tender Offeror determined that accepting this request would not impede its delisting of the Company Shares provided that an agreement was entered into with respect to the voting of the Prospective Shares not to be Tendered, and therefore the Tender Offeror and Aslead Capital agreed that the Prospective Shares not to be Tendered would not be tendered. For the details of the Tender Offer Agreement, see "4. Matters regarding Important Agreements relating to the Tender Offer" below.

Based on these discussions and negotiations, the Tender Offeror determined today to set the Tender Offer Price to 1,150 yen and to conduct the Tender Offer as part of the Transactions.

**(C) Decision-making process and reasoning that led the Company to endorse the Tender Offer**

As stated in "(B) Background, Purpose and Process of Decision-Making that Led the Tender Offeror to Decide to Conduct the Tender Offer" above, from late February 2021 onward the Company received proposals for transactions of the same type or similar to the Transactions from multiple other candidates and discussed and deliberated each of those proposals; after receiving a request for a meeting from one such candidate, Polaris, in early July 2021, the Company's management, including President, CEO & Representative Director Naoki Morioka and Managing Director Keisuke Suzuki, held meetings and discussions with Polaris (these candidates other than Polaris have ended the above deliberation on transaction by mid-October 2021 at the latest.).

Subsequently, after receiving an initial proposal from Polaris on September 10, 2021 regarding delisting the Company Shares, on September 10, 2021, the Company established a special committee (the "**Special Committee**"; for the composition and specific activities of the Special



Committee, see “(B) Establishment of, and Obtainment of the Report from, the Special Committee by the Company” in “(6) Measures to Ensure Fairness of the Transactions Including the Tender Offer, Including Measures to Ensure Fairness of the Purchase, etc. Price and Measures to Avoid Conflicts of Interest” below) and constructed a system for deliberating proposals with respect to the Transactions in order to ensure careful decision-making on the Transactions by the Company’s board of directors, eliminate arbitrariness and ensure fairness in the decision-making process of the Company’s board of directors. In addition, in early September 2021 the Company appointed TMI Associates as its legal advisor independent from Polaris, the Tender Offeror, the Company and the Prospective Tendering Shareholders, and Plutus Consulting Co., Ltd. (“**Plutus**”) as a third-party appraiser independent from Polaris, the Tender Offeror, the Company, and the Prospective Tendering Shareholders, in order to ensure the fairness of the Tender Offer Price and otherwise ensure the fairness of the Transactions including the Tender Offer.

Under this system, the Company discussed and deliberated with the Tender Offeror on multiple occasions regarding the purpose of the Transactions, the management policy after the Transactions, and the terms of the Transactions including the Tender Offer Price (For the details of discussions and deliberations, see “(B) Background, Purpose and Process of Decision-Making that Led the Tender Offeror to Decide to Conduct the Tender Offer” above).

Specifically, the Company received a proposal from Polaris on October 18, 2021 to set the Tender Offer Price to 925 yen, and to make a separate proposal regarding the Stock Acquisition Right Purchase Price. The Company determined that the proposed Tender Offer Price could not be considered to meet the expectations of the Company’s shareholders in light of the level of premiums (mean/medium of approximately 29% to 39%) offered by other companies in cases similar to the Tender Offer (tender offers announced after January 2019 by offerors with no control over the Company and with the objective of making the Company a wholly owned subsidiary, excluding hostile takeovers at the like), and on October 22, 2021, the Company requested that Polaris increase the Tender Offer Price. The Company then received a proposal from Polaris on October 28, 2021 to set the Tender Offer Price to 1,050 yen, and to make a separate proposal regarding the Stock Acquisition Right Purchase Price. The Company determined that it would be appropriate to request that the Tender Offer Price be further increased in order to set it at a level that meets the expectations of a greater number of the Company’s shareholders, in light of the content of the initial report on the valuation of the Company Shares received from Plutus at the time and the above level of premiums, and on November 1, 2021, the Company requested that Polaris increase the Tender Offer Price to 1,250 yen. On November 2, 2021, the Company received a proposal from Polaris to set the Tender Offer Price to 1,150 yen, and to set the Stock Acquisition Right Purchase Price to 574,500 yen for the Second Stock Acquisition Rights, 574,500 yen for the Third Stock Acquisition Rights, 574,500 yen for the Fourth Stock Acquisition Rights, 574,500 yen for the Fifth Stock Acquisition Rights, 374,000 yen for the First Stock Acquisition Rights (For Employees), 313,000 yen for the Second Stock Acquisition Rights (For Employees), 185,000 yen for the Third Stock Acquisition Rights (For Employees), 83,000 yen for the Fourth Stock Acquisition Rights (For Employees), 1 yen for the Fifth Stock Acquisition Rights (For Employees), and 1 yen for the Sixth Stock Acquisition Rights (For Employees). The Company determined, based on that proposal, that the Tender Offer Price and the Stock Acquisition Right Purchase Price were reasonable in light of the valuation of the Company Shares by Plutus at the time and the above level of premiums, and on November 5, 2021, it responded to Polaris to the effect

that it did not intend to request that the Tender Offer Price or the Stock Acquisition Right Purchase Price be increased further, provided that there were no sudden changes in the market price or economic situation.

In parallel with the discussions and deliberations with Polaris above, in mid-October 2021, the management of the Company considered that the Tender Offer would contribute to the maximization of the corporate value and share value of the Company, and therefore they consult Aslead Capital regarding the consideration of tender for the Tender Offer. In addition, since the deliberations between Aslead Capital and Polaris started, the management of the Company did not discuss the Tender Offer with Aslead Capital after the consultation.

As a result of the above discussions and deliberations, the Company concluded, at its board of directors meeting held today, that the delisting of the Company Shares through the Transactions would contribute to the enhancement of the corporate value of the Company Group in light of the following points:

- (i) The Company believes that each of Polaris's planned measures as described in "(B) Background, Purpose and Process of Decision-Making that Led the Tender Offeror to Decide to Conduct the Tender Offer" above will contribute to the enhancement of the corporate value of the Company Group by providing facility inspection and maintenance utilizing DX technology, etc. in the Systemized Construction business, given that those measures will make the growth strategies outlined in the Company's Medium-Term Management Plan more concrete and accelerate those strategies, and can be considered to also include growth strategies that the Company did not anticipate in the Company's Medium-Term Management Plan, such as proactive expansion of overseas business to increase order inflow, and their content is also reasonable.
- (ii) While those measures need greater collaboration between businesses over the traditional framework and advance investment in DX, it is not certain that their effects will immediately be reflected in the Company Group's performance, and there is a risk of adverse financial effects, at least in the short term, in the form of reduced earnings and cash-flow and greater interest-bearing obligations; therefore, they may not be properly evaluated by the capital markets given the recent performance of the Company Group as described in "(B) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror Deciding to Conduct the Tender Offer" above, and it would be difficult for the Company to implement those measures rapidly and flexibly while remaining a listed company.
- (iii) In light of (i) and (ii) above, it would be reasonable to delist the Company Shares and limit the shareholders of the Company to those who are able to take the risks inherent in the above measures and to rapidly and flexibly implement those measures, from the perspective of enhancing the corporate value of the Company Group.
- (iv) It is appropriate to collaborate with Polaris in delisting the Company Shares given that, based on the discussions with Polaris, Polaris is permitted to take the risks inherent in the above measures, and its management know-how and management resources can be considered useful in the rapid and flexible implementation of the above measures.
- (v) The generally cited downsides of delisting, which include the inability to access equity financing through the capital markets and the loss of the notability, credibility, and other benefits enjoyed as a listed company, are limited for the Company because the Company may secure funds through self-financing and borrowing from financial institutions, the Company has no significant need for equity financing for the time being given its current financial condition and the low interest rates available through indirect financing in recent years, and notability and credibility can be obtained through sincere business execution.

