



February 4, 2022

To Whom It May Concern

Company name AT-Group Co.,Ltd.
(Code No.8293 Second Section of the Nagoya Stock Exchange)
Representative Director Masashi Yamaguchi
Contact
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Notice Regarding MBO and Recommendation of Tender

AT-Group Co.,Ltd. (the “Company”) hereby announces that it resolved, at its Board of Directors’ Meeting held on February 4, 2022, that it will express an opinion in support of a tender offer for its common shares (the “Company Shares”) to be conducted by Hinode Co.,Ltd. (the “Tender Offeror”) as part of a “Management Buyout (MBO)” (Note) (the “Tender Offer”), and recommend that the Company’s shareholders tender in the Tender Offer, as detailed below.

The aforementioned resolution at the Board of Directors’ Meeting was made under the premise that the Company Shares are scheduled to be delisted as a result of the Tender Offer and a series of subsequent procedures.

Note: "Management Buyout (MBO)" generally means a transaction in which the management of the acquired company invests all or part of the acquisition funds to acquire shares of the acquired company on the premise of continuing the business of the acquired company.

1 Overview of the Tender Offeror

(1)	Name	Hinode Co.,Ltd.
(2)	Address	Takatsuji-cho 6-8, Showa-ku, Nagoya-shi, Aichi
(3)	Name and title of	Masashi Yamaguchi, Representative Director

	representative	
(4)	Description of business	Acquiring and holding the Company Shares
(5)	Capital stock	JPY100,000
(6)	Date of incorporation	December 24, 2021
(7)	Major shareholders and shareholding ratio (As of February 4, 2022)	Masashi Yamaguchi, 100%
(8)	Relationship between the Tender Offeror and the Company	
	Shareholding	Masashi Yamaguchi, who is the representative director of The Tender Offeror, owns 1,021,232 shares of the Company Shares (ownership ratio (Note 1): 3.04%). Furthermore, the number of shares of the Company owned by Nagoyayuho Co.,Ltd. (Note 2) (“Nagoyayuho”), in which Masashi Yamaguchi owns the majority of its issued shares and serves as the representative director, is 2,973,440 shares (ownership ratio: 8.85%).
	Personnel	Masashi Yamaguchi, a representative director of the Company, concurrently serves as a representative director of the Tender Offeror.
	Trading	Not applicable
	Applicability as a related party	The Tender Offeror is a related party of the Company because all of the voting rights are owned by Masashi Yamaguchi, the representative director of the Company.

(Note 1) The “ownership ratio” refers to the ratio to the number of shares (33,585,324 shares) obtained by subtracting the number of treasury shares owned by the Company as of December 31, 2021 as stated in the “Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 2022” announced by the Company on February 4, 2022 (the “Company’s the Third Quarter Financial Results”) (1,585,727shares) from the total number of issued shares as of December 31, 2021 as stated in the third quarterly report for the 112th fiscal year submitted by the Company on February 4, 2022 (the “Company’s the Third Quarter Report”) (35,171,051shares) (rounded to the nearest hundredth). The same applies hereinafter.

(Note 2) Nagoyayuho operates real estate leasing business, and Masashi Yamaguchi and his relatives together own 74.3% of the voting rights of Nagoyayuho. Masashi Yamaguchi serves as the

representative director of Nagoyayuho.

2 Tender Offer Price

JPY 2,800 per share of common stock (the “Tender Offer Price”)

3 Details and Grounds and Reasons for, the Opinion Regarding the Tender Offer

(1) Details of the Opinion

The Company resolved, at its Board of Directors’ Meeting held on February 4 2022, that it will express an opinion in support of the Tender Offer and recommend that the Company’s shareholders tender in the Tender Offer, based on the ground and reasons as described in “(2) Grounds and Reasons for the Opinion” below.

The above resolution was made in accordance with the method described in “④ Approval of All Directors of the Company Without Conflicts of Interest and No Objection from any Auditor” of “(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as well as Measures to Avoid Conflicts of Interest” below.

(2) Grounds and Reasons for the Opinion

The following descriptions concerning the Tender Offeror are based on the explanations from the Tender Offeror.

① Overview of the Tender Offer

The Tender Offeror is a stock company (*kabushiki kaisha*) established on December 24, 2021, having its main purpose being acquiring and holding of the Company Shares listed on the Second Section of Nagoya Stock Exchange, Inc. (the “Nagoya Stock Exchange”). As of today, all the shares issued by Tender Offeror are owned by Masashi Yamaguchi who is the representative director of the Company, and also serves as the representative director of the Tender Offeror. As of today, the Tender Offeror does not own the Company Shares.

As of today, Masashi Yamaguchi, who is the representative director of The Tender Offeror, owns 1,021,232 shares of the Company Shares (ownership ratio: 3.04%, the eighth largest shareholder of the Company).

Furthermore, as of today, Nagoyayuho, owns 2,973,440 shares (ownership ratio: 8.85%, the largest shareholder of the Company).

The Tender Offeror has decided to implement the Tender Offer as a part of series of transactions (the “Transaction”) for the purpose of acquiring all the Company Shares (excluding the treasury shares owned by the Company, the Company Shares owned by Masashi Yamaguchi and the Company Shares owned by Nagoyayuho) and delisting the

Company shares.

The Transaction falls under the so-called management buyout (MBO). Masashi Yamaguchi plans to continue to manage the Company after the Transaction. No agreement has been executed among the Tender Offeror and other directors or auditors of the Company regarding assumption of position as an officer, director or auditor of the Company after the Tender Offer and their conditions. The management structure including the composition of directors and auditors after the Tender Offer is planned to be determined in consultation with the Company and the Tender Offeror after the consummation of the Tender Offer.

In connection with the implementation of the Tender Offer, by February 4, 2022, the Tender Offeror has orally agreed with each of Masashi Yamaguchi (number of shares held: 1,021,232 shares, ownership ratio: 3.04%) and Nagoyayuho (number of shares held: 2,973,440 shares, ownership ratio: 8.85%) (collectively, the "Non-Tender Shareholders") that Non-Tender Shareholders will not tender in the Tender Offer for all of the Company Shares owned by each of the Non-Tender Shareholders (the "Non-Tendered Shares") (total number of shares held: 3,994,672 shares, ownership ratio: 11.89%), and if the Tender Offer successfully completes, they will exercise their voting rights in favor of each proposals related to the Squeeze Out Procedures (as defined below) at the Extraordinary General Shareholders' Meeting (as defined in "(5) Post-Tender Offer Reorganization Policy (Two-Step Acquisition Matters)" below.). For the overview of the agreement, see "4 Matters Regarding Material Agreements Related to the Tender Offer between the Tender Offeror and the Shareholders, Directors, etc. of the Company" below.

The Tender Offeror has set 18,395,528 shares (ownership ratio: 54.77%) as the minimum number of shares to be purchased. If the aggregate number of shares, etc. tendered in the Tender Offer ("Tendered Shares, Etc.") is less than the minimum number of shares to be purchased, the Tender Offeror will not purchase any of the Tendered Shares, Etc.

On the other hand, the Tender Offeror has not set any maximum number of shares to be purchased as it aims to make the Company Shares delisted, and thus, the Tender Offeror will purchase all the Tendered Shares, Etc. as long as the aggregate number of the Tendered Shares, Etc. is no less than, the minimum number of shares to be purchased (18,395,528 shares). The minimum number of shares to be purchased in the Tender Offer (18,395,528 shares) is calculated by following formulae: (i) subtracting the number of treasury shares owned by the Company as of December 31, 2021 as stated in the Company's the Third Quarter Financial Results (1,585,727 shares) from the total number of issued shares of the Company as of December 31, 2021 as stated in the Company's the Third Quarter Report (35,171,051 shares), (ii) multiplying the number of voting rights (335,853 voting rights) corresponding to the number of shares (33,585,324 shares) calculated in step (i) by two-thirds

(rounded up to the nearest whole number) (223,902 voting rights), and (iii) subtracting the number of Non-Tendered Shares (3,994,672 shares) from the number of shares (22,390,200 shares) corresponding to the number of the voting rights calculated in step (ii) (223,902 voting rights). As the Tender Offeror aims to delist the Company through the Transaction and as a shareholders' special resolution pursuant to Article 309, Paragraph 2 of the Companies Act (Law No. 86 of 2005, as amended) (the "Companies Act".) is required for the Share Consolidation described in "(5) Post-Tender Offer Reorganization Policy (Two-Step Acquisition Matters)" below, and the Tender Offeror has agreed with Non-Tender Shareholders that Non-Tender Shareholders will not tender in the Tender Offer for the Non-Tendered Shares, and if the Tender Offer successfully completes, they will exercise their voting rights in favor of each proposals related to the Squeeze Out Procedures at the Extraordinary, the minimum number of shares to be purchased is set to such number of shares which ensures that the Transaction may be able to carry out. Further, the minimum number to be purchased in the Tender Offer (18,395,528 shares) is the number of shares above the number of shares (14,795,327 shares) equivalent to the majority of the number of shares (29,590,652 shares) obtained (x) by subtracting the number of treasury shares owned by the Company as of December 31, 2021 as stated in the Company's the Third Quarter Financial Results (1,585,727 shares) and (y) the number of Non-Tendered Shares (3,994,672 shares) from (z) the total number of issued shares of the Company as of December 31, 2021 as stated in the Company's the Third Quarter Report (35,171,051 shares). This number exceeds the majority of the Company Shares held by the Company's shareholders who do not have a material interest with the Tender Offeror, which means, the number of shares is above the so-called "majority of minorities."

Based on the above, if the Tender Offeror fails to obtain approval of majority of the shareholders of the Company other than those who have interest with the Tender Offeror, it will not carry out the Transaction including the Tender Offer, respecting the intention of the minority shareholders of the Company.

As stated in "(5) Post-Tender Offer Reorganization Policy (Two-Step Acquisition Matters)" below, if the Tender Offeror, despite the completion of the Tender Offer, fails to acquire all of the Company Shares (excluding the treasury shares owned by the Company and Non-Tendered Shares) through the Tender Offer, the Tender Offeror intends to carry out a series of procedures as part of the Transaction for the purpose of making the Tender Offeror and Non-Tender Shareholders (or the Tender Offeror and Nagoyayuho, or only the Tender Offeror) the sole shareholders of the Company (the "Squeeze-Out Procedures").

In addition, the Tender Offeror is scheduled to eventually become sole shareholder of the

Company, and as a means of achieving this purpose, after the completion of the Squeeze-Out Procedures, share exchange will be implemented where the Tender Offeror be the wholly-owning parent of the Company and the Company be the wholly-owned subsidiary of the Tender Offeror.

Although the Tender Offeror is scheduled to implement this share exchange with its consideration of the shares of the Tender Offeror, the timing of execution of the share exchange and details of specific terms and conditions thereof have not yet been determined as of today.

If the Tender Offer successfully completes, the Tender Offeror plans to cover the funds required for the settlement of the Tender Offer by borrowing from MUFG Bank, Ltd. (the “MUFG Bank”) (the “Tender Offer Settlement Funds Borrowings”). While the details of the Tender Offer Settlement Funds Borrowings is to be set forth in the loan agreement regarding the relevant borrowing through separate deliberations by Tender Offeror with MUFG Bank, the Company and its subsidiaries (scheduled to be AICHI TOYOTA MOTOR CO., LTD., TOYOTA COROLLA AIHO CO., LTD., NETZ TOYOTA AICHI CO., LTD., and NETZ TOYOTA TOKAI CO., LTD.) are expected to become joint and several guarantors of the Tender Offeror after the completion of the Squeeze-Out Procedures. As of December 31, 2021, the MUFG Bank is the sixth-largest shareholder (excluding the Company) of the Company (number of shares held: 1,200,000 shares, ownership ratio: 3.57%). However, the Tender Offeror has not approached the MUFG Bank of its agreement to tender for the Tender Offer since the Tender Offeror had considered that the MUFG Bank established appropriate conflicts of interest management system such as measure for fire wall within the Bank and the MUFG Bank made its decision-making whether tendering or not for the Tender Offeror independent from the terms and conditions of the Tender Offer Settlement Funds Borrowings, and as of today, the MUFG Bank has not expressed its intention to tender for the Tender Offer. In addition, the MUFG Bank is not a related party (this “related party” means the related party stipulated in Article 8, Paragraph 17 of Regulation on Terminology, Forms, and Preparation Methods of Financial Statements. The same applies hereinafter.) of the Tender Offer and the Company, and the MUFG Bank established appropriate conflicts of interest management system such as measure for fire wall within the Bank etc., pursuant to Article 13-3-2, Paragraph 1 of the Banking Act and Article 14-11-3-3 etc., of Ordinance for enforcement of the Banking Act. Furthermore, the MUFG Bank is not in the position of an advisor to provide services such as company share valuation report, etc. to Tender Offeror and the Company with respect to the Transaction. Therefore, the Tender Offeror has determined the above "Majority of Minority" on the premise that the MUFG Bank has no significant interest with the Tender Offeror.

