

This is the English translation of a Japanese press release published on January 6, 2026. If there are any differences in content or interpretation, the Japanese version shall prevail.

January 6, 2026

To Whom It May Concern:

Company name: Hisamitsu Pharmaceutical Co., Inc.
Representative: Kazuhide Nakatomi, President & CEO
(TSE Prime, NSE Premier and FSE Code No. 4530)
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Announcement of Implementation of MBO and Recommendation for Tendering Shares

Hisamitsu Pharmaceutical Co., Inc. (the "Company" or "we," "our" or "us") hereby announces that, as described below, its board of directors has resolved, at its meeting held today, that the Company express its opinion in support of a proposed tender offer (the "Tender Offer") of the Company's common stock (the "Company's Stock"), Share Acquisition Rights (as defined in "(2) Share Acquisition Rights" in "2. Tender Offer Price" below; the same applies hereinafter), and ADRs (as defined in "(3) Depository Receipt for Share Certificates, etc." in "2. Tender Offer Price" below; the same applies hereinafter) by TAIYO KOSAN CO., INC. (the "Offeror"), which is to be implemented as part of a so-called management buyout (MBO) (Note), and that the Company (i) recommend that its shareholders tender their shares in the Tender Offer, (ii) recommend that the holders of the ADRs deliver their ADRs to the Depository Bank (as defined in "(3) Depository Receipt for Share Certificates, etc." in "2. Tender Offer Price" below) in advance and receive their shares in the Company's Stock corresponding to the ADSs (as defined in "(3) Depository Receipt for Share Certificates, etc." in "2. Tender Offer Price" below) represented by the ADRs, before tendering their shares in the Company's Stock in the Tender Offer, and (iii) leave the decision of whether or not to tender the Share Acquisition Rights in the Tender Offer to the discretion of the holders of the Share Acquisition Rights (the "Share Acquisition Right Holders").

The resolution of the board of directors described above was adopted on the assumption that the Company's Stock will be delisted as a result of the Tender Offer and the subsequent series of procedures.

(Note) "Management buyout (MBO)" generally means a transaction whereby the management team of the acquisition target company acquires shares in such company by entirely or partially funding the acquisition, on the assumption that the company will continue its business.

1. Overview of the Offeror

(I) Name	TAIYO KOSAN CO., INC.
(II) Address	501 Park Nova, 1-12-3, Sasayamamachi, Kurume, Fukuoka
(III) Representative's name and title	Kazuhide Nakatomi, President and Representative Director
(IV) Description of business	<ol style="list-style-type: none"> Managing, supervising, and leasing various sporting facilities and entertainment facilities and restaurants, coffee shops, and other shops. Holding and managing, and investing in, securities. Advertising agency business. Moneylending business. Holding, purchasing, selling, and leasing works of art. Provision of accounting and financial services, labor management services, and general affairs services, including various calculation services, as well as consulting services for these areas. Any and all other businesses incidental to any of the above.
(V) Capital (as of January 6, 2026)	10,000,000 yen
(VI) Date of incorporation	November 18, 1987
(VII) Major shareholders and their stakes (as of January 6, 2026)	Kazuhide Nakatomi: 100%
(VIII) Relationship between the Company and the Offeror	
Capital relationship	The Offeror holds 1,771,200 shares (Note 1) of the Company's Stock (ownership ratio Note 2: 2.51%). Mr. Kazuhide Nakatomi, the Offeror's President and Representative Director, holds 313,483 shares of the Company's Stock (57,200 shares of which underlie 572 Share Acquisition Rights and an additional 5,741 of which are held indirectly through the Company's Officer Shareholding Association as defined in "(I) Overview of Tender Offer" in "(2) Grounds and Reasons for the Company's Opinion"

	below; the same applies hereinafter) (ownership ratio: 0.44%).
Personal relationship	Mr. Kazuhide Nakatomi, the Offeror's President and Representative Director, concurrently serves as the President & CEO of the Company. As of today, six employees of the Company have been seconded to the Offeror.
Transactional relationship	Not applicable.
Status as related parties	Mr. Kazuhide Nakatomi, the Company's President & CEO, holds all shares in the Offeror and constitutes a related party of the Company.

(Note 1) The Offeror indirectly holds fractional shares through the cumulative stock investment plan. As these fractional shares are held in the name of a securities company, the number of shares of the Company's Stock held by the Offeror does not include these fractional shares. The same applies hereinafter to the number of shares held by the Offeror.