The Company also concluded, at its board of directors meeting held today that the Tender Offer Price is an appropriate price that secures the advantage that the minority shareholders of the Company should enjoy through the Transactions, upon consideration of the following points:

- (i) The Tender Offer Price exceeds the upper limit of the calculation results by the market price method and the midpoint of the range of the calculation results by the DCF method described in the share values for the Company Shares in the Company Share Price Valuation Report (the “**Company Share Price Valuation Report**”) that the Company obtained from Plutus as of November 11, 2021, as stated in “(B) Obtainment by the Company of Share Price Valuation Report from Independent Third-Party Appraiser” in “(3) Matters Regarding Calculation” below.
- (ii) Given that the Tender Offer Price represents a premium of 18.56% (rounded to two decimal places; the same applies hereinafter to premium percentages) on the closing price of 970 yen of the Company Shares on the First Section of the TSE as of November 11, 2021, the Business Day prior to the announcement of the Tender Offer, a premium of 36.90% on the simple average closing price of 840 yen (rounded to two decimal places; the same applies hereinafter to simple average closing prices) over the one-month period ending on that date, a premium of 37.23% on the simple average closing price of 838 yen over the three-month period ending on that date, and a premium of 46.68% on the simple average closing price of 784 yen over the six-month period ending on that date, such price is considered to be priced at a premium commensurate with the premium level (approximately 29% to 39% in average and median values) observed in other companies similar to the Tender Offer (Cases of tender offers for the purpose of making a non-controlling company a wholly-owned subsidiary, which has been announced since January 2019, excluding unfriendly tender offers, etc.). .
- (iii) In determining the Tender Offer Price, the measures to ensure the fairness of the Tender Offer Price specified in “(6) Measures to Ensure Fairness of the Transactions Including the Tender Offer, Including Measures to Ensure Fairness of the Purchase, etc. Price and Measures to Avoid Conflicts of Interest” below were taken, which consider the interests of minority shareholders.
- (iv) The Tender Offer Price was proposed as a result of continued earnest discussions and negotiations between the Company and the Tender Offeror with the above measures taken.
- (v) The Company has received multiple proposals from or held discussions and deliberations with persons other than the Tender Offeror regarding transactions of the same type or similar to the Transactions since late February 2021, but the Company did not receive any proposal with a higher price than the Tender Offer price through those proposals, discussions, and deliberations, and even in light of the process and content of those proposals, discussions, and deliberations, there are no other circumstances to indicate that the Tender Offer Price or other terms of the Transactions are inappropriate.
- (vi) The terms of the Transactions, including the Tender Offer Price, are judged to be appropriate in the report obtained by the Company from the Special Committee as of November 11, 2021 (the “**Report**”), as stated in “(B) Establishment of, and Obtainment of the Report from, the Special Committee by the Company” in “(6) Measures to Ensure Fairness of the Transactions Including the Tender Offer, Including Measures to Ensure Fairness of the Purchase, etc. Price and Measures to Avoid Conflicts of Interest” below.

The Company also determined that the Stock Acquisition Right Purchase Price for the Second Stock Acquisition Rights, the Third Stock Acquisition Rights, the Fourth Stock Acquisition

Rights, the Fifth Stock Acquisition Rights, the First Stock Acquisition Rights (For Employees), the Second Stock Acquisition Rights (For Employees), the Third Stock Acquisition Rights (For Employees) and the Fourth Stock Acquisition Rights (For Employees) is an appropriate price that secures the advantage that the holders of the stock acquisition rights of the Company should enjoy through the Transactions in consideration of the above points (i) through (v), given that the Stock Acquisition Right Purchase Price is the amounts set to be the difference between the Tender Offer Price and the exercise price of each of the Stock Acquisition Rights multiplied by the number of the underlying Company Shares, and that it was calculated based on the Tender Offer Price. On the other hand, given that the Stock Acquisition Right Purchase Price has been set at 1 yen for the Fifth Stock Acquisition Rights (For Employees) and the Sixth Stock Acquisition Rights (For Employees), the Company determined that it should leave the decision on whether to tender their stock acquisition rights in the Tender Offer to the judgment of the Stock Acquisition Right Holders.

In light of the above, the Company resolved, at the board of directors meeting held on today, to express its opinion in favor of the Tender Offer and recommend that the shareholders of the Company tender their shares in the Tender Offer and to recommend that the Stock Acquisition Right Holders who hold the Second Stock Acquisition Rights, the Third Stock Acquisition Rights, the Fourth Stock Acquisition Rights, the Fifth Stock Acquisition Rights, the First Stock Acquisition Rights (For Employees), the Second Stock Acquisition Rights (For Employees), the Third Stock Acquisition Rights (For Employees) and the Fourth Stock Acquisition Rights (For Employees) tender their stock acquisition rights in the Tender Offer, but to leave the decision on whether the Stock Acquisition Right Holders who hold the Fifth Stock Acquisition Rights (For Employees) and the Sixth Stock Acquisition Rights (For Employees) tender their stock acquisition rights in the Tender Offer to the judgment of those Stock Acquisition Right Holders.

#### **(D) Management policy after the Tender Offer**

Polaris intends to dispatch a certain number of directors and corporate auditors to the Company after the Tender Offer or the Transactions, following discussions with the Company with the objective of supporting the enhancement of the Company's governance and corporate value; however, the outline and number of the directors and corporate auditors to be dispatched have not been determined as of today.

The Tender Offeror has not reached any agreement with the directors of the Company regarding the appointment of officers after the Tender Offer. The Tender Offeror intends to maintain the management system of the Company by its current officers and employees, with the exception of the dispatch of directors and corporate auditors, with the details to be determined based on discussions with the Company after the success of the Tender Offer. As of today, Polaris does not intend to make changes to the employment or conditions of the employees of the Company in connection with the Transactions.

### **(3) Matters Regarding Calculation**

#### **(A) Names of the Appraiser and the relationship between the Company and the Tender Offeror**

In order to eliminate arbitrariness in the decision-making process of the Company with respect

to the Tender Offer Price proposed by the Tender Offeror and to ensure the fairness of the Tender Offer Price, the board of directors of the Company requested Plutus, a third-party appraiser independent from Polaris, the Tender Offeror, the Company, and the Prospective Tendering Shareholders, to evaluate the price of the Company Shares and obtained the Company Share Price Valuation Report from Plutus. The Company did not obtain an opinion letter on the fairness of the Tender Offer Price (a fairness opinion) from Plutus. In addition, Plutus is not a related party of Polaris, the Tender Offeror, the Company, or the Prospective Tendering Shareholders and has no material interests in the Tender Offer. Furthermore, remuneration of Plutus for the Transactions will be paid in a fixed amount regardless of the success of the Transactions, and the Company has not adopted a contingent fee system where the payment of remuneration is conditioned upon the announcement, completion, or the like of the Transactions.