② Background of the Decision to Implement the Tender Offer, Reason, Decision-Making Process, and Post-Tender Offer Management Policy

i. Background of the Decision to Implement the Tender Offer, Reason, Decision-Making Process

The Company was established as Aichi Prefecture Automobile Distribution KK in November 1942, with Hinode Motors KK, which became the first distributor of Toyota Motor Corporation ("Toyota") in November 1935 and sold the first G1 Model truck of Toyota in Japan being its predecessor. Subsequently, the Company changed its company name to AICHI TOYOTA MOTOR CO., LTD. in August 1948, and was listed in the Second Section of Nagoya Stock Exchange in October 1961. The Company shifted to a pure holding company structure and changed to its current company name of AT-Group Co., Ltd. in April 2007.

As of today, the Company's group consists of the Company, twelve consolidated subsidiaries, two non-consolidated subsidiary and one affiliate (the "Company Group"). The Company Group's main businesses are (i) automobile-related businesses centered in Aichi, operated by the Four Toyota Distributors (Note 1), which account for more than 90% of the Company Group's sales, including the sale of automobiles and automotive parts and accessories, automotive maintenance and other automotive-related services, (ii) housing-related businesses, which sell, trade and repair real estate, and (iii) computer-related businesses, such as information processing and system development.

(Note 1) The Four Toyota Distributors refer to the wholly-owned subsidiaries of the Company, AICHI TOYOTA MOTOR CO., LTD., TOYOTA COROLLA AIHO CO., LTD., NETZ TOYOTA AICHI CO., LTD., and NETZ TOYOTA TOKAI CO., LTD. (collectively, the "Four Toyota Distributors")

The Company has achieved steady growth for more than 80 years since it sold the first G1 Model truck of Toyota in Japan, along with the progress of motorization within the country. The Company has pride that it has been leading the automotive sales industry as a pioneer in automobile sales by dealing a wide variety of Toyota products and introducing sale in installment and automobile lease at an early stage. At the same time, the Company has expanded its business under the slogan "Minding the Future and Meeting Customer Expectations". Today, the Company Group has a network consisting of 211 stores for automobile sales, mainly in Aichi Prefecture, and believes it is firmly positioned as one of Japan's leading new car dealer group with selling approximately 90,000 new vehicles in the fiscal year ending March 2021. The Company Group is committed to further strengthening

its marketing capabilities and achieving group management that further enhances efficiency, fairness, and transparency.

On the other hand, the domestic market for new cars has been on a gradual downward trend, after seeing peak at 7.78 million vehicles sold in 1990. Due to further population decline, the return of licenses from the elderly, unpopularity of cars among young people in urban areas, the growing popularity of car sharing and the prolonged holding period of automobiles, the sale of new cars in Japan is expected to further decline from 4.66 million in 2020 to 3.32 million in 2050 (Note 2). Moreover, given the influence on change in corporate economic activities and the lifestyles of individuals and the decline in the number of automobile production and sale due to the stagnation of automotive parts such as semiconductors (Note 3) all due to the spread of COVID-19, the Company considers that the outlook for the future remains uncertain.

Further, the automotive industry is facing an once-in-a-century evolution (Note 4), represented by “CASE” (Connected, Automated, Shared, and Electric) (Note 5). In addition, there is a growing interest in SDGs (Sustainable Development Goals) and the Japanese government announced on October 2020, its goal to achieve carbon neutrality. As a result, EVs (Note 6), which have fewer parts than automobiles with internal combustion engines are expected to spread, and automated vehicles with IoT (Note 7) and AI (Note 8) installed and other technology to be installed on next-generation vehicles are being researched and developed and therefore further acceleration in the technological innovation is expected.

In addition, Toyota, the manufacturer of the Company Group’s main merchandise, had been divided into four channels for each of the four Toyota brands (“Toyota”, “Toyopet”, “Corolla”, and “Netz”), and the sales models had been different for each channel. However, in May 2020, Toyota launched the “All-Vehicle Sale” system, where all Toyota brands will sell all models set aside a few exceptions, which essentially unified the sales channels within the country, and as a result, competition among Toyota dealers became more intense as all of the Four Toyota Distributors as well as all other dealers under the Toyota brand (“**Toyota Dealers**”), are required to differentiate themselves by services unique to each company and not by the type of vehicles they sell.

(Note 2) Source: The Japan Federation of Automobile Dealers' Associations and the Japan Federation of Light Motor Vehicles Associations

Source: March 2021, Mitsubishi Research Institute, Ltd., Tax Revenue Simulation Survey on Automobile Related Tax System

(Note 3) Source: October 2021, Japan External Trade Organization, Automobile Manufacture and Sales Trend in Major Countries

(Note 4) Source: August 31, 2018, Ministry of Economy, Trade and Industry, Strategic Meeting for New Era in Automobile, Industry Intermediate Arrangement

(Note 5) "CASE" is an acronym for four major trends in the automotive industry, which are: Connected (meaning cars consistently connected to the network), Autonomous (meaning automated driving), Shared & Services, and Electronic.

(Note 6) "EV" is an abbreviation for electric vehicles.

(Note 7) "IoT" is an abbreviation for the Internet of Things, a system in which all surrounding things are connected to the Internet.

(Note 8) "AI" is an abbreviation for artificial intelligence.

In the business environment described above, the Company Group recognizes the following issues as prioritized issues in its future business operations and is working to solve them.

(I) Ensuring Competitive Advantage against Competitors through Enhancing Correspondence to Technological Innovation

In addition to strengthening the Company's correspondence to DX (Digital Transformation) and "CASE", the Company is striving to further strengthen its competitiveness by promoting community-based sales activities, exercising of its strategic planning functions as a group and efficiently operating the organization, building a strong management base, and providing products and services that meet the needs of each customer as well as to promoting training of human resources, reforming of working styles, and securing of human resources that will contribute to the Company's business. In addition, the Company is considering organizational structures and marketing strategies to integrate the Four Toyota Distributors within the Company Group, which is scheduled to occur by April 2023, in order to further enhance the market competitiveness, as mentioned in the "Consummation of consideration for the integration of the Toyota distributors within the group", published by the Company on August 21, 2019. In addition, from a mid- to long-term perspective, the Company believes that the restructuring of its store network, including the consolidation of stores, will be an important issue to be considered in the future, although it may result in a temporary decline in sales due to decrease in number of shops and temporary increase of fees and costs due to integration of shops.

(II) Enhancing the Governance Structure

The Company's wholly-owned subsidiary, NETZ TOYOTA AICHI CO., LTD. was

subject to administrative punishment (cancellation of designated automobile maintenance permit for the shop and dismissal of automobile inspector) on March 30, 2021 for violating the Road Transport Vehicle Act in connection with Designated Automobile Maintenance in Plaza Toyohashi shop with regard to automobile maintenance operations (For details, see “Administrative Punishment imposed on our shop (Plaza Toyohashi)” published on NETZ TOYOTA AICHI CO., LTD.’s website, dated as of the date noted above.). The Company Group takes this action seriously and is working to rebuild the group's governance structure by establishing with automotive dealers within the group a prompt and proper inspection system, and re-thorough compliance education and strengthening audit system etc. Given this important lesson, the Company is striving to recover customer trust by fostering and building a corporate culture and group governance system, including business management system and audit system, where customer safety and satisfaction is give the utmost priority, from a mid to long-term perspective and without being constrained by short-term efficiency.

(III) Reaction to COVID-19

The Company is putting our best effort to prevent infection among our customers, employees, their families, and business partners. The Company is also promoting non-contact sales activities using online platforms, flexible response to fund demands for the costs etc., arising from the required measures due to the spread of COVID-19, and reducing fixed costs to adapt to the new normal era, in which acceleration of promoting non-contact sales activities is anticipated, to arrive after the convergence of the pandemics.

In order to respond to the rapid changes in the environment surrounding the automotive industry such as “CASE”, and to the increasingly fierce competition among automotive dealers including the Toyota Dealers, under the business environment in which the Company Group is exposed, Masashi Yamaguchi, the representative director of the Company, from a mid- to long-term perspective, is deeply concerned that the Company Group's efforts noted above and maintaining of current situation are not satisfactory, and instead believes that it is necessary for the group to aggressively reform the business style of automotive dealers or enter into new business areas.

Masashi Yamaguchi believes, that in order for the Company Group to achieve further growth over a mid- to long-term and continue to generate cash flows through a sustainable growth, the Company Group must establish a system that would enable the Group to actively, flexibly, and swiftly consider and implement various measures to respond rapidly and

appropriately to changes in the business environment, such as changes in market structure or increase in competition intensity. Specifically, Masashi Yamaguchi believes it is indispensable that the field and employees work as a team together with the local community in order to meet the expectation of local communities and customers in a prompt and thorough manner. In addition, he thinks the following measures (A) to (C) are necessary for a fundamental management reform.

(A) Reorganization/Integration of the Four Toyota Distributors

Since the sales models had been different for each sales channel, organizational structure and sales strategy of Four Toyota Distributors, which are the core of the Group's automotive-related business, have been separate and different. Given the introduction of the “All Vehicle Available at All Dealership” by Toyota in May 2020, the Company Group has been aiming for an optimal system and reviewing its organizational structure and sales strategy including the possibility of reorganizing 195 stores within the Company Group in order to integrate the Four Toyota Distributors of new and used vehicles by April 2023. In addition, the Company believe that, it is necessary to reconstruct the shop network, by means including the integration of existing shops on a mid- to long-term basis, although it is anticipated that sales will decline temporarily due to the decrease in the number of shops and temporary increase of fees and costs due to integration of shops.

However, according to Masashi Yamaguchi, in order for the Company Group to maintain competitiveness, it is necessary not only to integrate corporate organizations as discussed above, but also to promptly and actively integrate and/or close existing shops despite the temporary decline in sale due to the decrease in the number of shops and temporary increase of fees and costs due to integration of shops, upon examining each shops' the profitability and strategic importance and to reconstruct the best networking system and to allocate redundant human and material resources, such as employees, facilities and budget, generated by such integration and closure of existing stores to highly profitable businesses and improve productivity and sales efficiency. Specifically, the Company may reallocate the management resources created through such integration and closure of stores to highly profitable businesses, such as the sales of vehicles of Lexus brand, Toyota's luxury brand, and used cars, and actively invest in facilities and training of human resources.

(B) Optimal Capital Utilization within the Company Group and Review of Investment Policy

In the midst of the “once-a-century evolution, of the automotive industry, the concept and values of the world's leading automakers are changing. For example, the keyword “CASE” was announced as a mid- to long-term strategy of Daimler AG, automotive manufacturer in

Germany, in 2016, and Toyota declared the transition to “a mobility company” from “an automotive manufacturer” in 2018. Further, in addition to the aforementioned drastic changes in the business environment caused by the decline in demand and technological innovation, the automotive industry as a whole is facing growing uncertainty due to the recent spread of COVID-19 and shortage of semiconductors, making it difficult to forecast the future business environment.

Under such business environment, Masashi Yamaguchi recognizes that automobile dealers will be forced to undergo drastic changes in their business model in the face of drastic changes in the business environment and in order to respond flexibly to intermittent changes in the business environment, it is essential to establish a system that enables the Company to move into new businesses that are highly compatible with the automotive neighboring business, such as the car sharing business, in a timely and flexible manner. Specifically, Masashi Yamaguchi believes that it is essential to fundamentally revise the Company’s existing investment policy based on the premises to maintain and expand existing stores using based on the face to face sales method as in the past, and instead introduce a new investment policy that allows the Company to downsize unprofitable businesses and aggressively invest in new businesses without overly fearing a short-term loss or a large advance investment, and under such investment policy, flexibly utilize capital and execute investments from a mid- to long-term perspective, such as reconstruction of the best networking system and to allocation of resources to highly profitable businesses as described in (A).

(C) Reforming Business Models and Improving Operational Efficiency through the Promotion of DX

As the use of IT technologies such as IoT and AI accelerates in the automotive manufacturing business along with the spread of COVID-19, the importance and necessity of DX in the automotive distributing business is increasing. The Company Group is considering trial rides, car wash, and other reservation services using applications, and is working to create new customer experiences and differentiate itself from other companies.

However, Masashi Yamaguchi recognizes that the various types of digitalization that support customers' consuming activities in the automotive sales business are advancing more rapidly than our group currently envisions, and believes that the promotion of DX in the automotive sales business ahead of other companies is necessary to respond appropriately to changes in consumer purchasing trends and demands due to the increasing popularization of IT technology, and to secure the competitiveness of the Company Group. Specifically, Masashi Yamaguchi believes that through more aggressive investment than the Company is

currently making, he plans to introduce latest technology and cutting-edge know-how of IT companies to enhance customer experience through digitalization and increase the share and sales of new and used vehicles through expanded and more efficient sales opportunity due to the introduction of digital marketing (Note 9) and inside sales (Note 10) utilizing web tools, which is not face-to-face sales, and improve in-store operational efficiency through the promotion of paperless business operations.

(Note 9) “Digital Marketing” is a marketing method using digitalized mediums such as the Internet and other IT

(Note 10) “Inside Sales” is a non-contact sales method using e-mail, phones and web tools.