(Note 2) "Ownership ratio" means the ratio (rounded to the second decimal place; the same applies hereinafter to the calculation of ownership ratios) to the number of shares (70,497,220 shares) obtained by subtracting the number of treasury shares held by the Company (4,762,875 shares) as of November 30, 2025, as stated in the "Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending February 28, 2026 Japanese GAAP" (the "Company's Third Quarter Financial Results") announced by the Company on January 6, 2026 (this number of treasury shares does not include the number of shares of the Company's Stock (298,500 shares) held by the Exclusive Trust for Hisamitsu Pharmaceutical Employee Shareholding Association as trust property under the Company's "Trust-type Employee Shareholding Incentive Plan (E-Ship)" and the cross-held shares (30,450 shares) held by MARUTO SANGYO CO., LTD., an equity-method affiliate of the Company, as of November 30, 2025, reported by the Company; the same applies hereinafter to the number of treasury shares held by the Company), from the total number of issued shares (75,164,895 shares,) of the Company as of the same date, as stated in the Company's Third Quarter Financial Results, and adding the number of shares of the Company's Stock (95,200 shares) underlying the Share Acquisition Rights (952 rights (Note 3)) reported by the Company as remaining as of December 25, 2025.

(Note 3) The breakdown of the Share Acquisition Rights reported by the Company as remaining as of December 25, 2025 is as follows. For all series of Share Acquisition Rights, the number of shares of the Company's Stock underlying each Share Acquisition Right is 100 shares.

Name	Number of share acquisition rights	Number of underlying shares of the Company's Stock
First Series Share Acquisition Rights	115 rights	11,500 shares
Second Series Share Acquisition Rights	33 rights	3,300 shares
Third Series Share Acquisition Rights	44 rights	4,400 shares
Fourth Series Share Acquisition Rights	29 rights	2,900 shares
Fifth Series Share Acquisition Rights	79 rights	7,900 shares
Sixth Series Share Acquisition Rights	42 rights	4,200 shares
Seventh Series Share Acquisition Rights	51 rights	5,100 shares
Eighth Series Share Acquisition Rights	101 rights	10,100 shares
Ninth Series Share Acquisition Rights	176 rights	17,600 shares
Tenth Series Share Acquisition Rights	141 rights	14,100 shares
Eleventh Series Share Acquisition Rights	141 rights	14,100 shares
Total	952 rights	95,200 shares

2. Tender Offer Price

- (1) 6,082 yen per common share (the "Tender Offer Price")
- (2) Share Acquisition Rights (the share acquisition rights listed in (I) through (XI) below are hereinafter referred to collectively as the "Share Acquisition Rights"; the price per Share Acquisition Right at which the Share Acquisition Rights is to be purchased or otherwise acquired in the Tender Offer is hereinafter referred to as the "Share Acquisition Right Purchase Price")
 - (I) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 10, 2015 (the "First Series Share Acquisition Rights") (Exercise period: July 28, 2015 to July 27, 2065): 1 yen per share acquisition right
 - (II) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 8, 2016 (the "Second Series Share Acquisition Rights") (Exercise period: July 26, 2016 to July 25, 2066): 1 yen per share acquisition right

- (III) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 7, 2017 (the "Third Series Share Acquisition Rights") (Exercise period: July 26, 2017 to July 25, 2067): 1 yen per share acquisition right
- (IV) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 6, 2018 (the "Fourth Series Share Acquisition Rights") (Exercise period: July 25, 2018 to July 24, 2068): 1 yen per share acquisition right
- (V) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 10, 2019 (the "Fifth Series Share Acquisition Rights") (Exercise period: July 27, 2019 to July 26, 2069): 1 yen per share acquisition right
- (VI) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 9, 2020 (the "Sixth Series Share Acquisition Rights") (Exercise period: July 29, 2020 to July 28, 2070): 1 yen per share acquisition right
- (VII) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 8, 2021 (the "Seventh Series Share Acquisition Rights") (Exercise period: July 27, 2021 to July 26, 2071): 1 yen per share acquisition right
- (VIII) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 7, 2022 (the "Eighth Series Share Acquisition Rights") (Exercise period: July 26, 2022 to July 25, 2072): 1 yen per share acquisition right
- (IX) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 13, 2023 (the "Ninth Series Share Acquisition Rights") (Exercise period: August 1, 2023 to July 31, 2073): 1 yen per share acquisition right
- (X) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 11, 2024 (the "Tenth Series Share Acquisition Rights") (Exercise period: July 30, 2024 to July 29, 2074): 1 yen per share acquisition right
- (XI) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 10, 2025 (the "Eleventh Series Share Acquisition Rights"; the First Series Share Acquisition Rights through the Eleventh Series Share Acquisition Rights are hereinafter referred to collectively as the "Share Acquisition Rights") (Exercise period: July 29, 2025 to July 28, 2075): 1 yen per share acquisition right