## **(B) Overview of Calculation**

Plutus considered the methods to be used for calculating the share value of the Company from among multiple share value calculation methods and ultimately calculated it using the following methods: (i) the market price method, since the Company Shares are listed on the First Section of the TSE and the market price is available, and (ii) the DCF Method to reflect the future status of business operations in the valuation. The following are the ranges of values per Company Share that were calculated by using each of these calculation methods:

|                      |                      |
|----------------------|----------------------|
| Market price method: | 784 yen to 970 yen   |
| DCF Method:          | 925 yen to 1,329 yen |

In the market price method, the value range of 784 yen to 970 yen per Company Share was derived from the following figures quoted on the First Section of the TSE as of the evaluation reference date of 11 November, 2021: 970 yen, which was the closing price of the Company Shares on the First Section of the TSE as of November 11, 2021; 840 yen, which was the simple average closing price for the most recent one-month period; 838 yen, which was the simple average closing price for the most recent three-month period; and 784 yen, which was the simple average closing price for the most recent six-month period.

In the DCF Method, the value range of 925yen to 1,329 yen per Company Share was derived by evaluating the Company's enterprise and share values, which were calculated by discounting to the present value at a certain discount rate the free cash flow that the Company is expected to generate after the fiscal year ending March 2022 based on the Company's business plans for the period from the fiscal year ending March 2022 until the fiscal year ending March 2024 submitted by the Company. In calculating the terminal value in the DCF Method, the perpetual growth method was used.

In the business plans prepared by the Company, which were used in the DCF Method calculation by Plutus, considerable increases and decreases in profits are expected in certain fiscal years. Specifically, in the fiscal year ending March 31, 2021, the Company's operating income declined significantly, due to a decrease in sales volume resulting from the decrease of the received orders outstanding as at the beginning of the same fiscal year because of the impact of an accounting scandal, a decrease in sales volume due to the expansion of COVID-19 infections, and the provision for construction loss in NB CONSTRUCTION CO., LTD., a wholly owned subsidiary of the Company. In the fiscal year ending March 31, 2022, on the contrary, the Company expects its operating income to increase significantly, compared to the previous fiscal year, due to the recovery of Nissei Build Kogyo's businesses and the firm performance of System House R&C Co., Ltd., a wholly owned subsidiary of the Company.

In addition, in the fiscal year ending March 31, 2023, the Company expects its operating income to increase significantly compared to the immediately previous fiscal year. This is because the Company's sales volume is expected to have the recovery, from the level marked in the period of the impact of the said accounting scandal, to the growth rate comparable to that of the average level of the system building industry in general, because System House R&C Co., Ltd.'s sales volume is expected to continuously be strong, and further because of the withdrawal from the facility management business, which had been suffering constant operating losses, the promotion of operational efficiency, and the control of selling, general and administrative expenses resulting from the disappearance of one-time expenses such as recurrence prevention expenses. The expected synergies through the Transaction are not taken into account in the business forecast used by Plutus in the DCF Method analysis because it is difficult to specifically estimate those synergies at the moment except for the reduction of costs for maintaining listing.

Note: In calculating the value of the Company Shares, Plutus used the information provided by the Company and the publicly available information on an as-is basis in principle, and assumed that such materials and information are all accurate and complete. It did not independently verify the accuracy or completeness of such materials and information. Further, it has not conducted an independent evaluation or assessment, nor has it made any requests to a third-party institution for any appraisal or assessment in connection with any assets or liabilities (including off-balance-sheet assets and liabilities and other contingent liabilities) of the Company. In addition, Plutus assumed that information regarding the financial forecasts of the Company has been reasonably prepared based on the best forecasts and judgements available to the management of the Company as of today. The financial forecasts are based on the business forecast prepared by the Company, and Plutus has analyzed and studied their contents through interview sessions with the Company. Further, the Special Committee has confirmed the rationality of their contents, important assumptions, and the drafting process.

#### **(4) Prospects and Reasons for Delisting**

The Company Shares are currently listed on the First Section of the TSE as of today. However, since the Tender Offeror has not set a maximum number of shares to be purchased in the Tender Offer, the Company Shares may be delisted through prescribed procedures in accordance with the delisting criteria set out by the TSE, depending on the results of the Tender Offer. Also, if the Tender Offer is completed, even in the case that the delisting criteria are not met upon completion of the Tender Offer, the Tender Offeror intends to subsequently hold all of the Company Shares and Stock Acquisition Rights (excluding treasury shares held by the Company) in accordance with applicable laws and regulations and the Squeeze-Out Procedures described in “(5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the ‘Two-Step Acquisition’)” below, in which case the Company Shares will be delisted through the prescribed procedures in accordance with the delisting criteria set out by the TSE. If the Company Shares are delisted, they will no longer be traded on the First Section of the TSE.

#### **(5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the**

## **“Two-Step Acquisition”**

As stated in “(A) Outline of the Tender Offer” in “(2) Background and Reasons for the Opinion” above, the Tender Offeror will conduct the Tender Offer as part of the Transactions to make the Company a wholly-owned subsidiary of the Tender Offeror. In addition, it is expected that the Tender Offeror is unable to obtain all of the Company Shares (including the Company Shares to be delivered upon the exercise of the Stock Acquisition Rights and The Prospective Shares not to be Tendered but excluding the Company Shares held by the Tender Offeror and treasury shares held by the Company) and all of the Stock Acquisition Rights through the Tender Offer because the Prospective Tendering Shareholders agree not to tender The Prospective Shares not to be Tendered in the Tender Offer. Therefore, the Tender Offeror intends, after the completion of the Tender Offer, to implement procedures for the purpose of taking the Company Shares private (the “Squeeze-Out Procedures”) through the following methods.

### **(A) Demand for Share, Etc. Cash-Out**

If, as a result of the completion of the Tender Offer, the total number of voting rights in the Company held by the Tender Offeror becomes 90% or more of the number of the voting rights of all shareholders of the Company, and the Tender Offeror becomes a special controlling shareholder as provided for in Article 179, Paragraph (1) of the Companies Act, the Tender Offeror intends to, promptly after the completion of the settlement of the Tender Offer, demand that all of the shareholders of the Company (excluding the Tender Offeror and the Company; the same applies below) sell all of the Company Shares they hold (the “Demand for Share Cash-Out”) and demand that all of the holders of the Stock Acquisition Rights (excluding the Tender Offeror) (the “Selling Stock Acquisition Right Holders”) sell all of the Stock Acquisition Rights they hold (the “Demand for Stock Acquisition Right Cash-Out”; together with the Demand for Share Cash-Out, the “Demand for Share, Etc. Cash-Out”) in accordance with the provisions of Section 4-2 of Chapter II of Part II of the Companies Act. In the Demand for Share Cash-Out, the Tender Offeror intends to determine that it will deliver to each shareholder of the Company an amount equivalent to the Tender Offer Price as consideration for one Company Share and in the Demand for Stock Acquisition Right Cash-Out, the Tender Offeror intends to determine that it will deliver to Selling Stock Acquisition Right Holders an amount equivalent to the Stock Acquisition Right Purchase Price as consideration for one Stock Acquisition Right. In this case, the Tender Offeror will notify the Company to that effect and request the Company to approve the Demand for Share, Etc. Cash-Out. If the Company approves the Demand for Share, Etc. Cash-Out by a resolution of the board of directors of the Company, the Tender Offeror will acquire from the selling shareholders all of the Company Shares held by them and acquire from the Selling Stock Acquisition Right Holders all of the Stock Acquisition Rights held by them on the acquisition date determined in the Demand for Share, Etc. Cash-Out in accordance with the procedures prescribed in the relevant laws and regulations without any individual approval of the selling shareholders and Selling Stock Acquisition Right Holders. Then, the Tender Offeror will deliver an amount equivalent to the Tender Offer Price per Company Share to each selling shareholder and an amount equivalent to the Stock Acquisition Right Purchase Price per Stock Acquisition Right to each Selling Stock Acquisition Right Holder as consideration for the Company Shares held by that selling shareholder and the Stock Acquisition Rights held by that Selling Stock Acquisition Right Holder, respectively.