On the other hand, Masashi Yamaguchi believes that if the Company were to implement the above measures while being listed, there is a risk that the Company Group's financial condition and business performance would be significantly affected in the short term due to a temporary decline in profit levels and a deterioration in cash flow through aggressive investment and new initiatives, and the possibility that the Company would not be able to generate expected profits as a result of these measures cannot be denied. Moreover, as a result of making management decisions that are not caught up by short term returns in the process of implementing fundamental management reforms, the possibility of a decline in the market value of the Company's stock cannot be denied and cause disadvantages to existing shareholders, and therefore is difficult to implement the aforementioned measures while the Company remains listed.

Although the Company was listed on the Second Section of the Nagoya Stock Exchange in 1961, the Company has not raised funds from the capital market for more than a quarter of a century, and while there are few merits for being listed, the cost of continuous disclosure through submission of securities reports and other items under the Financial Instruments and Exchange Act, and audit costs, and other costs required to maintain the listing of stocks are increasing year by year due to the revision of the corporate governance code and the strengthening of regulations on the capital market and the Company believes that maintaining of listing of stocks will be a further burden for the Company's management. In addition, in light of the low interest rate environment in indirect financing in recent years, it is expected that the Company will collect necessary funds through such indirect financing and therefore there is little need for large-scale financing through the use of equity finance for the time being. Further, the Company believes it has firmly positioned itself as the largest new vehicle distributor in Japan, selling approximately 90,000 new cars in the fiscal year ending March 2021, and the Company Group has pride that it has secured outstanding human resources and trust of business partners by its brand power and recognition that it has acquired through its

long-term business activities and therefore, in late-June 2021, it has come to the conclusion that it is difficult to find the merit of maintaining its stock listing in the future.

Taking into consideration the business environment of the Company Group, Masashi Yamaguchi determined that it is not possible to reduce or postpone the above measures as listed in “(A) Reorganization/Integration of the Four Toyota Distributors” to “(C) Reforming Business Models and Improving Operational Efficiency through the Promotion of DX”, and that it is necessary to implement fundamental management reforms with a view to the future as soon as possible so as to be able to respond quickly to the drastic changes in the environment surrounding the automotive industry, including CASE. As for “(A) Reorganization/Integration of the Four Toyota Distributors”, Masashi Yamaguchi believes it will be possible to secure competitiveness by rebuilding the optimal store network. With regard to the “(B) Optimal Capital Utilization within the Company Group and Review of Investment Policy”, it will enable to establish the system for the Company’s flexible and swift decision-making in accordance with the trends at the time by trends by enacting optimal capital utilization and investment policies. With regard to “(C) Reforming Business Models and Improving Operational Efficiency through the Promotion of DX”, Masashi Yamaguchi believes that it will be possible to secure competitiveness through the enhancement of customer experience and the improvement of business efficiency by continuously investing in the promotion of DX.

In addition, in order to implement community-based and on-site integrated management and governance systems in a more advanced manner than in the past, it is necessary to allocate the resources required to maintain the listing, to the activities more closely related to on-site activities or to the management of such activities, such as shop management, and to align ownership and management of the Company, and to establish a system in which management and shareholders together can make flexible and swift management decisions without being bound to short term profit, and to promote the aforementioned fundamental management reform measures.

Based on the above, Masashi Yamaguchi began to consider the delisting of the Company’s stock in mid-July 2021. During the course of the deliberation, In early-September 2021, Masashi Yamaguchi explained the purpose and policy of this transaction to Toyota, which accounts for a large portion of the procurement of new cars and other items of the Company Group and requested that the distributor agreement concluded between the Four Toyota Distributors and Toyota, which is necessary for the operation of the Company Group’s business, be continued after the Transaction. In late-September 2021, Masashi Yamaguchi obtained support from Toyota for the delisting of the Company and approval for the continuation of the distributor agreement. Subsequently, in mid-October 2021, Masashi

Yamaguchi concluded that delisting of the Company's shares is the most effective means to speedily and resolutely implement the above measures, while avoiding the risk burden on the Company's shareholders such as sluggish stock prices due to temporary deterioration in business performance through the promotion of the aforementioned measures, etc., in order to improve the corporate value of the Company Group on a mid to long-term basis without being bound by short term profits. Masashi Yamaguchi believes that in order to align ownership and management of the Company and promote the above measures without being bound by short-term profits, it is necessary that Masashi Yamaguchi, who understands the management of the Company Group as the current representative director and a member of the founding family of the Company, continue to manage the Company's business, and that management team and shareholders work together to make flexible and swift management decisions, upon the Company's privatization of its stock, and therefore concluded that management buyout (MBO) is the most appropriate means.

Following the Company's delisting, Masashi Yamaguchi aims to satisfy the demands of local communities and customers more than ever as a player in the development of society and to develop services that meet new demands centering around the mobility field. Furthermore, he believes that by fulfilling the Company's responsibility as an automobile distributor, the Company will be able to respond to the trust of all stakeholders, including shareholders who have supported the Company for long years, and achieve further development.

On October 16, 2021, Masashi Yamaguchi submitted a proposal regarding the Transaction to the Company and started discussions and negotiations with the Company regarding whether or not to execute the Transaction. Masashi Yamaguchi has proposed the Transaction on the assumption that the shares held by Masashi Yamaguchi himself and Nagoyayuho will not be applied to the Tender Offer because if Masashi Yamaguchi and Nagoyayuho (whose majority of shares are owned by Masashi Yamaguchi and whose representative director is Masashi Yamaguchi) do not tender in the Tender Offer, and the shareholders of the Company after the Squeeze Out Procedure are only the Tender Offeror, Masashi Yamaguchi and Nagoyayuho, the Tender Offeror may delist the Company Shares without paying consideration in cash to Masashi Yamaguchi and Nagoyayuho, and minimize the total amount of consideration necessary for the Transaction.

Masashi Yamaguchi considered that it is desirable that the Tender Offeror ultimately become the sole shareholder of the Company in order for the Company to make its flexible decisions-making structure and therefore, in mid-December of 2021, he explained to the Company that although the specific schedule is undecided as of the date of today, after the completion of the Squeeze-Out Procedure, Masashi Yamaguchi plans to execute a share

exchange, where the Tender Offeror will be the wholly owning parent company resulting from the share exchange and the Company will be the wholly owned subsidiary company resulting from the share exchange and where consideration will be paid by Tender Offeror's shares instead of cash.

During the period from mid-November to mid-December 2021, Masashi Yamaguchi conducted due diligence on the Company and considered the terms and conditions of the Transaction. Based on the results of the due diligence, objective materials such as financial information of the Company and the range of the average of premium rate (premium rate to the closing price on the business day immediately preceding the announcement date, and premium rate to the simple average of the closing prices for the past one month, three months and six months up to the same date) in past management buyout cases (specifically, the cases conducted after June 28, 2019, the date in which the "Guidelines for Fair M&A" was published by the Ministry of Economy, Trade and Industry, 27cases, 38%~46%) comprehensively, the first offer of the Tender Offer Price was made on December 8, 2021 to the Company at JPY 2,300. This price is the price obtained by adding a 43.30% premium (rounding to two decimal places; the same shall apply hereinafter in the calculation of premium rates) to the closing price of the Company Shares on the Second Section of the Nagoya Stock Exchange on February 3, 2022 (JPY 1,605), which is the business day immediately preceding the announcement date of the Tender Offer; a 49.84% premium to the simple average of the closing prices of the Company Shares on the Second Section of the Nagoya Stock Exchange for the past one (1) month up to that day (JPY 1,535) (rounding to the nearest whole number; the same shall apply hereinafter in the calculation of the simple average of the closing price); a 62.09% premium to the simple average of the closing prices of the Company Shares on the Second Section of the Nagoya Stock Exchange for the past three (3) month up to that day (JPY 1,419); and a 64.17% premium to the simple average of the closing prices of the Company Shares on the Second Section of the Nagoya Stock Exchange for the past six (6) month up to that day (JPY 1,401).

Then, on December 13, 2021, the Tender Offeror received a request in writing from the Company for reviewing the Tender Offer Price as the price was not reached at a level appropriately reflecting the Company's intrinsic value that can be realized by the Company. Receiving and reconsidering it, on December 23, 2021, the Tender Offeror made re-proposal in writing to the Company at the Tender Offer Price of JPY 2,500 per the Company Share after comprehensively taking (i) the change in the Company's stock market value, (ii) the above request from the Company, (iii) whether or not the Company's Board of Directors will agree to the Tender Offer or not, and (iv) the prospect of application to the Tender Offer into consideration in addition to the previously considered factors. This price is the price obtained

by adding a 55.76% premium to the closing price of the Company Shares on the Second Section of the Nagoya Stock Exchange on February 3, 2022 (JPY 1,605), which is the business day immediately preceding the announcement date of the Tender Offer; a 62.87% premium to the simple average of the closing prices of the Company Shares on the Second Section of the Nagoya Stock Exchange for the past one (1) month up to that day (JPY 1,535); a 76.18% premium to the simple average of the closing prices of the Company Shares on the Second Section of the Nagoya Stock Exchange for the past three (3) month up to that day (JPY 1,419); and a 78.44% premium to the simple average of the closing prices of the Company Shares on the Second Section of the Nagoya Stock Exchange for the past six (6) month up to that day (JPY 1,401).

Subsequently, on December 27, 2021, the Tender Offeror received a request in writing from the Company for reconsidering the Tender Offer Price as the price was not yet reached a reasonable level appropriately reflecting the Company's intrinsic value that can be realized by the Company, and was not a reasonable price that ensures the interests to be received by the Company's general shareholders, even in light of the original purpose of the management buyout for further enhancing corporate value. Then, continuing to discuss and negotiate with the Company, on January 6, 2022, the Tender Offeror made re-proposal in writing to the Company at the Tender Offer Price of JPY 2,600 per the Company Share after comprehensively taking (i) the change in the Company's stock market value, (ii) the above request from the Company, (iii) whether or not the Company's Board of Directors will agree to the Tender Offer or not, and (iv) the prospect of application to the Tender Offer into consideration in addition to the previously considered factors. This price is the price obtained by adding a 61.99% premium to the closing price of the Company Shares on the Second Section of the Nagoya Stock Exchange on February 3, 2022 (JPY 1,605), which is the business day immediately preceding the announcement date of the Tender Offer; a 69.38% premium to the simple average of the closing prices of the Company Shares on the Second Section of the Nagoya Stock Exchange for the past one (1) month up to that day (JPY 1,535); a 83.23% premium to the simple average of the closing prices of the Company Shares on the Second Section of the Nagoya Stock Exchange for the past three (3) month up to that day (JPY 1,419); and a 85.58% premium to the simple average of the closing prices of the Company Shares on the Second Section of the Nagoya Stock Exchange for the past six (6) month up to that day (JPY 1,401).

After that, on January 11, 2022, the Tender Offeror received request in writing from the Company for reconsidering the Tender Offer Price as the price was not a reasonable level appropriately reflecting the Company's intrinsic value that can be realized by the Company based on the opinion of the Special Committee. Receiving it, on January 18, 2022, the Tender

Offeror made re-proposal in writing to the Company at the Tender Offer Price of JPY 2,680 per the Company Share after comprehensively taking (i) the change in the Company's stock market value, (ii) the above request from the Company, (iii) whether or not the Company's Board of Directors will agree to the Tender Offer or not, and (iv) the prospect of application to the Tender Offer into consideration in addition to the previously considered factors. This price is the price obtained by adding a 66.98% premium to the closing price of the Company Shares on the Second Section of the Nagoya Stock Exchange on February 3, 2022 (JPY 1,605), which is the business day immediately preceding the announcement date of the Tender Offer; a 74.59% premium to the simple average of the closing prices of the Company Shares on the Second Section of the Nagoya Stock Exchange for the past one (1) month up to that day (JPY 1,535); a 88.87% premium to the simple average of the closing prices of the Company Shares on the Second Section of the Nagoya Stock Exchange for the past three (3) month up to that day (JPY 1,419); and a 91.29% premium to the simple average of the closing prices of the Company Shares on the Second Section of the Nagoya Stock Exchange for the past six (6) month up to that day (JPY 1,401).

After that, on January 20, 2022, the Tender Offeror received request in writing from the Company for reconsidering the Tender Offer Price as the price was not a reasonable level appropriately reflecting the Company's intrinsic value that can be realized by the Company based on the opinion of the Special Committee. Receiving it, on January 25, 2022, the Tender Offeror made re-proposal in writing to the Company at the Tender Offer Price of JPY 2,740 per the Company Share after comprehensively taking (i) the change in the Company's stock market value, (ii) the above request from the Company, (iii) whether or not the Company's Board of Directors will agree to the Tender Offer or not, and (iv) the prospect of application to the Tender Offer into consideration in addition to the previously considered factors. This price is the price obtained by adding a 70.72% premium to the closing price of the Company Shares on the Second Section of the Nagoya Stock Exchange on February 3, 2022 (JPY 1,605), which is the business day immediately preceding the announcement date of the Tender Offer; a 78.50% premium to the simple average of the closing prices of the Company Shares on the Second Section of the Nagoya Stock Exchange for the past one (1) month up to that day (JPY 1,535); a 93.09% premium to the simple average of the closing prices of the Company Shares on the Second Section of the Nagoya Stock Exchange for the past three (3) month up to that day (JPY 1,419); and a 95.57% premium to the simple average of the closing prices of the Company Shares on the Second Section of the Nagoya Stock Exchange for the past six (6) month up to that day (JPY 1,401).