(3) Depository Receipt for Share Certificates, etc.

The American Depository Shares (the "ADS") deposited with Citibank, N.A. (the "Depository Bank") and represented by the American Depository Receipts (the "ADR") issued in the United States by the Depository Bank, which correspond to the common stock of the Company (the "Company's Stock"). 6,082 yen per one share of the Company's Stock corresponding to the ADSs (the "ADS Purchase Price"; the Tender Offer Price, the Share Acquisition Right Purchase Price, and the ADS Purchase Price are hereinafter collectively referred to as the "Tender Offer Price, Etc.").

(Note) According to the registration statement (Form F-6EF) for the ADRs (the "ADR Registration

Statement") filed with the U.S. Securities and Exchange Commission on May 11, 2016 by the Depositary Bank, while the ADRs have been issued for the Company's Stock, the Company was not involved in their issuance. ADRs are included in the types of Share Certificates to be purchased because, in the Tender Offer, the Offeror aims to acquire all of the Company's Stock and, in accordance with the provisions of Article 27-2, Paragraph 5 of the Act and Article 8, Paragraph 5, Item 3 of the Order, it is necessary to solicit offers for sales with respect to all Share Certificates issued by the Company. On the other hand, as the ADRs are securities issued in the United States and there are no financial instruments business operators that can practically handle them as tender offer agent in order for the Offeror, which is a resident of Japan, to acquire them through the Tender Offer conducted outside the United States, it has been found to be difficult for the Offeror to acquire the ADRs themselves in the Tender Offer. Therefore, in the Tender Offer, the Offeror will only accept tenders for the shares of the Company's Stock and the Share Acquisition Rights and, instead of accepting tenders for the ADRs themselves, it will accept tenders for the shares of the Company's Stock corresponding to the ADSs represented by the ADRs. Accordingly, holders of the ADRs who wish to tender their ADRs in the Tender Offer must first deliver their ADRs to the Depositary Bank and receive issuance of the shares of the Company's Stock corresponding to the ADSs represented by such ADRs before applying for the Tender Offer. According to the ADR Registration Statement, one ADS is equivalent to one-fourth of one share of the Company's Stock.

3. Details of, and Grounds and Reasons for, the Company's Opinion on the Tender Offer

(1) Details of the Company's Opinion

Based on the grounds and reasons described in "(2) Grounds and Reasons for the Company's Opinion" below, the Company's board of directors has resolved, at its meeting held today, that the Company express its opinion in support of the Tender Offer, and that the Company (i) recommend that its shareholders tender their shares in the Tender Offer, (ii) recommend that the holders of the ADRs deliver their ADRs to the Depositary Bank in advance and receive the Company's Stock corresponding to the ADSs represented by the ADRs, before tendering their shares in the Company's Stock in the Tender Offer, and (iii) leave the decision of whether or not to tender the Share Acquisition Rights in the Tender Offer to the discretion of the Share Acquisition Right Holders.

The board of directors' resolution described above was adopted through the procedure described in "(IV) Unanimous Approval by All of the Non-interested Directors of the Company and No Objection from Any of the Non-interested Corporate Auditors" in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the

Tender Offer Price, etc. and Measures to Avoid Conflicts of Interest" below.

(2) **Grounds and Reasons for the Company's Opinion**

Of the statements contained in this section, "(2) Grounds and Reasons for the Company's Opinion," those regarding the Offeror are based on explanations received from the Offeror.