Further, if the Company receives from the Tender Offeror a notice regarding the fact that the Tender Offeror intends to make the Demand for Share, Etc. Cash-Out and regarding a matter in

any item of Article 179-2, Paragraph (1) of the Companies Act, it will approve the Demand for Share, Etc. Cash-Out at a meeting of the board of directors of the Company.

In accordance with the provisions of the Companies Act that aim to protect the rights of minority shareholders in relation to the Demand for Share, Etc. Cash-Out, including Article 179-8 of the Companies Act, and other relevant laws and regulations, the shareholders of the Company will be able to file a petition with a court for a determination of the sale price for their Company Shares. If such petition is filed, the sale price will be finally determined by the court.

## **(B) Share Consolidation**

If, after the completion of the Tender Offer, the total number of voting rights in the Company held by the Tender Offeror is less than 90% of the number of the voting rights of all shareholders of the Company, the Tender Offeror will, pursuant to Article 180 of the Companies Act, request the Company to hold an extraordinary shareholders' meeting of the Company promptly after the settlement of the Tender Offer at which proposals for a share consolidation with respect to the Company Shares (the "Share Consolidation") and a partial amendment to the Company's Articles of Incorporation that would abolish the share unit number provisions on the condition that the Share Consolidation becomes effective will be submitted (the "Extraordinary Shareholders' Meeting"). Although the timing of holding the Extraordinary Shareholders' Meeting will depend on the date of the completion of the Tender Offer, the Tender Offeror currently intends to hold the Extraordinary Shareholders' Meeting in early March 2022. The Tender Offeror intends to approve the above proposals at the Extraordinary Shareholders' Meeting. In addition, the Tender Offeror and the Prospective Tendering Shareholders have agreed to (i) grant a comprehensive proxy to the Tender Offeror or a person designated by the Tender Offeror with respect to, or (ii) exercise pursuant to the instructions of the Tender Offeror, all voting rights and other rights with respect to the Prospective Shares not to be Tendered, at the Tender Offeror's option. With respect to the voting rights represented by the Prospective Shares not to be Tendered, affirmative votes will be exercised for the proposals above.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Company will, on the effective date of the Share Consolidation, hold the number of Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders' Meeting. If, due to the Share Consolidation, the number is a fraction less than one, each shareholder of the Company who holds such fractional shares will receive an amount of cash obtained by selling the Company Shares equivalent to the total number of fractional shares less than one share (with such aggregate sum rounded down to the nearest whole number; the same applies below) to the Company or the Tender Offeror as per Article 235 of the Companies Act and other relevant laws and regulations. The purchase price for the aggregate sum of fractional shares less than one share in the Company Shares will be valued so that the amount of cash received by each shareholder who did not tender its shares in the Tender Offer (excluding the Tender Offeror and the Company) as a result of the sale will be equal to the price obtained by multiplying the Tender Offer Price by the number of Company Shares held by each such shareholder. The Tender Offeror intends to request the Company to file a petition to a court for permission to purchase such Company Shares on this basis. Although the ratio of the Share Consolidation of the Company Shares has not been determined as of today, it is intended that shareholders (excluding the Tender Offeror and the Company) who hold shares in the Company and do not tender in the Tender Offer will have their shares classified as fractional shares less than one share in order for the Tender Offeror to become the only owner of all of the Company Shares (excluding treasury shares held by the Company).



In the interest of protecting the rights of minority shareholders in circumstances involving the Share Consolidation, the Companies Act provides that if the Share Consolidation occurs and there are fractional shares less than one share as a result thereof, each shareholder of the Company who does not tender its shares in the Tender Offer (excluding the Tender Offeror and the Company) may request that the Company purchase all such fractional shares less than one share at a fair price, and such shareholders may file a petition to a court to determine the price of the Company Shares in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. If such petition is filed, the purchase price will be finally determined by the court.

If the Tender Offer has been successfully completed, but the Tender Offeror is unable to own at least 90% of the number of the voting rights of all shareholders of the Company, and if the Tender Offeror is unable to acquire all Stock Acquisition Rights in the Tender Offer and any Stock Acquisition Rights remain unexercised, then the Tender Offeror plans either to request the Company to implement, or to itself implement, the procedures reasonably required for carrying out the Transactions, such as the acquisition of the Stock Acquisition Rights by the Company or a recommendation by the Company to the holders of Stock Acquisition Rights to waive their Stock Acquisition Rights.

With regard to the procedures described in (A) and (B) above, it is possible that, depending on circumstances such as amendments to or the implementation and interpretation of the relevant laws and regulations by authorities, it will require time to implement the procedures or the methods of implementation may be altered. However, even in such a case, upon completion of the Tender Offer, it is intended that a method will be used whereby the shareholders of the Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Company) will ultimately receive cash consideration equal to the number of Company Shares held by such shareholder multiplied by the Tender Offer Price in exchange for their shares. In the case where cash is paid to the holders of the Stock Acquisition Rights in the Company who did not tender in the Tender Offer, the amount of cash to be paid to each of the holders of the Stock Acquisition Rights shall be calculated so that such amount is equal to the amount obtained by multiplying the price of purchase etc. of each of the Stock Acquisition Rights in the Tender Offer by the number of such Stock Acquisition Rights owned by such holders of the Stock Acquisition Rights.

The specific details and expected timing for the procedures described above will be determined through consultation with the Tender Offeror and then promptly announced by the Company.

It is further noted that the Tender Offer is not intended to solicit shareholders of the Company to agree to the proposals at the Extraordinary Shareholders' Meeting. All shareholders of the Company are solely responsible for seeking advice from a certified tax accountant or other specialists with regard to the tax consequences of tendering their shares in the Tender Offer or the procedures outlined above.

**(6) Measures to Ensure Fairness of the Transactions Including the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest**

As of today, the Tender Offeror only holds 100 shares of the Company, and the Tender Offer does not constitute a tender offer by a controlling shareholder. In addition, the Transactions including the Tender Offer do not constitute a so-called "management buy-out (MBO) transaction." However, taking into consideration that the Tender Offer will be implemented as part of the

Transactions, the purpose of which is to delist the Company Shares, the Tender Offeror and the Company implemented the following measures in order to ensure the fairness of the Tender Offer Price, eliminate arbitrariness in the decision-making process leading to the decision to conduct the Tender Offer, and ensure the fairness and transparency of the decision-making process. Among the statements below, matters relating to the measures implemented by the Tender Offeror are based on the explanations given by the Tender Offeror.