After that, on January 27, 2022, the Tender Offeror received a written proposal from the Company that the Tender Offer Price be JPY 2,800, based on the opinion of the Special

Committee, in light of pursuing the maximum interest for the Company's general shareholders, although the proposed Tender Offer Price, unlike the price proposed previously, was within the range of the calculation results based on the Dividend Discount Model Method (the "DDM Method") and reached the price that can be evaluated affirmatively by the Company and the Special Committee.

Receiving it, on February 2, 2022, the Tender Offeror made response in writing to the Company accepting the proposal by the Company above as the Tender Offer Price of JPY 2,800 per the Company Share proposed by the Company, after comprehensively taking (i) the change in the Company's stock market value, (ii) the above request from the Company, (iii) whether or not the Company's Board of Directors will agree to the Tender Offer or not, and (iv) the prospect of application to the Tender Offer into consideration in addition to the previously considered factors.

Based on the above discussions and negotiations, referring to the results of the due diligence (no material matters that may affect on the Transaction was found in this due diligence.), objective materials such as financial information of the Company and the range of the average of premium rate (premium rate to the closing price on the business day immediately preceding the announcement date, and premium rate to the simple average of the closing prices for the past one month, three months and six months up to the same date) in past management buyout cases (specifically, the cases conducted after June 28, 2019, the date in which the "Guidelines for Fair M&A" was published by the Ministry of Economy, Trade and Industry, 27cases, 38%~46%), and taking (i) the change in the Company's stock market value, (ii) the above request from the Company, (iii) whether or not the Company's Board of Directors will agree to the Tender Offer or not, and (iv) the prospect of application to the Tender Offer into consideration comprehensively, the Tender Offeror decided to start the Tender Offer on February 4, 2022, with the Tender Offer Price of JPY 2,800 and that the Tender Offer commence as part of the Transaction.

ii. Post-Tender Offer Management Policy

The Transaction falls under management buyout (MBO), and Masashi Yamaguchi, the representative director of the Company, plans to continue to manage the Company after the consummation of the Tender Offer, and to promote the above management measures. No agreement has been executed among the Tender Offeror and other directors or auditors of the Company regarding the assumption of position as an officer, director or auditor of the Company after the Tender Offer and their conditions. The management structure including the composition of directors and auditors after the Tender Offer is planned to be determined in consultation with the Company and the Tender Offeror after the consummation of the

Tender Offer.

③ Decision-making process and reasons leading to support to the Tender Offer

As stated in “i. Background of the Decision to Implement the Tender Offer, Reason, Decision-Making Process”, the Company, on October 16, 2021, has received a proposal regarding the Transaction from Masashi Yamaguchi and started discussions and negotiations with Masashi Yamaguchi regarding whether or not to execute the Transaction.

Subsequently, as stated in "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as well as Measures to Avoid Conflicts of Interest ", the Company resolved at its Board of Directors Meeting held on November 11, 2021, to establish a special committee (the "Special Committee") in order to ensure fairness in the Company's decision-making process regarding the Transaction including the Tender Offer and to eliminate arbitrariness and any conflict of interest in the decision-making process of the Company's Board of Directors. For details of members and activities of the Special Committee, see "③ Establishment of an Independent Special Committee by the Company and Acquisition of Report from the Special Committee" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as well as Measures to Avoid Conflicts of Interest ". On the same date, the Company appointed Nishimura & Asahi as its legal advisor independent from Tender Offeror, Non-Tender Shareholders, and the Company (collectively, the "Tender Offer-Related Parties"), and KPMG FAS Co., Ltd. (the "KPMG") as its financial advisor and its third-party valuation agent. In addition, in order to establish internal project structure independent from the Tender Offer-Related Parties with respect to considering the Transaction, the Company made Masashi Yamaguchi, who is a specially interested director on the Transaction, and Tamotsu Kokado, who concurrently serves as an advisor to MUFG Bank which is scheduled to lend the Tender Offer Settlement Funds Borrowings, not participate in any deliberations or resolutions of the Board of Directors of the Company in relation to the Transaction, nor participate in any discussions or negotiations with the Tender Offeror on behalf of the Company. And thus, the Company established project team for considering proposals related on the Transaction, and proceeded with its consideration.

Under the above structure, based on the overview of the Tender Offer including the purpose of the Transaction, the impact of the Transaction on the Company, the details of the management policy after the Transaction, and the underlying stock price trends, the Company has repeatedly held discussions and negotiated with the Tender Offeror the terms and conditions of the Transaction including the Tender Offer Price. In this discussions and negotiation with the Tender Offeror the Company has received the advice of Nishimura &

Asahi and KPMG, and confirmed the negotiation policy in advance by the Special Committee and received opinions, instructions, requests, etc. by the Special Committee in the important negotiating phase.

With respect to the Tender Offer Price, on December 8, 2021, the Company received a proposal in writing from the Tender Offeror proposing the Tender Offer Price as JPY 2,300 per the Company Share. Based on the content of the interim report on the valuation analysis of the Company Shares received from KPMG and the opinion of the Special Committee, on December 13, 2021, the Company requested the Tender Offeror to reconsider the Tender Offer Price in writing since the proposed Tender Offer Price was less than the range of the calculation results based on the DDM Method and not reached at a level appropriately reflecting the Company's intrinsic value that can be realized by the Company. Subsequently, on December 23, 2021, the Company received a re-proposal in writing from the Tender Offeror proposing the Tender Offer Price as JPY 2,500 per the Company Share. Based on the opinion of the Special Committee, on December 27, 2021, the Company requested the Tender Offeror in writing to reconsider the Tender Offeror, since the Tender Offer Price was less than the range of the calculation results based on the DDM Method and not yet reached a reasonable level appropriately reflecting the Company's intrinsic value, and was not a reasonable price that ensures the interests to be received by the Company's shareholders, even in light of the original purpose of the management buyout for further improvement of the Company's corporate value. Subsequently, the Company continued to discuss and negotiate with the Tender Offeror. As a result, on January 6, 2022, the Tender Offeror submitted a re-proposal in writing proposing the Tender Offer Price as JPY 2,600. On January 11, 2022, based on the opinion of the Special Committee, the Company requested the Tender Offeror in writing to review the Tender Offer based on the judgment that the Tender Offer Price was not a reasonable level appropriately reflecting the Company's intrinsic value that can be realized by the Company. Subsequently, on January 18, 2022, the Company received a re-proposal in writing from the Tender Offeror proposing the Tender Offer Price as JPY 2,680. Based on the opinion of the Special Committee, on January 20, 2022, the Company requested the Tender Offeror in writing to reconsider the Tender Offeror, since the Tender Offer Price was not in a reasonable level appropriately reflecting the Company's intrinsic value that can be realized by the Company. Subsequently, on January 25, 2022, the Company received a re-proposal in writing from the Tender Offeror proposing the Tender Offer Price as JPY 2,740. Based on the opinion of the Special Committee, on January 27, 2022, the Company made a proposal in writing to the Tender Offeror at the Tender Offer Price of JPY 2,800 per the Company Share, based on the opinion of the Special

Committee, in light of pursuing the maximum interest for the Company's general shareholders, although the proposed Tender Offer Price, unlike the price proposed previously, was within the range of the calculation results based on the DDM Method and reached the price that can be evaluated affirmatively by the Company and the Special Committee. Subsequently, on February 2, 2022, the Company received a response in writing from the Tender Offeror accepting the proposal by the Company above and proposing the Tender Offer Price as JPY 2,800.

In addition, the Company received legal advice from Nishimura & Asahi as necessary regarding the method and process of decision-making of its Board of Directors, including the procedures related to the Tender Offer, and other points to be noted. Besides, the Company received the Report from the Special Committee dated February 4, 2022 (the "Report". For the overview of the Report and details of activity of the Special Committee, see "③ Establishment of an Independent Special Committee by the Company and the Acquisition of Reports by the Special Committee" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as well as Measures to Avoid Conflicts of Interest ". On that basis, the Company carefully discussed whether the Company may enhance its corporate value through the Transaction and whether the Transaction ensures the interests to be received minority shareholders with the fair procedures, taking into account the financial advice and the valuation report of the Company Share received from KPMG dated February 3, 2022 (the "Company Share Valuation Report") and legal advice received from Nishimura & Asahi while respecting the content of the Report submitted by the Special Committee to the maximum extent.

As a result, the Company has concluded that the Transaction contributes to the improvement of the corporate value of the Company Group based on the following points:

- (i) As stated in "i. Background of the Decision to Implement the Tender Offer, Reason, Decision-Making Process" of "② Background of the Decision to Implement the Tender Offer, Reason, Decision-Making Process, and Post-Tender Offer Management Policy", the domestic market for new cars has been shrinking, and the automotive industry as a whole will continue to face uncertainties arising from the factors such as the impact on economic activities of companies and the lifestyles of individuals, the decline in the number of automobile production and deliveries due to the stagnation in the supply of automobile parts including semiconductors all due to the spread of COVID-19. In addition, considering the business environment and management challenges facing the

Company Group, such as the rapid environmental change represented by “CASE” in the automobile industries and the increasingly fierce competition among distributors, who are operating automobile sales business, including Toyota dealers, in order for the Company Group to achieve further growth in the med to long-term and continue to generate cash flows through sustainable growth, it is necessary to implement fundamental management reforms through the measures described in "(A) Reorganization/Integration of the Four Toyota Distributors ,(B) Optimal Capital Utilization within the Company Group and Review of Investment Policy " and “(C) Reforming Business Models and Improving Operational Efficiency through the Promotion of DX”.

- (ii) On the other hand, if the above measures are implemented for the purpose of fundamental management reform, due to aggressive investment and new initiatives, there is a possibility that a temporary decline in profit levels or a deterioration in cash flow that will adversely affect business results. In addition, there is a possibility that the Company may not generate expected profits as a result of these measures, and not receive sufficient evaluation as a result of management decision-making that are not caught up by short term returns in the process of implementing fundamental management reforms. In such cases, the existing shareholders of the Company may suffer losses due to decline in stock prices. And thus, it is reasonable to consider that the method of delisting the Company Shares from a mid- to long-term perspective as a way to increase its corporate value while avoiding such risks.
- (iii) The delisting of the Company Share through MBO, which means the investment by Masashi Yamaguchi who is the representative director of the Company and is most familiar with the Company’s business, and his continued engagement in the Company’s management after the Transaction, is useful for the implementation of the aforementioned measures for fundamental management reform under expeditious and flexible decision-making. The investment by Masashi Yamaguchi into the Tender Offeror means a high commitment by Masashi Yamaguchi to the delisting of the Company Shares and the subsequent management of the Company Group. Such a commitment is considered to contribute to the improvement of the Company’s corporate value after the Transaction.
- (iv) The disadvantages associated with the delisting of the Company Shares are generally that, equity financing from the capital market will no longer be available, and merits as

a listed company cannot be enjoyed anymore and hence the external creditworthiness and human resource recruitment may be deteriorated. However, the Company has not raised funds from the capital market for more than a quarter of a century. Considering the current low interest rate trends in indirect financing, it is expected that the Company will collect necessary funds through such indirect financing and therefore there is no high necessity at least for the time being. In addition, with regard to the deterioration of external creditworthiness and human resource recruitment, the Company Group, is confident that it has established its position as the largest scale new vehicle sales distributor in Japan and has already secured outstanding human resources through its long-term business activities by improving a certain level of brand power and visibility, and has secured creditworthiness to its business partners. In light of all the above, the disadvantages for delisting are limited. On the other hand, under the situation where the costs for being listed are increasing due to, amongst others, various measures required under the Corporate Governance Code which are amended several times in the recent years, the advantage for delisting seems rather larger than the disadvantages.

- (v) The Company explained the purpose and policy of the Transaction to Toyota, which accounts for a large portion of the procurement of new cars and other items of the Company Group and requested Travel to continue the distributor agreement after the Transaction with Four Toyota Distributors and Toyota, which are essential to the Company Group's business operations. The Company obtained support for the Transaction and approval for the continuation of the distribution agreement. It has been confirmed that the execution of the Transaction has no impact on the Company Group's business relationships with important business partners.

In addition, the Company has concluded that the Tender Offer Price is a reasonable price that ensures the interests to be received by the shareholders of the Company and that the Tender Offer provides them with reasonable opportunity to sell the Company Shares based on the following points.

- (i) The Tender Offer Price exceeds the upper end of the calculation results based on the Market Stock Price Method and is at the around median of the range (JPY 2,804) of the calculation results based on the DDM Method among the results of valuation by KPMG in the Company Share Valuation Report as described in "② Outline of Calculation " of "③ Matters Regarding Calculation ".