(I) **Overview of Tender Offer**

The Offeror was established on November 18, 1987 with asset management services as its primary business, and as of the date hereof, Mr. Kazuhide Nakatomi, Representative Director and President of the Company, holds all of the issued shares of the Offeror's stock. As of the date hereof, the Offeror is the 10th largest shareholder of the Company, holding 1,771,200 shares of the Company's Stock (ownership ratio : 2.51%) listed on the Prime Market of Tokyo Stock Exchange, Inc. (the "TSE"), the Premier Market of Nagoya Stock Exchange, Inc. (the "NSE"), and the Main Market of Fukuoka Stock Exchange (the "FSE"), and Mr. Kazuhide Nakatomi holds 256,283 shares of the Company's Stock (ownership ratio: 0.36%) and 572 Share Acquisition Rights (number of underlying shares of the Company's Stock: 57,200 shares, ownership ratio: 0.08%).

As part of a transaction (the "Transaction") for the purpose of taking the Company private through the acquisition of all of the Company's Stock (including any shares of the Company's Stock issuable upon exercise of the Share Acquisition Rights, but excluding the treasury shares held by the Company and the Non-tendered Shares (as defined below)), the Share Acquisition Rights, and the ADRs, the Offeror, on January 6, 2026, decided to implement the Tender Offer. The Transaction constitutes a so-called management buyout (MBO), and Mr. Kazuhide Nakatomi, Representative Director and President of the Company, plans to continue managing the Company after the successful completion of the Transaction.

In implementing the Tender Offer, the Offeror entered into non-tender agreements (the "Non-tender Agreement") on January 6, 2026 with each of (a) Mr. Kazuhide Nakatomi (number of shares held: 313,483 shares, ownership ratio: 0.44%), (b) TKY CO.,INC. ("TKY"), the Company's ninth largest shareholder (number of shares held: 1,846,800 shares, ownership ratio: 2.62%), (c) NAKATOMI ASSET MANAGEMENT CO.,INC. (the "Nakatomi Asset Management") (number of shares held: 586,600 shares, ownership ratio: 0.83%), (d) SSTM CO.,INC. ("SSTM") (number of shares held: 513,000 shares, ownership ratio: 0.73%), (e) STM CO.,INC. ("STM") (number of shares held: 429,600 shares, ownership ratio: 0.61%), and (f) TM CO.,LTD. ("TM"; Mr. Kazuhide Nakatomi, TKY, Nakatomi Asset Management, SSTM, STM, and TM are hereinafter referred to collectively as the "Non-tender Agreement

Shareholders") (number of shares held: 285,500 shares, ownership ratio: 0.40%) (Note 4), under which the Non-tender Agreement Shareholders have agreed in writing that: (I) they will not tender a total of 3,917,742 shares of the Company's Stock held by them (ownership ratio: 5.56%; the "Non-tender Agreement Shares") in the Tender Offer; (II) if the Tender Offer is successfully completed, they will vote in favor of each resolution related to the Squeeze-out Procedure (as defined below; the same applies hereinafter) at the Extraordinary General Shareholders' Meeting (as defined in "(5) Policies on reorganization, etc. after Tender Offer (matters concerning "two-step acquisition")" below; the same applies hereinafter); and (III) if requested by the Offeror prior to the effectuation of the share consolidation of the Company's Stock (the "Share Consolidation") to be conducted as part of the Squeeze-out Procedure, Mr. Kazuhide Nakatomi and the other Non-tender Agreement Shareholders will enter into a loan agreement for the Company's Stock and conduct the Asset Management Company Share Lending Transaction (as defined below; the same applies hereinafter) (these matters agreed upon are collectively referred to as the "Non-tender Agreement Commitments"). In addition, Mr. Kazuhide Nakatomi and the Offeror have agreed in writing that, if requested by the Offeror prior to the effectuation of the Share Consolidation, Mr. Kazuhide Nakatomi and the Offeror will enter into a loan agreement for the Company's Stock and conduct the Offeror Share Lending Transaction (as defined below). TKY, Nakatomi Asset Management, and TM are asset management companies of Mr. Kazuhide Nakatomi's relatives, with Ms. Yasuko Nakatomi (spouse of Mr. Kazuhide Nakatomi) serving as representative director, and SSTM and STM are asset management companies of Mr. Kazuhide Nakatomi's relatives, with Mr. Kazuhide Nakatomi serving as representative director.

(Note 4) Mr. Kazuhide Nakatomi, TKY, Nakatomi Asset Management, STM, and TM indirectly hold fractional shares through the cumulative stock investment plan. As these fractional shares are held in the name of a securities company, the number of shares of the Company's Stock held by Mr. Kazuhide Nakatomi, TKY, Nakatomi Asset Management, STM, and TM does not include these fractional shares. The same applies hereinafter to the number of shares held by Mr. Kazuhide Nakatomi, TKY, Nakatomi Asset Management, STM, and TM.