**(A) Obtainment by the Company of Share Price Valuation Report from Independent Third-Party Appraiser**

In order to eliminate arbitrariness in the decision-making process of the Company with respect to the Tender Offer Price proposed by the Tender Offeror and to ensure the fairness of the Tender Offer Price, the board of directors of the Company requested Plutus, a third-party appraiser independent from Polaris, the Tender Offeror, the Company, and the Prospective Tendering Shareholders, to evaluate the price of the Company Shares and obtained the Company Share Price Valuation Report from Plutus. The Company did not obtain an opinion letter on the fairness of the Tender Offer Price (a fairness opinion) from Plutus. In addition, Plutus is not a related party of Polaris, the Tender Offeror, the Company, or the Prospective Tendering Shareholders and has no material interests in the Tender Offer. Furthermore, remuneration of Plutus for the Transactions will be paid in a fixed amount regardless of the success of the Transactions, and the Company has not adopted a contingent fee system where the payment of remuneration is conditioned upon the announcement, completion, or the like of the Transactions. For details of overview of the Company Share Price Valuation Report, see “(B) Overview of Calculation” in “(3) Matters Regarding Calculation” above.

**(B) Establishment of, and Obtainment of the Report from, the Special Committee by the Company**

Although the Transactions do not constitute an acquisition of a subsidiary by a controlling shareholder or an MBO transaction, based on the circumstances that the Tender Offer will be conducted as part of the Transactions, the purpose of which is to delist the Company Shares, in order to exercise the utmost prudence in the decision-making by the board of directors of the Company regarding the Transactions, eliminate arbitrariness in the decision-making process by the board of directors of the Company, and ensure the fairness of the decision-making process, the Company, established on September 10, 2021 the Special Committee comprising three members who are independent from the Company, the Tender Offeror, and the Prospective Tendering Shareholders, namely, Ms. Misuzu Shibata, who is an outside director of the Company, and Mr. Yoshitake Kamino and Ms. Toshimi Hiwatari, who are outside directors (Audit and Supervisory Committee members) of the Company. The members of the Special Committee have not been changed since the establishment. Furthermore, remuneration for the members of the Special Committee will be paid in a fixed amount as consideration for their duties regardless of the matters reported by them, and the Company has not adopted a contingent fee system where the payment of remuneration is conditioned upon the announcement, completion, or the like of the Transactions.

The Company sought advice from the Special Committee on the following matters (collectively, the “Consulted Matters”):

- (i) matters regarding the rationality of the purpose of the Transactions (including whether the Transactions will contribute to the enhancement of the corporate value of the

- Company Group);
- (ii) matters regarding the appropriateness of the terms of the Transactions (including the appropriateness of the implementation method and type of consideration for the Transactions);
  - (iii) matters regarding the fairness of the procedures for the Transactions (including consideration on which, and to what extent, measures ensuring fairness should be taken); and
  - (iv) in light of (i) through (iii) above and any other matters, whether or not the decision by the board of directors of the Company to conduct the Transactions (including expressing an opinion on the Tender Offer) is disadvantageous to the Company's minority shareholders.

The board of directors of the Company has resolved to give the highest degree of respect to the opinion of the Special Committee in making decisions on the Transactions, and if the Special Committee determines that the Transactions are not appropriate, the board of directors of the Company will not make the decision to conduct the Transactions. Moreover, the board of directors of the Company has resolved to grant to the Special Committee the authority to (i) conduct investigations on the Transactions at the expense of the Company, (ii) request the Company to (a) communicate to Polaris the Special Committee's proposals and other opinions or questions as the Special Committee and (b) request that an opportunity be provided for the Special Committee itself to discuss and negotiate with Polaris (even if the Special Committee does not request the provision of an opportunity under item (b), the Special Committee may express its opinion and give necessary instructions and requests to the Company regarding the policy of discussions and negotiations with Polaris), (iii) appoint its own attorneys, appraisers, certified public accountants, and other advisors at the expense of the Company, and (iv) nominate or request to change the Company's advisors for the Transactions as well as provide necessary instructions to the advisors of the Company. The Special Committee held 8 meetings in total during the period from September 27, 2021 to November 11, 2021 and discussed and considered the Consulted Matters. Specifically, at the first Special Committee meeting held on September 27, 2021, the Special Committee confirmed the expertise and independence of TMI Associates and Plutus and approved of them as the legal advisor and third-party appraiser of the Company with regard to the Transactions, respectively.

Subsequently, the Special Committee conducted (i) examination of the materials and documents submitted by the Company, Polaris, and the Tender Offeror, (ii) interviews with Polaris with respect to matters such as the purpose and background of the Transactions, terms of the Transactions, and management policy for the Company after the Transactions, (iii) interviews with the Company's officers and employees with respect to matters such as the details of the Company Group's management challenges, details of the business plan used as a basis for the share price valuation conducted by Plutus, process and details of proposals, discussions, and examinations regarding transactions identical or similar to the Transactions conducted with a party other than the Tender Offeror, and details of the matters proposed by Polaris, and (iv) interviews with Plutus with respect to matters regarding the value analysis of the Company Shares.

In addition, the Special Committee has been substantially involved in the negotiation process with the Tender Offeror by taking actions such as holding meetings of the Special Committee to discuss matters including the policy for discussions and negotiations, and confirming the policy for negotiations regarding the Tender Offer Price in advance based on timely reports from the Company on the process and details, etc. of discussions and negotiations regarding the Transactions between the Tender Offeror and Company.

As a result of careful and repeated discussions and consideration regarding the Consulted Matters as stated above, on November 11, 2021, the Special Committee submitted to the board of directors of the Company the Report mainly containing the matters described below with the unanimous approval of all members of the Special Committee.

- (i) Matters regarding the rationality of the purpose of the Transactions (including whether the Transactions will contribute to the enhancement of the corporate value of the Company Group)

The Special Committee conducted interviews with the Company and Polaris regarding the purpose of the Transaction, details of the corporate value of the Company Group that is expected to be improved through the Transaction, and the possibility of improving the corporate value of the Company Group and examined them in detail.

As a result, no unreasonable points were found in judgment by the Company and the Tender Offeror that the Transactions will contribute to the improvement of the corporate value of the Company Group, and the Special Committee has come to the conclusion that the purpose of the Transactions is rational.

- (ii) Matters regarding the appropriateness of the terms of the Transactions (including the appropriateness of the implementation method and type of consideration for the Transactions)

- (a) Share Price Valuation Report obtained from Plutus

According to the Company Share Price Valuation Report obtained from Plutus, the range of the share value per Company Share is valued at between 784 yen and 970 yen under the market price method and between 925 yen and 1,329yen under the DCF method, and the Tender Offer Price (1,150 yen) exceeds the upper limit of the calculation results by the market price method and the midpoint of the range of the calculation results by the DCF method.

The Special Committee received explanations from Plutus that the method used in the share valuation and conducted interview about basis for calculating the discount rate in the DCF method, basis for calculating perpetual growth rate and terminal value and non-business assets and examined them. As a result, no unreasonable points were found in them.

In addition, the Tender Offer Price (1,150 yen) represents a premium of 18.56 % on the closing price of 970 yen of the Company Shares on the First Section of the TSE as of November 11, 2021, a premium of 36.90% on the simple average closing price of 840 yen over the one-month period ending on that date, a premium of 37.23% on the simple average closing price of 838 yen over the three-month period ending on that date, and a premium of 46.68% on the simple average closing price of 784 yen over the six-month period ending on that date, and is considered to be the price with a not unreasonable premium.

- (b) Fairness of procedures in the negotiation process

As set forth in “(iii) Matters regarding the fairness of the procedures for the Transactions (including consideration on which, and to what extent, measures ensuring fairness should be taken)” below, the procedures of the negotiation process for the Transactions, including the Tender Offer, can be recognized to be fair, and the Tender Offer Price can be recognized to have been determined based on the results of such negotiations.