- (ii) Consideration to the interests of minority shareholders are being well given as, in determining the Tender Offer Price, the measures as stated in "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as well as Measures to Avoid Conflicts of Interest" have been taken to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest.
- (iii) The Tender Offer Price is the price proposed by the Tender Offeror as a result of the sincere and continuous discussion and negotiation, which is equivalent to the discussion and negotiation regarding a transaction between the independent parties, with the substantially involving by the Special Committee and taking the above-mentioned measures.
- (iv) As described in "③ Establishment of Independent Special Committee by the Company and Acquisition of Report from the Special Committee" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as well as Measures to Avoid Conflicts of Interest ", the Report submitted from the Special Committee dated February 4, 2022, also indicates that the terms and conditions of the Transaction including the Tender Offer Price is fair.
- (v) The Tender Offer Price is the price obtained by adding a 74.45% premium to the closing price of the Company Shares on the Second Section of the Nagoya Stock Exchange on February 3, 2022 (JPY 1,605), which is the business day immediately preceding the announcement date of the Tender Offer; a 82.41% premium to the simple average of the closing prices of the Company Shares on the Second Section of the Nagoya Stock Exchange for the past one (1) month up to that day (JPY 1,535); a 97.32% premium to the simple average of the closing prices of the Company Shares on the Second Section of the Nagoya Stock Exchange for the past three (3) month up to that day (JPY 1,419); and a 99.86% premium to the simple average of the closing prices of the Company Shares on the Second Section of the Nagoya Stock Exchange for the past six (6) month up to that day(JPY 1,401), and it can be said to be a price added premium that is comparable to the range of the average of the premium rate (premium rate to the closing price on the business day immediately preceding the announcement date, and premium rate to the simple average of the closing prices for the past one month, three months and six months up to the same date) in past management buyout cases (specifically, the cases conducted after June 28, 2019, the date in which the “Guidelines for Fair M&A” was published by the Ministry of Economy, Trade and Industry, 27cases, 38%~46%).

Based on the above reasons, the Company concluded that the Transaction contributes to the enhancement of the corporate value of the Company Group and the Tender Offer Price is a reasonable price that ensures the interests to be received by shareholders of the Company and that the Tender Offer provides them with a reasonable opportunity to sell the Company Shares. Therefore, the Company resolved at its Board of Directors' Meeting held on February 4, 2022, that it will express its opinion in support of the Tender Offer and recommend that the Company's shareholders tender in the Tender Offer.

The Tender Offer Price is less than the Net Assets per share calculated based on the Company's Net Assets (JPY 7,278) as of December 31, 2021 (Equal to JPY (4,478) less than the Net Assets per share, and 61.5% discounted from the Net Assets per share). However, considering the difficulty of selling assets and substantial additional cost related liquidation due to the Company's assets including many business assets and their low liquidation, even if the Company liquidated, the Net Assets per share would not be valued as it was, and would be expected to depreciate to a considerable extent. In addition, since the Net Assets does not reflect the status of the Company's future business activities, the Company considered that it is not appropriate to emphasize Net Assets in calculation the value of the Company as a going concern company.

For details of the resolutions of the Company's Board of Directors Meetings, see "④ Approval of All Directors of the Company Without Conflicts of Interest and No Objection from any Auditor " of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as well as Measures to Avoid Conflicts of Interest " below.

(3) Matters Regarding Calculation

① Name of a third-party valuation agent and Relationship with Tender Offer-Related Party

In expressing its opinion on the Transaction including the Tender Offer, the Company requested KPMG as its financial advisors and its third-party valuation agent independent from the Tender Offer Party to calculate the value of the Company Shares in order to ensure the fairness of the Transaction, including the Fairness of the Tender Offer Price.

KPMG is not a related party to the Tender Offer-Related Party and has no material conflict of interest with respect to the Tender Offer. The fee of KPMG for the Transaction is limited to the fixed fee which will become payable regardless of the success or failure of the Transaction, and does not include the contingent fee payable on the condition of the conclusion of the Transaction including the Tender Offer.

The Special Committee has confirmed at its first meeting that there are no issues with the

independence and expertise of the financial advisors and third-party valuation agent appointed by the Company, and that the Special Committee is also able to receive expertise advice as necessary.

② Outline of Calculation

In order to gather and examine the necessary information to calculate the value of the Company Shares, KPMG received explanation on or otherwise collected information relating to the current status and future prospects of the Company business from the Company and calculated the value of the Company Shares based on these information. KPMG, based on the assumption that the Company is a going concern having no plan of dissolution or liquidation, considered the calculation method to be adopted for the calculation of the value of the Company Shares from among several methods. As a result of such consideration, KPMG adopted; the Market Stock Price Method, as the Company Shares are listed on the Second Section of the Nagoya Stock Exchange and a market price of the Company Shares exists and; and the DDM Method, one of discounted cashflow methods, which analyzes the value of shares by discounting the amount deemed to be distributable to shareholders to the present value at the cost of equity with the assumption that the portion exceeding the amount of reservation necessary to maintain the capital structure for business operations will be distributed to shareholders. The Company received the Company Shares Valuation Report from KPMG dated February 3, 2022. Although the DDM Method is often applied to financial institutions, KPMG has adopted the DDM Method as it is an appropriate method to evaluate and reflect the fact that the Company has a higher ratio of financial income, such as interest income from installment sales and income from leases, compared to its similar companies, as well as the efficient use of capital by the Company through additional borrowing and the resulting room for distribution to shareholders.

The Company has not obtained a written opinion (fairness opinion) from KPMG that the Tender Offer Price is fair from a financial standpoint to the Company's minority shareholders as in determining the Tender Offer Price, as described in "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as well as Measures to Avoid Conflicts of Interest" below, the Tender Offeror and the Company have taken measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, and the interests of minority shareholders are considered to have been taken into consideration.

The value of the Company Shares per share calculated by KPMG under each of the above methods is as follows:

Market Stock Price Method: from JPY 1,401 to JPY 1,605

DDM Method: from JPY 2,512 to JPY 3,196

Under the Market Stock Price Method, the range of the value of the Company Shares per share is calculated from JPY 1,401 to JPY 1,605, based on the closing price (JPY 1,605) of the Company Shares in the Second Section of the Nagoya Stock Exchange as of February 3, 2022, which is the business day immediately preceding the announcement date of the Tender Offer and recoding date of this calculation, the average closing price (JPY 1,535) of the Company Shares in the last one month, the average closing price (JPY 1,419) in the last three months, and the average closing price (JPY 1,401) in the last six months.

Under the DDM Method, the range of the value of the Company Shares per share is calculated from JPY 2,512 to JPY 3,196, considering that the portion of the amount exceeding the amount of reservation that is necessary to maintain a capital structure considered necessary for stable business operations in the fiscal year ending March 31, 2022 and beyond is deemed distributable for shareholders. This calculation was implemented based on factors such as earnings, investment plans in the Company's business plan for the five years from Fiscal Year ending March, 2022 to Fiscal Year ending March, 2026, and information disclosed to the public. KPMG analyzed the present value of the Company Shares by discounting the amount deemed distributable for shareholders to the present value at an appropriate discount rate taking into account business risks. The discount rate is based on the cost of shareholders' equity estimated by the Capital Asset Pricing Model (CAPM).

The discount rate is 9.3% to 11.3% and the perpetual growth rate is calculated from (0.5)% to 0.5% adopting the Perpetual Growth Rate method for calculating the going concern value. The median per-share value of the Company's shares, calculated using the discount rate of 10.3% and the perpetual growth rate of 0%, would be JPY 2,804.

The specific figures of the Company's business plan (the "Business Plan") based on which KPMG calculated the above DDM Method and the amount that is deemed distributable for shareholders are as follows. No significant increase or decrease in profits are not expected in the Business Plan.

In addition, the effects expected to be realized through the execution of the Transaction are not included in the Business Plan because it is difficult to estimate the actual impact on earnings at this point in time, but the reduction in listed-related costs is taken into consideration.

(Unit: Million JPY)

	2022 Fiscal year ended March 31 (6 months)	2023 Fiscal year ended March 31	2024 Fiscal year ended March 31	2025 Fiscal year ended March 31	2026 Fiscal year ended March 31
Net sales	206,203	414,400	423,500	429,000	434,300
Net income	3,387	8,100	9,300	9,400	9,700
Amount deemed distributable	32,205	(1,844)	900	5,692	7,308

KPMG adopted the information provided by the Company, the information heard through the hearings, and the information disclosed to the public as a general rule when calculating the value of the Company Shares, and assumes that all such materials and information adopted are accurate and complete, and that there is no fact that KPMG has not yet disclosed any information that may have a material impact on the calculation of the value of the Company Shares. KPMG has not independently verified the accuracy and completeness of these materials and information. In addition, KPMG has not conducted its own evaluation or appraisal of the assets and liabilities (including derivative transactions, off-balance-sheet assets and liabilities, and other contingent liabilities) of the Company and its affiliates, including the analysis and evaluation of individual assets and liabilities, nor has it requested a third party agent to conduct an evaluation or appraisal. Financial forecasts by the Company referred to in these calculations are based on the assumption that the Company have reasonably prepared and arranged based on the best forecasts and judgments currently available to the Company, and that these calculations reflect information and economic conditions as of February 3, 2022. As stated in "③ Establishment of Independent Special Committee by the Company and Acquisition of Report from the Special Committee" of "(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as well as Measures to Avoid Conflicts of Interest ", the Business Plan has been explained to the Special Committee by the Company, and questions and answers have been given to verify its reasonableness.

(4) The likelihood of delisting and the grounds therefor

As of today, the Company Shares are listed on the Second Section of the Nagoya Stock Exchange and since the Tender Offeror does not set a maximum number to be purchased in the Tender Offer,

depending on the results of the Tender Offer, the Company Shares may be delisted through prescribed procedures in accordance with the delisting standards set forth by the Nagoya Stock Exchange.

Furthermore, even if the said delisting standards do not apply at the time of the consummation of the Tender Offer, if the Squeeze-Out Procedure is implemented as stated in "(5) Post-Tender Offer Reorganization Policy (Two-Step Acquisition Matters)" below after the consummation of the Tender Offer, the Company Shares will be delisted according to the delisting standards set forth by the Nagoya Stock Exchange, and the Company Shares will be delisted through the prescribed procedure. After delisting, it will be impossible to trade the Company Shares on the Second Section of the Nagoya Stock Exchange.

(5) Post-Tender Offer Reorganization Policy (Two-Step Acquisition Matters)

As stated in "① Overview of the Tender Offer " of "(2) Grounds and Reasons for the Opinion " above, if the Tender Offeror, despite the successfully completion of the Tender Offer, fails to acquire all of the Company Shares (excluding the treasury shares owned by the Company and Non-Tendered Shares) through the Tender Offer, the Tender Offeror intends to implement the Squeeze-Out Procedure in the following manner after the consummation of the Tender Offer.

Specifically, after the consummation of the Tender Offer, the Tender Offeror intends to request the Company to hold an extraordinary general meeting of shareholders (the "Extraordinary General Shareholders' Meeting ") and to submit proposals that include implementation of consolidation of the Company Shares(the "Consolidation of Shares") in accordance with Article 180 of the Companies Act and partially amendment to the Articles of Incorporation for abolishing the provisions on a share unit number subject to the Consolidation of Shares being effective. The Tender Offeror and the Non-Tender Shareholders will exercise their voting rights in favor of the above proposals at the Extraordinary General Shareholders' Meeting. The Tender Offeror believes it is desirable to hold the Extraordinary General Shareholders' Meeting at the earliest possible date after the date of settlement of the Tender Offer from the viewpoint of improving the Company's corporate value. The Tender Offeror will request the Company to make a public announcement to set the record date during the period of the Tender Offer (the "Tender Offer Period"), so that the record date of the Extraordinary General Shareholders' Meeting is close to the date of settlement of the Tender Offer. The Extraordinary General Shareholders' Meeting is scheduled to be held in mid-May 2022.

In the event that the Extraordinary General Shareholders' Meeting approves proposals relating to the Consolidation of Shares, as of the effective date of the Consolidation of Shares, the Company's shareholders will own a number of the Company Shares corresponding to the Consolidation of Shares ratio approved at the Extraordinary General Shareholders' Meeting. If the

Consolidation of Shares results in fractional shares that are less than one share, in accordance with the procedures set forth in Article 235 and in Article 234, Paragraphs 2 to 5 of the Companies Act and other relevant laws and regulations, the Company's shareholders retaining the fractional shares will be provided with money obtained through selling the Company Shares equivalent to the sum of fractional shares (if the sum of the fractional shares is less than one share, the aggregate shall be rounded off; the same shall apply hereinafter) to the Company or the Tender Offeror. With respect to the sale price of the Company Shares corresponding to the sum of such the fractional shares, the Tender Offeror intends to request to the Company that a petition for permission for selling voluntarily be filed with a court after calculating that the amount of money delivered to each of the Company's shareholders (excluding the Tender Offeror, prospective Non-Tender Shareholders and the Company) who did not tender in the Tender Offer as a result of such sale will be the same as the price obtained by multiplying the Tender Offer Price by the number of the Company Shares held by each such shareholder. Although the consolidation ratio of the Company Shares has not yet been decided as of today, the Company will also request the ratio of Consolidation of Shares will be determined such that as a result of the Consolidation of the Shares, the shareholders who did not offer for the Tender Offer (except that the Tender Offeror the Non-Tender Shareholder and the Company, but in the case that Tender Offeror and Nagoyayuho will own all of the Company Shares after the Squeeze-Out Procedure, including Masashi Yamaguchi, or in the case that Tender Offeror only will own all of the Company Shares after the Squeeze-Out Procedure, including Nagoyayuho and Masashi Yamaguchi) will each hold fractional shares less than one share (Note 1) and that all of the Company Shares (excluding the treasury shares owned by the Company) will be owned by the Tender Offeror and Non-Tender Shareholders. The Company will respond to these requests by the Tender Offeror if the Tender Offer is successfully made.

(Note 1) If, as a result of the Tender Offer, there is a shareholder holding more than the same number of the Company Shares as any of the Non-Tender Shareholders, or if such shareholder is expected to arise at the time immediately prior to the effective date of the Consolidation of Shares, in order not for such shareholder remaining as the Company's shareholder after the Transaction, the ratio of Consolidation of Shares will be determined such that any of this Non-Tender Shareholders holding the same or less number of the Company Shares than that shareholders above will hold fractional shares less than one share in the Squeeze-Out Procedure. In such cases, it is assumed that as a result of the Consolidation of Shares, only the Tender Offeror and the Non-Tender shareholder, only the Tender Offeror and Nagoyayuho, or only the Tender Offeror will be the Company's shareholder. As stated below, the Tender Offeror is scheduled to eventually become sole shareholder of the Company, and

as a means of achieving this purpose, after the completion of the Squeeze-Out Procedures, share exchange will be implemented where the Tender Offeror be the wholly-owning parent of the Company and the Company be the wholly-owned subsidiary of the Tender Offeror.

The provisions of the Companies Act for the purpose of protecting the rights of minority shareholders in connection with the Consolidation of Shares stipulate that in the event that the Consolidation of Shares is effected and the Consolidation of Shares causes a fractional share that are less than one share, in accordance with the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations, the Company's shareholders may request the Company to purchase all of the Company Shares that will be less than one share at a fair price, and may file a petition to the court for the determination of the sale price of the Company Shares. As stated above, in the Consolidation of Shares, the Company Shares held by the Company's shareholders who did not tender in the Tender Offer (except that the Tender Offeror, the Non-Tender Shareholder and the Company, but in the case that Tender Offeror and Nagoyayuho will own all of the Company Shares after the Squeeze-Out Procedure, including Masashi Yamaguchi, or in the case that Tender Offeror only will own all of the Company Shares after the Squeeze-Out Procedure, including Nagoyayuho and Masashi Yamaguchi) will be a fractional share that are less than one share. Therefore, the Company's shareholders who oppose the Consolidation of Shares will be able to file a petition for the determination of sale price of their Company Shares in accordance with the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. In the event of such petition, the sale price of the Company Shares will be finally determined by the court.

With regard to the above procedures, it is stated that there is a possibility that the method and timing of implementation may change depending on the status of the revision, enforcement, and interpretation of the relevant laws and regulations. Provided, however, that even in such cases, the method of finally delivering money to each of the Company's shareholders who did not tender in the Tender Offer (except that the Tender Offeror, the Non-Tender Shareholder and the Company, but in the case that Tender Offeror and Nagoyayuho will own all of the Company Shares after the Squeeze-Out Procedure, including Masashi Yamaguchi, or in the case that Tender Offeror only will own all of the Company Shares after the Squeeze-Out Procedure, including Nagoyayuho and Masashi Yamaguchi) is to be adopted. In such cases, the amount of money to be delivered to each such shareholder will be calculated to be the same as the price obtained by multiplying the Tender Offer Price by the number of their Company Shares held by each such shareholder. If the Extraordinary General Shareholders' Meeting is held, the Tender Offer will not be deemed any solicit the endorsement of the Company's shareholders at the Extraordinary General Shareholders' Meeting.

In addition, if this Squeeze-Out Procedure is expected to be completed by June 30, 2022, the Tender Offeror will request the Company to submit a proposal at the Extraordinary General Shareholders' Meeting with respect to partially amendment to the Articles of Incorporation to abolish the provision on the record date of voting rights at the ordinary general meeting of shareholders in order to make the shareholders, who are shareholders even after the Consolidation of Shares (meaning the Tender Offeror and the Non-Tender Shareholder), entitled to exercise their rights at the 112nd Ordinary General Meeting of Shareholders for the fiscal year ending March 2022 (hereinafter referred to as the "Ordinary General Meeting of Shareholders"), subject to the completion of the Squeeze-Out Procedure. As a result, even the shareholders listed or recorded in the register of shareholders as of March 31, 2022, may not exercise their rights at the Ordinary General Meeting of Shareholders.

In addition, regarding the application for the Tender Offer or the tax treatment in each of the above procedures, please confirm the tax accountants and other specialists at their own responsibility.

In addition, the Tender Offeror is scheduled to eventually become the Company's sole shareholder, and as a means of achieving this objective, after the completion of the Squeeze-Out Procedure, share exchange will be implemented where the Tender Offeror be the wholly-owning parent of the Company and the Company be the wholly-owned subsidiary of the Tender Offeror. Details of the specific schedules for the procedures are not yet determined.

(6) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as well as Measures to Avoid Conflicts of Interest

The Tender Offeror and the Company have taken the following measures to ensure the fairness of the Transaction, including the Tender Offer, from the perspectives of ensuring the fairness of the Tender Offer Price, eliminating arbitrariness in the decision-making process leading to the decision to implement the Tender Offer, and avoiding conflicts of interest, in light of the fact that the Tender Offer is part of the Transaction, which falls under the so-called management buyout (MBO), and that there are structural conflicts of interest issues.

The following descriptions of the measures taken by the Tender Offeror are based on the explanation received from the Tender Offeror.

① The Company's Acquisition of Share Valuation Report from an Independent Third-Party Valuation Agent;

As described in "③ Decision-making process and reasons leading to support to the Tender Offer " of "(2) Grounds and Reasons for the Opinion" above, the Company has appointed KPMG as its financial advisor and its third-party valuation agent independent from the Tender

Offer-Related Party, has received advice and assistance from financial perspectives, including advice on the valuation of the Company Shares and the negotiation policy with Tender Offeror, and has obtained the Company Share Valuation Report dated February 3, 2022. For details of the Company Share Valuation Report, see "(3) Matters Regarding Calculation" above.

KPMG is not a related party of the Tender Offeror and does not have any material interest in the Tender Offer.

Furthermore, the Special Committee has confirmed at its first meeting that there are no issues with the independence and expertise of the financial advisors and third-party valuation agent appointed by the Company, and that the Special Committee is also able to receive expertise advice as necessary.

② The advice given to the Company from an Independent Legal Advisor

As described in "③ Decision-making process and reasons leading to support to the Tender Offer " of "(2) Grounds and Reasons for the Opinion " above, the Company has appointed Nishimura & Asahi as its legal advisor independent from the Tender Offer Related Parties, and has received legal advice from Nishimura & Asahi as necessary regarding the measures to be taken to ensure the fairness of the procedures in the Transaction, the method and process of decision-making by the Board of Directors of the Company, including the various procedures related to the Transaction, and other points to be noted.

Nishimura & Asahi is not a related party of the Tender Offeror and does not have any material interest in the Tender Offer. In addition, the fee of Nishimura & Asahi is only based on an hourly basis which will become payable regardless of the success or failure of the Transaction, and does not include the contingent fee payable on the condition of the conclusion of the Transaction.

The Special Committee has confirmed at the first meeting of the Special Committee that there are no issues with the independence and expertise of the legal advisors appointed by the Company, and that the Special Committee is also able to receive expertise advice as necessary.

③ Establishment of Independent Special Committee by the Company and Acquisition of Report from the Special Committee

The Company has established the Special Committee, which consists of members independent of the Tender Offer Related Parties, based on the resolution of the Board of Directors of the Company dated November 11, 2021, for the purpose of ensuring the fairness of the Company's decision making regarding the Transactions including the Tender Offer, and eliminating arbitrariness and the possibility of conflict of interest in the decision making process of the Board of Directors of the Company. The members of the Special Committee are

Shigeyuki Kamino (Independent Outside Director of the Company, Representative Director of Mie Sangyo Co., Ltd. and Outside Director of Sugi Holdings Co., LTD.), who has a wealth of experience cultivated as a manager of companies and a wide range of insight, Yoshimasa Ishii (Independent Outside Director of the Company), who has a wealth of experience cultivated as a manager of companies and a wide range of insight, particularly in the automobile industry, and Kaoru Ogawa (Independent Outside Auditor of the Company, Partner Certified Public Accountant of Gyosei & Co. , and Outside Auditor of Japan Tissue Engineering Co., Ltd.) who has a wealth of experience and a wide range of insight cultivated from being involved in audit, particularly corporate audit, for long years. The Company has selected these three persons as the members of the Special Committee from the beginning, the members of the Special Committee remains unchanged since then. The consideration for the work by the members of the Special Committee is a fixed reward, will be paid regardless of the content of the Report and does not include the contingent fee conditional on the consummation of the Transaction.

Then, based on the above resolution of the Board of Directors, the Company has requested the Special Committee to consider (a) the rationality of the purpose of the Transaction (including whether the Transaction will contribute to the improvement of the corporate value of the Company Group), (b) matters concerning the appropriateness of the terms and conditions of the Transaction (including the method of implementation of the Transaction and the appropriateness of the consideration), (c) matters related to the fairness of the procedures of the Transaction (including consideration of the extent to which any fairness measures should be taken) , (d) whether or not it is appropriate for the Board of Directors to express an opinion in support of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer, and (e) whether or not the Company has consulted for advice as to whether it would be disadvantageous to the Company's minority shareholders for the Board of Directors to decide to implement the Transaction in light of (a) through (d) above and other matters. ((a) through (e) are collectively referred to as the "Advisory Matters"). In addition, upon the establishment of the Special Committee, the Board of Directors of the Company has resolved that it(a) shall respect the opinion of the Special Committee to the maximum extent when making decisions regarding the Transaction, and if the Special Committee determines that the Transaction is not appropriate, shall not make a decision to conduct the Transaction; (b) shall inform the Special Committee in advance of its policy in discussing and negotiating the terms of the Transaction with the Tender Offeror, and in a timely manner report the circumstances to the Special Committee and receive its opinion, instruction, and request and (i) communicate to the Tender Offeror the proposals or other opinions or questions of the Special Committee; (ii) ensure that the Special Committee is granted the opportunity to consult and negotiate with the Tender Offeror directly; (c) if the

Special Committee deems it necessary, may appoint its own attorneys, appraisers, certified public accountants and other advisors at the expense of the Company and (d) the Special Committee may, at the expense of the Company, may implement an investigation on the Transaction (this includes the right to question and request advice from the officers, employees and advisors regarding the Transaction of the Company on Advisory Matters).

The Special Committee met a total of 20 hours, 12 times from November 11, 2021, to February 4, 2022, and also carefully reviewed and discussed the Advisory Matters during each meeting date, with reports, discussions and examinations being made by e-mail and other methods.

Specifically, on November 11, 2021, the Special Committee first confirmed the independence and expertise of KPMG, the Company's third-party valuation agent and financial advisor, and Nishimura & Asahi, the Company's legal advisor. In addition, the Special Committee has confirmed that it will obtain professional advice from the Company's advisors and that the Special Committee will not appoint its own advisors.

Then, based on the explanations received from KPMG and Nishimura & Asahi Law Office, the Special Committee has considered the measures to be taken to ensure the fairness of the procedures in the Transaction.

The Special Committee received an explanation from the Tender Offeror regarding the current management issues, background, purpose and significance of the Transaction, the reasons for implementing the Transaction at this timing, the management policy after the Transaction and the impact of the Transaction, and the conditions and concerns (risks) that may be assumed in executing the Transaction, and conducted a question and answer session. In addition, the Special Committee received explanations from the Company regarding matters such as the nature of the Company's business, the external environment, current management issues, the content of the business plan on which KPMG's calculation of the Company Shares' value was based, the circumstances that led the Tender Offeror to consider the Transaction, and the content of the Tender Offeror's proposal, and conducted a question and answer session regarding the Company's business, external environment, assumptions of current management issues, assumptions of and background to the formulation of the business plan, and the Tender Offeror's recognition of the Company's management issues, to verify the rationality of such explanations. Furthermore, the Special Committee is involved in the negotiation process with the Tender Offeror by receiving timely reports on the process and details of the discussions and negotiations between the Tender Offeror and the Company, discussing at the Special Committee, and having the Company negotiate in accordance with the negotiation policy regarding request for reconsideration of the Tender Offer Price on the Tender Offeror's side, approved by the Special Committee. In addition, the Special

Committee received an explanation from KPMG regarding the premises, method and results of calculating the Company Shares' value and conducted a question and answer session from a financial perspective and revised its rationality. In addition, the Special Committee received an explanation from Nishimura & Asahi on the measures taken to mitigate or prevent conflicts of interest in the Transaction and held a question and answer session regarding general meaning and concept of measures to ensure fairness and sufficiency of such measures to be taken in this Transaction. The Special Committee also received an explanation from the Company on the negotiation and decision-making process of the terms and conditions of the Transaction, and the Special Committee conducted a question and answer session regarding whether the Tender Offer Price proposed by the Tender Offeror appropriately reflects the intrinsic value of the Company. Based on these recommendations, the Special Committee is deliberating and discussing these issues carefully.