(c) Rationality of the procedures after the Tender Offer

The shareholders of the Company who do not tender their shares in the Tender Offer will eventually receive cash in the Squeeze-Out Procedures to be implemented after the Tender Offer. The amount of cash to be received in the Squeeze-Out Procedures will be calculated to be the same as the Tender Offer Price multiplied by the number of the Company shares held by such shareholders, which will be clearly stated in the press release, etc.

(d) Type of consideration

In considering that the Tender Offeror is an unlisted company, it is considered appropriate to use cash as consideration in the Transactions, rather than shares of the Tender Offeror with limited liquidity.

(e) Setting of a minimum number of shares that satisfies a “Majority of Minority” condition

The Tender Offeror plans to set a minimum number of shares to be purchased in the Tender Offer, and such number of shares will exceed the number of shares (20,222,199 shares; ownership ratio: 56.81%) obtained by adding the Prospective Tendered Shares (6,845,100 shares; ownership ratio: 19.23%) to the number of shares equivalent to the majority of the number of Company Shares held by the shareholders of the Company who have no interest in the Tender Offeror (the so-called “majority of minority”). If the consent of the majority of the Company’s shareholders who do not have any interest in the Tender Offeror is not obtained, the Tender Offer will not be successful, thereby it can be recognized placing importance on the intent of the minority shareholders of the Company.

(f) Appropriateness of the Stock Acquisition Right Purchase Price

Stock Acquisition Right Purchase Price is set at the amount equal to the difference between Tender Offer Price and the exercise price of each of Stock Acquisition Rights (1 yen if such difference is negative). Given that the Tender Offer Price is recognized as appropriate as described above, the Purchase Price of the Stock Acquisition Rights shall be recognized as appropriate as well.

Given that the Stock Acquisition Right Purchase Price for each of the Fifth Stock Acquisition Rights (For Employees) and the Sixth Stock Acquisition Rights (For Employees) is 1 yen per Stock Acquisition Right due to the exercise price of per Company Share (Fifth Stock Acquisition Rights (For Employees): 1,306 yen; Sixth Stock Acquisition Rights (For Employees): 1,263 yen) being above the Tender Offer Price of 1,150 yen, it is considered reasonable to leave the decision on whether the Stock Acquisition Right Holders who hold these Stock Acquisition Rights tender their stock acquisition rights in the Tender Offer to the judgment of those Stock Acquisition Right Holders.

(g) Summary

In consideration of the above points, the Special Committee has determined that the terms and conditions of the Transactions are appropriate after careful deliberation and analysis.

(iii) Matters regarding the fairness of the procedures for the Transactions (including consideration on which, and to what extent, measures ensuring fairness should be taken)

(a) Method of examination by the Company

In consideration the Transactions, the Company appointed TMI Associates as its legal advisor

independent from Polaris, the Tender Offeror, the Company and the Prospective Tendering Shareholders and Plutus as a third-party appraiser independent from Polaris, the Tender Offeror, the Company and the Prospective Tendering Shareholders and obtained advices and opinions from them. Then, the Company has carefully examined the appropriateness of the terms and conditions of the Tender Offer, including the Tender Offer Price, and the fairness of the series of procedures for the Transactions, from the perspective of improving the corporate value of the Company Group and the common interests of its shareholders.

The Special Committee confirmed that there were no issues related to the independence and expertise of TMI Associates and Plutus, and approved them as the Company's legal advisor and a third-party appraiser. The Special Committee confirmed that they can also obtain professional advices and opinions from TMI Associates and Plutus as necessary and has obtained their advices and opinions.

(b) Consultation and negotiation by the Company

Pursuant to the negotiation policy approved in advance by the Special Committee, the Company has conducted substantive discussions and negotiations regarding the Tender Offer Price with Polaris from the perspective of protecting the interests of the minority shareholders of the Company.

As a result, the Tender Offer Price of 1,150 yen per share was determined, realizing a price increase of 225 yen from initial proposal of 925 yen per share by Polaris.

(c) Non-involvement of special interested parties in the negotiation process of the Transactions

The directors or employees who represented the Company in examining and negotiating regarding the Transactions do not include any person who has a special interest in the Transactions, and there is no other fact that would lead us to infer that the Polaris, the Tender Offeror, the Prospective Tendering Shareholders or any other person who has a special interest in the Transactions has had undue influence on the Company in the process of discussion, examination and negotiation regarding the Transactions.

(d) Market Checks

The Tender Offeror plans to set a tender offer period of 30 business days, which is longer than the statutory minimum period of 20 business days. The Tender Offeror and the Company have not entered into any agreement that would restrict contact between a counter offeror and the Company, such as an agreement that includes a deal protection clause that restricts the Company from contacting counter offerors. Therefore, opportunities for counter purchase are secured.

In addition, since February 2021, the Company has received proposals regarding transactions of the same type or similar to the Transactions or has held discussions and examinations regarding such transactions with several parties other than the Tender Offeror. The Special Committee received explanations of the process and details of these proposals, discussions and examinations, and examined them through interviews in detail. As a result, the Special Committee did not find any circumstances that would impair the appropriateness of the Tender Offer Price or other terms and conditions of the Transactions.

(e) Respect to the opinion of the Special Committee

The Company has determined to give the highest degree of respect to the opinion of the

Special Committee in making decisions on the Transactions (including expressing an opinion on the Tender Offer), and if the Special Committee determines that the Transactions are not appropriate, the Company will not make the decision to conduct the Transactions.

(f) Fairness ensuring measures

Although the Tender Offer does not constitute a management buy-out (MBO) transaction or acquisitions of a controlled company by the controlling shareholder, where issues with respect to structural conflicts of interest exist, it can be considered that measures comparable to fairness ensuring measures in a management buy-out (MBO) transaction or acquisitions of a controlled company by the controlling shareholder have been taken as described above.

(g) Summary

In consideration of the above, the Special Committee has carefully deliberated and examined and has come to the conclusion that appropriate fairness ensuring measures have been taken in the Transactions, and that the procedures for the Transactions are fair.

(iv) In light of (i) through (iii) above and any other matters, whether or not the decision by the board of directors of the Company to conduct the Transactions (including expressing an opinion on the Tender Offer) is disadvantageous to the Company's minority shareholders. In light of (i) through (iii) above and any other matters, it is not disadvantageous to the Company's minority shareholders that the board of directors of the Company resolve to express its opinion in favor of the Tender Offer, to recommend that the shareholders of the Company tender their shares in the Tender Offer, and to recommend that the Stock Acquisition Right Holders who hold the Second Stock Acquisition Rights, the Third Stock Acquisition Rights, the Fourth Stock Acquisition Rights, the Fifth Stock Acquisition Rights, the First Stock Acquisition Rights (For Employees), the Second Stock Acquisition Rights (For Employees), the Third Stock Acquisition Rights (For Employees) and the Fourth Stock Acquisition Rights (For Employees) tender their stock acquisition rights in the Tender Offer; on the other hand, to leave the decision on whether the Stock Acquisition Right Holders who hold the Fifth Stock Acquisition Rights (For Employees) and the Sixth Stock Acquisition Rights (For Employees) tender their stock acquisition rights in the Tender Offer to the judgment of those Stock Acquisition Right Holders and resolve implement the Squeeze-Out Procedure by Demand for Share, Etc Cash-Out or Share Consolidation.