In addition, the Special Committee has received an explanation regarding the contents of the draft of the press release regarding the Tender Offer to be announced or submitted by the Company at the 7th meeting of the Special Committee held on December 24, 2021, an explanation of the contents of subsequent changes to the draft press release at the 10th meeting of Special Committee Meeting held on January 20, 2022 and the twelfth meeting of special committee meeting held on February 4, 2022, an explanation of the contents of the draft of the opinion report at the twelfth meeting of special committee meeting held on February 4, 2022 and the draft of the tender offer registration statement regarding the Tender Offer to be submitted by the Tender Offeror at the 9th meeting of the Special Committee held on January 13, 2022, and has confirmed that substantial information is planned to be disclosed.

As a result of the careful discussion and consideration of the Advisory Matters, the Special Committee submitted the report to the Board of Directors of the Company as of February 4, 2022, as follows.

(i) Contents of Report

- i The purpose of the Transaction is deemed to contribute to the improvement of the corporate value of the Company Group and is considered reasonable.
- ii The terms and conditions of the Transaction are considered to be reasonable.
- iii The procedures of the Transaction are considered fair.
- iv It is considered appropriate for the Board of Directors of the Company to express its opinion in favor of the Tender Offer and to recommend that the shareholders of the Company tender their shares in the Tender Offer.
- v The decision by the Board of Directors of the Company to implement the Transaction is not considered to be disadvantageous to the minority shareholders of the Company.

(ii) Reason for the Report

i "the rationality of the purpose of the Transaction (including whether the Transaction will contribute to the improvement of the corporate value of the Company Group)," From the following points, the purpose of the Transaction is deemed to contribute to the improvement of the corporate value of the Company Group and is considered reasonable.

- Based on the explanations received by the Special Committee from the Company, the Tender Offeror, and Masashi Yamaguchi, and the materials submitted to the Special Committee, the business contents and business environment of the Company Group, which is the background to the Transaction, as described in "i. Background of the Decision to Implement the Tender Offer, Reason, Decision-Making Process" of "② Background of the Decision to Implement the Tender Offer, Reason, Decision-Making Process, and Post-Tender Offer Management Policy " of "(2) Grounds and Reasons for the Opinion" above, are considered to be consistent with the contents generally explained as the environment of the industry and market to which the Company belongs and the understanding of the Company's Board of Directors.
- Based on the nature of the business and business environment of the Company Group, the each of measures that is expected to be taken after the Transaction as described in "i. Background of the Decision to Implement the Tender Offer, Reason, Decision-Making Process" of "② Background of the Decision to Implement the Tender Offer, Reason, Decision-Making Process, and Post-Tender Offer Management Policy " of "(2) Grounds and Reasons for the Opinion" above, are reasonable and gives enough consideration to the current nature of the business and business environment of the Company Group and considered to be something that can be evaluated for the improvement of corporate value from the mid- to long-term. In other words, while the impact of the spread of COVID-19 continues to be uncertain, the automotive industry is undergoing a period of major change, and given the business environment in which technological innovation is accelerating and competition among distributors, who are operating automobile sales business, including Toyota dealers, is intensifying, it is desirable to establish a system that can proactively and flexibly implement various measures in order to promptly and accurately respond to changes in the environment, secure competitive advantage, and strengthen the governance system as a management issue. With respect to specific measures that are expected to be taken after the

Transaction, the Tender Offeror believes that as for "(A) Reorganization/Integration of the Four Toyota Distributors ", it will be possible to secure competitiveness by rebuilding an optimal store network; as for "(B) Optimal Capital Utilization within the Company Group and Review of Investment Policy ", it will be possible to establish a system that enables agile and prompt decision-making in line with the current trends, and to flexibly utilize capital and execute investments; and as for (C) Reforming Business Models and Improving Operational Efficiency through the Promotion of DX ", it will be possible to secure a competitive advantage by increasing customer experience value and improving business efficiency by continuing to make investments in digitalization, and all of these measures correspond to the Company Group's business environments and management issues and are reasonable. Furthermore, each of the above measure is considered to be capable of addressing issues such as the strengthening of the governance system and the impact of the spread of COVID-19 in terms of optimization of operations, flexible and rapid decision-making, and operational efficiency.

- Since each of the above measures is considered to be capable of promptly and accurately responding to the Company Group's business environment and the management issues above, Tender Offeror's explanation that the Company Group will achieve further development over a mid to long term period and continue to generate cash flow for the Company Group through sustainable growth if the above measures are implemented, is also reasonable.
- In implementation of each of the above measures, the method of delisting the Company Shares is considered reasonable as a method to improve the corporate value of the Company from a medium- to long-term perspective while avoiding risks below based on the Tender Offeror's explanation that, due to aggressive investment and new initiatives, there is a possibility that; a temporary decline in profit levels or a deterioration in cash flow that will adversely affect business results; that the Company may not generate expected profits as a result of these measures; and that the Company will not receive sufficient evaluation as a result of management decision-making that are not caught up by short term returns in the process of implementing fundamental management reforms.
- The delisting of the Company Share through MBO, which means the investment by Masashi Yamaguchi who is the representative director of the Company and is most familiar with the Company's business, and his continued engagement in the Company's management after the Transaction, is considered to be useful for the

implementation of the each of the above measures aimed for fundamental management reform under flexible and prompt decision-making. In addition, the investment by Masashi Yamaguchi into the Tender Offeror means a high commitment by Masashi Yamaguchi to the delisting of the Company Shares and the subsequent management of the Company Group. Such a commitment is expected to contribute to the improvement of the Company's corporate value after the completion of the Transaction.

- If the Company Shares is delisted as a result of the Transaction, it will be easier for the Company to achieve its purpose, such as the facilitation of drastic management reform measures and flexible and agile management decisions, and it is also expected to have the effect of reducing listing costs, which will contribute significantly to the enhancement of corporate value. On the other hand, in general, the following disadvantages are associated with delisting: (1) restrictions on the means of raising funds through equity finance, (2) damage to the corporate reputation as a listed company, and (3) adverse effects on recruitment of human resources. However, with respect to (1), in light of the recent low interest rate environment for indirect financing, it is expected that the Company will collect necessary funds through such indirect financing and there is no strong need for large-scale financing through the use of equity finance for the time being. With respect to (2), the Company Group is confident that it has established its position as one of the largest scale new car sales distributor in Japan, the Company Group has already secured a certain level of brand power and credibility through its business activities over a long period of time, and with respect to (3), the Company Group has secured excellent human resources by increasing its name recognition. Since there is nothing unreasonable in this explanation, it is considered unlikely that de-listing will cause significant damage to the corporate value of the Company.
- As described in “i. Background of the Decision to Implement the Tender Offer, Reason, Decision-Making Process” of “② Background of the Decision to Implement the Tender Offer, Reason, Decision-Making Process, and Post-Tender Offer Management Policy” of “(2) Grounds and Reasons for the Opinion” above, Masashi Yamaguchi has obtained support from Toyota for delisting the Company Shares and consent for the continuation of the distribution agreement between the Four Toyota Distributors and Toyota after the Transaction, therefore there is little likelihood that the execution of the Transaction will affect the business relationships of the Company Group with its important business partners.

- ii " matters concerning the rationality of the terms and conditions of the Transaction (including the rationality of method of implementation of and consideration for the Transaction)"

From the following points, the terms and conditions of the transaction are considered to be reasonable.

(a) Discussion and negotiation process regarding transaction conditions

The Tender Offer Price has been determined as a result of sincere negotiations between the Company and the Tender Offeror, after taking the advice from the Company's advisors and the Special Committee into account. As the price has been raised 5 times in total, from JPY 2,300 to JPY 2,800 and the request for five price increases has been made, and as there is nothing unreasonable in the background of the said negotiations, the process of discussion and negotiation with the Tender Offeror regarding the terms and conditions of the Transaction was fair and may be recognized as negotiations between independent parties, and therefore there was ground for reasonable efforts to be made to make the Transaction as favorable as possible to minority shareholders while improving the Company's corporate value.

(b) Share value Calculation Results

- The Company requested KPMG who is its a financial advisor and its third-party valuation agent independent from the Company, the Tender Offeror and the Non-Tender Shareholders, to calculate the value of the Company Shares and obtained the Company Share Valuation Report in order to ensure the fairness of the Tender Offer Price and the Transaction including the Tender Offer. The Special Committee then examined the contents of the Company Share Valuation Report and received an explanation regarding the contents of the Company Share Valuation Report from KPMG.
- The Tender Offer Price exceeds, to a considerable extent, the upper end of the calculation results based on the Market Stock Price Method and is at the around median of the range (JPY 2,804) of the calculation results based on the DDM Method among the results of valuation by KPMG in the Company Share Valuation Report.
- The Special Committee conducted multiple interviews with the Company and KPMG regarding the assumptions and feasibility of the Company's business plan, which was used as the basis for the calculation of the share value, and upon verification, determined that it was possible to evaluate that there were no unreasonable points in the content of the business plan in light of the process of

creating the business plan and the business environment of the Company.

- The Special Committee received a detailed explanation from KPMG regarding the calculation method, calculation process, and the consideration process regarding the calculation of the share value of the Company Shares. The reference share price in the market price method used to calculate the value of the Company Shares is the closing price on the record date and each of the simple average of the closing prices for the most recent one month, three months and six months, and no arbitrary manipulation of the period used is recognized. Also, the DDM Method is often applied to financial institutions, but KPMG believes that the Company has a higher ratio of financial income, such as interest income from installment sales and income from leases, compared to companies similar to the Company, and that the DDM Method is suitable for evaluating and reflecting the Company's efficient use of capital through additional borrowings and the resulting room for distribution to shareholders. There is no unreasonable point in this explanation. As described above, the Special Committee confirmed that there were no unreasonable points in either the market price method or the DDM Method, and evaluated that the Share Valuation Report prepared by KPMG could be complied with.

(c) Premium levels

- The Tender Offer Price is amount adding a 74.45% premium to the closing price of the Company Shares on the Second Section of the Nagoya Stock Exchange on February 3, 2022(JPY 1,605), Which is the business day prior to the date of preparation of the Report, a 82.41% premium to the simple average of the closing price of the Company Shares for the past one (1) month up to that the said day(JPY 1,535), a 97.32% premium to the simple average of the closing price of the Company Shares for the past three (3) month up to the said day(JPY 1,419) and a 99.86% premium to the simple average of the closing price of the Company Shares for the past six (6) month up to the said day(JPY 1,401), and it can be said to be a price added premium that is comparable to the range of the average of the premium rate (premium rate to the closing price on the business day immediately preceding the announcement date, and premium rate to the simple average of the closing prices for the past one month, three months and six months up to the same date) in past management buyout cases (specifically, the cases conducted after June 28, 2019, the date in which the “Guidelines for Fair M&A” was published by the Ministry of Economy, Trade and Industry, 27cases, 38%~46%).

(d) Method and type of consideration for the Transaction

- This method is generally adopted in going-private transactions such as the Transaction and is considered to be appropriate for the Transaction.
 - The terms and conditions of the Squeeze-Out Procedures are scheduled to be calculated and determined based on the same price as the Tender Offer Price, and the Squeeze-Out Procedures are scheduled to follow the Tender Offer, and it is considered reasonable to ensure that the consideration to be delivered in two procedures occurring in short intervals to be the same.
- iii "Matters Related to the Fairness of the Procedures of the Transaction (including consideration regarding the extent to which fairness measures should be taken)"

The procedures for the Transaction are considered fair in the following points.

- (i) In the Transaction, it is recognized that the Special Committee was involved from the early stage of the process of forming the terms and conditions of the Transaction; (ii) it has been confirmed that the members of the Special Committee are independent from each other, and that they were selected with due consideration of their expertise and attributes; (iii) the Special Committee had been receiving reports from the Company and KPMG in a timely manner on the background and details of the discussions and negotiations between the Tender Offeror and the Company regarding the Transaction, and has been found to have been substantially involved in the process of negotiations with the Tender Offeror regarding the terms and conditions of the Transaction by, for example, holding discussions at the Special Committee, meeting with the Tender Offeror regarding the Transaction and answering questions, and requesting the Tender Offeror to increase the Tender Offer Price; (iv) from the perspective of enhancing the corporate value of the Company and the interests of minority shareholders, the Special Committee obtained professional advice and opinions from Nishimura & Asahi and KPMG in a timely manner during the course of its consideration of the Transaction and it is recognized that there was a system where the pros and cons of the Transaction, the rationality of the terms and conditions of the Transaction, and the fairness of the procedures to be carefully examined and negotiated; (v) it is recognized that the Special Committee had a system in place that enables it to obtain important information, including non-public information, and to examine and make decisions based on such information; (vi) given that the remuneration of each member of the Special Committee is fixed and to be payable regardless of the contents of the Reports, it is recognized that the members of the Special Committee can easily make a commitment in terms of time and effort and that an

environment has been created for them to make decisions from a standpoint independent from the success or failure of the Transaction; (vii) it is acknowledged that a system has been secured to enable the Company's Board of Directors to make decisions on the Transaction with maximum respect for the opinions of the Special Committee; (viii) it is recognized that an internal review system independent from the Tender Offeror and a system that does not allow directors having any conflict of interests to be involved in the consideration and negotiation of the Transaction were in place upon the consideration and negotiation of the Transaction. Therefore, it is recognized that the Special Committee functioned effectively when considering and negotiating the Transaction.

- It is acknowledged that the Company has been receiving necessary legal advice from Nishimura & Asahi, which is independent from the Company, the Tender Offeror and the Non-Tender Shareholders, and has extensive experience and a high level of expertise in M&A projects similar to the Transaction, from the early stage of the consideration of the Transaction with respect to the method and process of decision-making by the Board of Directors of the Company, including the various procedures related to the Transaction, and other points to be noted.
- The Company has made its decision based on the Company Share Valuation Report obtained from KPMG, which is independent from the Company, the Tender Offeror and the Non-Tender Shareholders, and has extensive experience and high expertise in services that contribute to price negotiations with the tender offerors by assessing the share value in line with the actual situation of the Company using its expertise and abundant experience and know-how, and has obtained advice and assistance from KPMG in a timely manner in price negotiations with the Tender Offeror.
- As the Tender Offer Period is set for a relatively long period of 30 business days, the Company's shareholders are ensured an appropriate opportunity to decide whether to tender their shares in the Tender Offer, and given the fact that an opportunity to make a counter offer for the Company's shares by a party other than the Tender Offeror (the "Counter Offeror") is also ensured, and the fact that the Tender Offeror and the Company have not entered into any agreement that would restrict the Counter Offeror from contacting the Company, such as an agreement that includes a transaction protection clause that would prohibit the Company from contacting the Counter Offeror, it is recognized that the so-called indirect market check is being conducted on the Tender Offer. While the Transaction falls under the category of an MBO, which is unfamiliar to the implementation of active

market checks, it is recognized that indirect market checks are conducted on the Transaction, and therefore it can be evaluated that opportunities for takeover bids by other acquirers are secured.

- The minimum number of shares to be purchased in the Tender Offer is set to exceed the number corresponding to the majority of minorities, and since the approval (support) of a majority of the general shareholders who do not have a material interest in the Tender Offer is required for the completion of the Tender Offer, it is recognized that this will lead to greater emphasis on securing opportunities for the general shareholders to make decisions and will contribute to the Transaction being conducted under the most favorable transaction conditions possible for the general shareholders.
- In the Company's disclosure materials, information regarding the special committee, information regarding the share valuation report, and other information required to be disclosed by the "Guidelines for Fair M&A Practices" issued by the Ministry of Economy, Trade and Industry on June 28, 2019 is deemed to be sufficiently disclosed.
- Consideration has been given to the Transaction so as not to create a coercive effect on general shareholders, and measures have been taken to contribute to ensuring the fairness of the procedures of the Transaction.

iv "whether or not it is appropriate for the Board of Directors to express an opinion in support of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer"

- As considered in i. through iii. above, given that the purpose of the Transaction is considered to be rational, the terms and conditions of the Transaction are considered to be reasonable, and the procedures of the Transaction are considered to be fair, it is considered reasonable for the Board of Directors of the Company to express its opinion in support of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer.

v "whether or not it would be disadvantageous to the Company's minority shareholders for the Board of Directors to decide to implement the Transaction "

- As considered in i. through iv. above, the Transaction is not considered to be disadvantageous to the Company's minority shareholders.

④ Approval of All Directors of the Company Without Conflicts of Interest and No Objection from any Auditor;

The Company carefully considered the terms and conditions of the Transaction, including the Tender Offer, based on financial advice obtained from KPMG and legal advice obtained from Nishimura & Asahi, while respecting the contents of the Report to the maximum extent possible.

As a result, as described in "③ Decision-making process and reasons leading to support to the Tender Offer " of "(2) Grounds and Reasons for the Opinion " above, the Company determined that the Transaction contributes to the enhancement of the corporate value of the Company Group and that the Tender Offer provides its shareholders with a reasonable opportunity to sell the Company Shares. At a Board of Directors' Meeting held on February 4, 2022, the Company unanimously resolved to express its opinion in support of the Tender Offer and to recommend that its shareholders tender in the Tender Offer, with the unanimous approval of the Company's directors who participated in the deliberation and resolution (Of the total of 14 directors, 12 directors excluding Masashi Yamaguchi and Tamotsu Kokado (including 2 outside directors)). The Board of Directors' Meeting was attended by four auditors of the Company (including 2 outside auditors), and all of them expressed their opinions that they had no objection to the above resolution.

Since Masashi Yamaguchi, Representative Director of the Company, is a shareholder who owns all of the issued shares of the Tender Offeror, concurrently serves as a representative director of the Tender Offeror, and plans to continue to manage the Company after the Tender Offer, he has a structural conflict of interest with the Company with respect to the Transaction. Therefore, as a specially interested director, Masashi Yamaguchi has not participated in any deliberations or resolutions of the Board of Directors of the Company in relation to the Transaction, including the deliberations and resolutions at the above Board of Directors' Meeting, nor has he participated in any discussions or negotiations with the Tender Offeror on behalf of the Company.

In addition, in light of the fact that Tamotsu Kokado an outside director of the Company, concurrently serves as an advisor to MUFG Bank which is scheduled to lend the funds required for the settlement of the Tender Offer to the Tender Offeror, from the perspective of avoiding conflicts of interest, he has not participated in any deliberations or resolutions of the Board of Directors of the Company in relation to the Transaction, including the deliberations and resolutions at the aforementioned Board of Directors' Meeting, nor has he participated in any discussions or negotiations with the Tender Offeror on behalf of the Company.

- ⑤ Setting of a minimum number to be purchase quantity exceeding the number equivalent to majority of minority;

In the Tender Offer, the Tender Offeror has set that the minimum number of shares to be

purchased in the Tender Offer (18,395,528 shares) is above the number of shares (14,795,327 shares) equivalent to the majority of the number of shares (29,590,652 shares) obtained (x) by subtracting the number of treasury shares owned by the Company as of December 31, 2021, as stated in the Company's Third Quarter Financial Results (1,585,727 shares) and (y) the number of the Non-Tendered Shares (3,994,672 shares) held by the Non-Tender Shareholders, from (z) the total number of issued shares of the Company as of December 31, 2021, as stated in the Company's Third Quarter Report (35,171,051 shares). This number exceeds the majority of the number of the Company's shares held by the Company's shareholders who do not have a material interest with the Tender Offeror, which means, the number of shares is above the so-called "majority of minorities".

Based on the above, if the Tender Offeror fails to obtain approval of the shareholders of the Company other than those who have interest with the Tender Offeror, it will not carry out the Transaction including the Tender Offer, respecting the intention of the minority shareholders of the Company.

⑥ Objective Circumstances to Ensure Fairness of Tender Offer;

The Tender Offeror has set the Tender Offer Period at 30 business days, where the minimum period stipulated by Act is 20 business days. By setting a relatively long Tender Offer Period, the Tender Offeror intends to ensure that the Company's shareholders have an opportunity to make an appropriate decision on whether to tender their shares in the Tender Offer, and also to ensure that parties other than the Tender Offeror (the "Opposing Takeover Bidder") have an opportunity to make a counter offer for the Company Shares.

In addition, the Tender Offeror and the Company have not entered into any agreement that would restrict such the Opposing Takeover Bidder from having contact with the Company, such as an agreement containing transaction protection clauses that would prohibit the Company from having contact with the Opposing Takeover Bidder. Thus, together with the establishment of the above-mentioned Tender Offer Period, consideration has been given to ensuring the fairness of the Tender Offer by ensuring the opportunity for a counter-offer.

4. Matters Regarding Material Agreements Related to the Tender Offer between the Tender Offeror and the Shareholders, Directors, etc. of the Company

The Tender Offeror, by 4 February, 2022, has orally agreed with each of the Non-Tender Shareholders (total number of shares held: 3,994,672 shares, ownership ratio: 11.89%) that the Non-Tender Shareholders will not tender the Non-Tendered Shares in the Tender Offer and that the Non-Tender Shareholders will exercise their voting rights in favor of each proposals related to the Squeeze-Out Procedures at the Extraordinary General Shareholders' Meeting if the Tender Offer

successfully completes.

In the above agreement, there are no preconditions for the non-tendering of the Non-Tendered Shares after the commencement of the Tender Offer.

5. Matters Concerning Inappropriate Profits Received From the Tender Offeror or its Special Related Parties

Not applicable

6. Response Policy for the Basic Policy on the Corporate Control

Not applicable

7. Inquiries to Tender Offeror

Not applicable

8. Request for Extension of Tender Offer Period

Not applicable

9. Future Prospects

Please see “ii Post-Tender Offer Management Policy” of “② Background of the Decision to Implement the Tender Offer, Reason, Decision-Making Process, and Post-Tender Offer Management Policy” of “(2) Grounds and Reasons for the Opinion”, “(4) The likelihood of delisting and the grounds therefor” and “(5) Post-Tender Offer Reorganization Policy (Two-Step Acquisition Matters)” under “3 Details and Grounds and Reasons for, the Opinion Regarding the Tender Offer” above.

10. Others

(1) Notice Regarding "Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2022 [Japanese GAAP] (Consolidated)

The Company has published its financial results for the Company's Financial Results for the third quarter of the fiscal year ending March 2022 as of February 4, 2022. For details, please refer to the relevant publication of the Company.

(2) Notice Regarding "Notice on Revision (No Dividend) of the Dividend Forecast for the fiscal year ending March 31, 2022"

As announced in the "Notice of Revision of Dividend Forecast (No Dividend) for the Fiscal Year Ending March 31, 2022" released on February 4, 2022, The Company resolved, at the Board

of Directors' Meeting at held on today, that the dividends forecast for the fiscal year ending March 2022 will be revised and Year-end dividends for this fiscal year not be paid subject to the completion of the Tender Offer. For details, please refer to the relevant publication of the Company.

above

No Solicitation

This press release is intended for the announcement of the Tender Offer to the general public and is not intended to solicit sales of shares. If anyone desires to sell his or her shares, the shareholder should review the Tender Offer explanatory statement and accept the Tender Offer in his or her own discretion. This press release is not an offer or solicitation of sales of securities or a solicitation of a purchase offer, and does not constitute any such offer or solicitation. This press release (or any part thereof) or the fact of its distribution does not provide a basis of any kind of agreement pertaining to the Tender Offer, and it may not be relied upon when executing any such agreement.

U.S. Securities Regulations

Although the tender offer described in this press release will be conducted in compliance with the procedures and disclosure standards prescribed in the Financial Instruments and Exchange Act in Japan, such procedures and standards are different from those applicable in the United States. In particular, Sections 13(e) and 14(d) of the U.S. Securities Exchange Act of 1934 (as amended) (the "U.S. Securities Exchange Act of 1934"), and the rules promulgated thereunder, do not apply to the Tender Offer, and the Tender Offer is not conducted pursuant to such provisions. All financial information contained in this press release is based on generally accepted accounting principles in Japan ("Japanese GAAP"), not the U.S. accounting standards. Therefore, the financial information contained in this press release may not be comparable to financial information prepared based on the U.S. accounting standards. In addition, the Tender Offeror and the Company are legal entities located outside of the United States, and some or all of their officers and directors may not be U.S. residents. It may be difficult to enforce any rights or make claims arising under the U.S. securities laws. It may not be possible to sue a non-U.S. company or its officers or directors in courts outside the United States for violations of the U.S. securities laws. It may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgments.

Except as otherwise specified, the Tender Offer and all documents and procedures in respect thereof are prepared or conducted in the Japanese language. If there are discrepancies between any Japanese documents prepared as part of the Tender Offer with any documents or portions of documents translated into or prepared in English, then the Japanese documents will prevail.

This press release includes "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. Actual results may differ substantially from future expectations or other express or

implicit forward-looking statements due to known or unknown risks, uncertainties or other factors. Neither the Tender Offeror nor any of its affiliates promise that the projections and other statements expressed or implied as “forward-looking statements” will ultimately be accurate. The “forward-looking statements” included herein have been prepared based on information available to the Tender Offeror as of the date of this press release, and unless otherwise required by law or regulations or the rules of relevant securities exchanges, neither the Tender Offeror nor any of its affiliates will be responsible for updating or otherwise revising such forward-looking statements in order to reflect any future event or circumstances.

The financial advisor of the Tender Offeror and the Company, the tender offer agent and their respective affiliates may, within their ordinary course of business, purchase, or conduct any act toward the purchase of, the shares of the common stock of the Company for their own account or for their customers’ accounts outside the Tender Offer prior to the commencement of, or during, the period of the Tender Offer to the extent permissible under the laws related to financial instruments and exchanges and other applicable laws and regulations in Japan and in accordance with the requirements of Rule 14e-5(b) under the U.S. Securities Exchange Act of 1934. If information regarding such sale or purchase is disclosed in Japan, it will be also disclosed on the English homepage of the Tender Offeror, or the Tender Offer Agent or the financial advisor which conducted such sale or purchase.