**(C) Obtainment by the Company of Advice from Independent Law Firm**

In order to exercise the utmost prudence in the decision-making by the board of directors of the Company regarding the Transactions, eliminate arbitrariness in the decision-making process by the board of directors of the Company, and ensure the fairness of the decision-making process, the Company appointed TMI Associates as a legal advisor independent from Polaris, the Tender Offeror, the Company, and the Prospective Tendering Shareholders, and subsequently received legal advice from TMI Associates on the measures to be taken to ensure the fairness of the procedures for the Transactions, procedures for the Transactions, the methods and process of decision-making by the board of directors of the Company regarding the Transactions, and other points to be noted when making decisions on the Transactions, including the Tender Offer. TMI Associates has no material interests in the Transactions, including the Tender Offer. Furthermore, remuneration for TMI Associates consists solely of the remuneration paid on an hourly basis, and the Company has not adopted a contingent fee system where the payment of

remuneration is conditioned upon the announcement, completion, or the like of the Transactions.

**(D) Approval of All Directors (Including Directors Who are Also Audit and Supervisory Committee Members) of the Company**

The Company carefully deliberated on and considered the terms and conditions of the Transactions based on the contents of the Company Share Price Valuation Report received from Plutus and legal advice from TMI Associates, giving the highest degree of respect to the matters stated in the Report obtained from the Special Committee. As a result, as stated in “(B) Process of and Reasons for the Decision to Support the Tender Offer by the Company” of “(C) Decision-making process and reasoning that led the Company to endorse the Tender Offer” in “(2) Background and Reasons for the Opinion” above, the Company resolved at its board of directors meeting held today, 2021, with the unanimous approval of all eight directors of the Company, to express its opinion in favor of the Tender Offer and recommend that the shareholders of the Company tender their shares in the Tender Offer and to recommend that the Stock Acquisition Right Holders who hold the Second Stock Acquisition Rights, the Third Stock Acquisition Rights, the Fourth Stock Acquisition Rights, the Fifth Stock Acquisition Rights, the First Stock Acquisition Rights (For Employees), the Second Stock Acquisition Rights (For Employees), the Third Stock Acquisition Rights (For Employees), and the Fourth Stock Acquisition Rights (For Employees) tender their stock acquisition rights in the Tender Offer, but to leave the decision on whether the Stock Acquisition Right Holders who hold the Fifth Stock Acquisition Rights (For Employees) and the Sixth Stock Acquisition Rights (For Employees) tender their stock acquisition rights in the Tender Offer to the judgment of those Stock Acquisition Right Holders.

**(E) Measures Taken by the Tender Offeror for Securing Opportunities for Purchase by Other Tender Offerors**

Although the shortest tender offer period in a tender offer under laws and regulations is 20 Business Days, the Tender Offeror has set the Tender Offer Period in the Tender Offer to 30 Business Days. By setting a comparatively long tender offer period, the Tender Offeror secures an appropriate opportunity for the shareholders of the Company to make a decision in regard to tendering shares in response to the Tender Offer while also securing an opportunity for parties other than the Tender Offeror to make counter tender offers with respect to the Company Shares, and the Tender Offeror thereby intends to ensure the fairness of the Tender Offer. In addition, the Tender Offeror and the Company have not entered into any agreement that restricts the Company from contacting persons making counter tender offers, including any agreement containing a transaction protection clause that forbids the Company from contacting such counter tender offerors. Together with the setting of a comparatively long tender offer period as stated above, this secures opportunities for counter tender offers, thereby giving consideration to ensuring the fairness of the Tender Offer.

**(F) Setting of a Minimum Number of Shares that Satisfies a “Majority of Minority” Condition**

As stated in “(A) Outline of the Tender Offer” in “(2) Background and Reasons for the Opinion” above, the minimum number of shares to be purchased in the Tender Offer (23,731,300 shares; ownership ratio: 66.67%) shall exceed the number of shares (20,222,199 shares; ownership ratio: 56.81%) obtained by adding (a) the number of shares (13,377,099 shares; ownership ratio:



37.58%) equivalent to the majority of the number of shares (26,754,198 shares) resulting from (i) the total number of shares after accounting for potential shares (35,597,198 shares) less (ii) the total number (8,843,000 shares) of the Prospective Tendered Shares (6,845,100 shares) and the Prospective Shares not to be Tendered (1,997,900 shares), that is, the number of shares equivalent to the majority of the number of Company Shares held by the shareholders of the Company who have no interest in the Tender Offeror (the so-called “majority of minority”) and (b) the total number of the Prospective Tendered Shares (6,845,100 shares, ownership ratio: 19.23%). If the consent of the majority of the Company’s shareholders who do not have any interest in the Tender Offeror is not obtained, the Tender Offer will not be successful, thereby placing importance on the intent of the minority shareholders of the Company.

#### **4. Matters regarding Important Agreements relating to the Tender Offer**

As stated in “(A) Outline of the Tender Offer” in “(2) Background and Reasons for the Opinion” above, upon conducting the Tender Offer, the Tender Offeror entered into the Tender Offer Agreement with Aslead Capital as of today. In the Tender Offer Agreement, the Prospective Tendering Shareholders have agreed to tender the Prospective Tendered Shares (number of shares: 6,845,100 shares; ownership ratio: 19.23%) of the Company Shares held by the Prospective Tendering Shareholders (total number of shares held: 8,843,000 shares; ownership ratio: 24.84%) and not to tender the remaining Prospective Shares not to be Tendered (number of shares: 1,997,900 shares; ownership ratio: 5.61%) in the Tender Offer. There are no contracts or other agreements between the Tender Offeror and Aslead Capital other than the Tender Offer Agreement.

An outline regarding the Tender Offer Agreement is as follows. There are no condition precedents under the Tender Offer Agreement.

- If the Tender Offeror commences the Tender Offer, Aslead Capital will promptly (at the latest within 10 Business Days after the commencement of the Tender Offer) tender in the Tender Offer the Prospective Tendered Shares (number of shares: 6,845,100 shares; ownership ratio: 19.23%) (the “Share Tender”), and will not withdraw the Share Tender after the Share Tender has been made nor cancel the agreement pertaining to the purchase of the Prospective Tendered Shares that will become effective as a result of the Share Tender. However, if, by the last day of the Tender Offer Period, (i) a tender offer for the Company Shares is commenced by a third party other than the Tender Offeror at a price higher than the tender offer price for common shares in the Tender Offer (if the price is raised due to changes in the conditions of the Tender Offer, then the tender offer price for common shares as so changed) (the “Tender Offer Price for Common Shares”), (ii) a third party other than the Tender Offeror makes a proposal or solicitation to Aslead Capital that Aslead Capital reasonably determines to be concrete and feasible regarding a transaction to purchase all or part of the Company Shares held by Aslead Capital, and the purchase price in the transaction is higher than the Tender Offer Price for Common Shares, or (iii) the market price of the Company Shares is higher than the Tender Offer Price for Common Shares, and Aslead Capital reasonably determines that there is a high possibility that conducting the Share Offer or not withdrawing the Share Offer or not cancelling the agreement pertaining to the purchase of the Prospective Tendered Shares may breach the fiduciary obligations of Aslead Capital owed to its investors, then Aslead Capital may not conduct the Share Tender, or may withdraw the Share Tender or cancel the agreement pertaining to the purchase of the Prospective Tendered Shares (such non-performance of the Share Tender, withdrawal of the Share Offer and cancellation of the Tender Offer Agreement are collectively referred to as the “Withdrawal, Etc.”); provided, however, that In the vase where Aslead Capital desires to exercise the Withdrawal, Etc. pursuant to the phrase (iii) above, Aslead Capital shall make a request for consultation to the Tender Offeror prior to the Withdrawal, Etc. in

order to provide the Tender Offeror with an opportunity for consultation. Even in the event that Aslead Capital makes the Withdrawal, Etc. pursuant to the phrase (iii) above, Aslead Capital shall, upon request by the Tender Offeror even after the Withdrawal, Etc. for the purpose of possible tender by Aslead Capital in the Share Tender, consult in good faith with the Tender Offeror, unless Aslead Capital reasonably determines that it may violate the fiduciary duties owed by Aslead Capital or the laws and regulations applicable to Aslead Capital or that it may be difficult to meet such request in practice.

- Aslead Capital may not, from the date of execution of the Tender Offer Agreement until the settlement commencement date of the Tender Offer, through itself or a related party (meaning corporations, associations, investment limited liability partnerships, general partnerships, limited partnerships, or other entities, and partners or other members thereof that are controlled by Aslead Capital, controls Aslead Capital, or are directly or indirectly under common control with Aslead Capital), acquire the Company Shares, assign, transfer, create a security interest over, or otherwise dispose of the Prospective Tendered Shares and the Prospective Shares not to be Tendered, or execute any other transaction that substantially conflicts with the Tender Offer or makes the execution of the Tender Offer difficult or any agreement for any of the same matters (excluding the tendering the Prospective Tendered Shares), or make any proposal or solicitation, engage in any discussions or negotiations, or provide any information, in respect of any such transactions whether directly or indirectly, or on its own account or on the account of others..

- If the Tender Offer takes effect and the settlement thereof is completed, and if and when any general shareholders' meeting of the Company the cut-off date for the voting shareholders of which shall be as of prior to the settlement commencement date of the Tender Offer, is held after the settlement commencement date of the Tender Offer, Aslead Capital shall, at the option of and selection by the Tender Offeror with respect to all voting rights and other rights of the Prospective Tendered Shares and the Prospective Shares not to be Tendered, (i) grant a comprehensive proxy to the Tender Offeror or a person designated by the Tender Offeror, or (ii) exercise its voting rights in accordance with the instructions of the Tender Offeror.

- If the Tender Offer takes effect and the settlement thereof is completed, and if and when any General Shareholders' Meeting of the Company (including the said Extraordinary Shareholders' Meeting) the cut-off date for the voting shareholders of which shall be as of on or after the third business day following the date on which the settlement of the Tender Offer commences is held (but only at those General Shareholders' Meeting held within three months from the date on which the settlement commences), Aslead Capital shall, at the option of and selection by the Tender Offeror with respect to all voting rights and other rights of the Prospective Tendered Shares and the Prospective Shares not to be Tendered, either (i) grant comprehensive proxy to the Tender Offeror or to the person designated by the Tender Offeror, or (ii) exercise its voting rights in accordance with the instructions of the Tender Offeror.

**5. Details of Profits Received from the Tender Offeror or its Specially Related Parties**

N/A

**6. Policy for Responses Regarding Basic Policies on the Control of the Company**

N/A

**7. Inquiries to the Tender Offeror**

N/A

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

N/A

**9. Future Prospects**

Please see “(B) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror Deciding to Conduct the Tender Offer” and “(C) Decision-making process and reasoning that led the Company to endorse the Tender Offer” in “(2) Background and Reasons for the Opinion” and “(4) Prospects and Reasons for Delisting” and “(5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the “Two-Step Acquisition”)” in “3. Details and Background and Reasons for, the Opinion Regarding the Tender Offer” above.

**10. Other Matters**

**(1) Announcement of the “Consolidated Financial Summary (Japanese GAAP) for the Second Quarter of the Fiscal Year Ending March 31, 2022”**

The Company announced the Company’s Quarterly Financial Results today. For details, please refer to the announcement concerned.

**(2) Announcement of the “Notice of Revision (Non-Distribution) of Year-end Dividend Forecasts for Fiscal Year Ending March 31, 2022 and Abolishment of Shareholder Special Benefit Plan”**

As stated in the “Notice of Revision (Non-Distribution) of Year-end Dividend Forecasts for Fiscal Year Ending March 31, 2022 and Abolishment of Shareholder Special Benefit Plan” issued today, the Company resolved at its board of directors meeting held today, to distribute no final dividends for the fiscal year ending March 31, 2022, and to abolish the shareholder special benefit plan, subject to the completion of the Tender Offer. For details, please refer to the announcement concerned.

End

[Reference] “Notice regarding Commencement of the Tender Offer for Share Certificates, Etc. of Space Value Holdings CO., LTD. (Securities Code 1448)” as of November 12, 2021

### US Regulations

The Tender Offer will be conducted in compliance with the procedures and information disclosure standards provided under the Financial Instruments and Exchange Act of Japan, and those procedures and standards are not always the same as those applicable in the United States. In particular, neither Section 13(e) nor Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, the “U.S. Securities Exchange Act of 1934”) nor the rules under these sections apply to the Tender Offer; therefore, the Tender Offer is not conducted in accordance with those procedures or standards. The financial information included in this press release does not conform to the U.S. accounting standards and may not be equivalent to the financial statements made in the United States. Also, because the Tender Offeror and the Company are corporations incorporated outside the United States and some or all of their directors are non-U.S. residents, it may be difficult to exercise rights or claims against them under the U.S. securities laws. Also, it may be impossible to initiate legal proceedings in a court outside of the United States against a company or individual that is based outside of the United States on the grounds of a violation of the federal securities laws of the United States. There is also no guarantee that a company that is based outside of the United States or its subsidiaries or affiliates may be compelled to submit themselves to the jurisdiction of a U.S. court.

All procedures regarding the Tender Offer will be conducted in Japanese unless specifically set forth otherwise. All or part of the documents regarding the Tender Offer will be prepared in English. However, if there is any discrepancy between the documents in English and those in Japanese, the documents in Japanese shall prevail.

Before the commencement of the Tender Offer or during the purchase period of the Tender Offer, the Tender Offeror and its affiliates, and affiliates of the Tender Offeror’s financial advisor might purchase by means other than the Tender Offer or conduct an act aimed at such purchase of the Company Shares on their own accounts or the accounts of their clients to the extent permitted by Japanese laws and regulations related to financial instruments transactions and other applicable laws and regulations in the scope of their ordinary business and in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934. If information regarding such a purchase is disclosed in Japan, that information will also be disclosed in the English language on a website of the person that conducted that purchase.

### Prediction of the Future

This press release includes forward-looking statements as defined in Section 27A of the U.S. Securities Act of 1933 (as amended, the “U.S. Securities Exchange Act of 1933”) and Section 21E of the U.S. Securities Exchange Act of 1934. The actual results may be significantly different from the predictions expressly or impliedly indicated in the forward-looking statements, due to known or unknown risks, uncertainty, or other factors. The Tender Offeror or its affiliates do not guarantee that the predictions expressly or impliedly indicated as the forward-looking statements will turn out to be correct. The forward-looking statements included in this press release were prepared based on the information held by the Tender Offeror as of today, and unless obligated by laws or regulations or the rules of a financial instruments exchange, the Tender Offeror, the Company or their affiliates shall not be obligated to update or revise the statements to reflect future incidents or situations.