Please refer to the table below for the number of shares and non-tendered shares held by each of the Non-tender Agreement Shareholders described above, and their ownership ratios.

	Name of shareholder	Number of shares held (shares) (Ownership ratio (%))	Number of non-tendered shares (shares) (Ownership ratio (%))

(a)	Mr. Kazuhide Nakatomi	313,483 shares (Of which, shares of the Company's Stock underlying the 572 Share Acquisition Rights: 57,200 shares, and shares indirectly held through the Company's Officer Shareholding Association (as defined below): 5,741 shares) (0.44%)	256,242 shares (0.36%) (Note 5) (Note 6)
(b)	TKY	1,846,800 shares (2.62%)	1,846,800 shares (2.62%)
(c)	Nakatomi Asset Management	586,600 shares (0.83%)	586,600 shares (0.83%)
(d)	SSTM	513,000 shares (0.73%)	513,000 shares (0.73%)
(e)	STM	429,600 shares (0.61%)	429,600 shares (0.61%)
(f)	TM	285,500 shares (0.40%)	285,500 shares (0.40%)
	Total	3,974,983 shares (5.64%)	3,917,742 shares (5.56%)

(Note 5) The Share Acquisition Rights held by Mr. Kazuhide Nakatomi were issued as share-compensation type share acquisition rights to the Company's directors (excluding outside directors). The conditions for exercising the Share Acquisition Rights stipulate that their holders may, during the exercise period of the Share Acquisition Rights and from the day following the date of losing their status as the Company's director, exercise the Share Acquisition Rights allocated on the basis of such lost status (the exercise conditions associated with such loss of status are hereinafter referred to collectively as the "Conditions for Exercise upon Loss of Status"). Since the Offeror cannot exercise these Share Acquisition Rights even if it acquires them, they are not subject to the Non-tender Agreement Commitments.

(Note 6) The "Number of shares held" by Mr. Kazuhide Nakatomi includes shares indirectly held through the Company's Officer shareholding association (the "Company's Officer Shareholding Association"). Mr. Kazuhide Nakatomi plans to withdraw 5,700 shares out of the shares of the Company's Stock (5,741 shares) that are held through the Company's Officer Shareholding Association and that are practically

capable of being withdrawn during the Tender Offer Period. Therefore, “Number of non-tendered shares” for Mr. Kazuhide Nakatomi includes these shares of the Company’s Stock planned for withdrawal.

In implementing the Tender Offer, the Offeror entered into a tender and non-tender agreement (the “Tender and Non-tender Agreement”) on January 6, 2026 with NAKATOMI KOSAN CO.,INC. (“Nakatomi Kosan”; collectively with the Non-tender Agreement Shareholders, the “Non-tendering Shareholders”) (number of shares held: 370,600 shares; ownership ratio: 0.53%) (Note 7). Under the Tender and Non-tender Agreement, (i) Nakatomi Kosan shall tender 244,200 shares of the Company’s Stock (ownership ratio: 0.35%) (the “Nakatomi Kosan’s Tendered Shares”) in the Tender Offer, and the remaining 126,400 shares (ownership ratio: 0.18%) (the “Nakatomi Kosan’s Non-tendered Shares”) shall not be tendered in the Tender Offer. For purposes of this press release, the Non-tendered Shares total 4,044,142 shares (ownership ratio: 5.74%) when aggregated with the shares subject to the non-tender agreements. (ii) If the Tender Offer is successfully completed, with respect to the exercise of voting rights attached to Nakatomi Kosan’s Non-tendered Shares, Nakatomi Kosan will vote in favor of each resolution related to the Squeeze-out Procedure at the Extraordinary General Shareholders’ Meeting. (iii) If requested by the Offeror prior to the effectuation of the Share Consolidation to be conducted as part of the Squeeze-out Procedure, Mr. Kazuhide Nakatomi and Nakatomi Kosan will enter into a loan agreement for the Company’s Stock with respect to Nakatomi Kosan’s Non-tendered Shares and will conduct the Asset Management Company Share Lending Transaction. Nakatomi Kosan is an asset management company of Mr. Kazuhide Nakatomi’s relatives, with Mr. Nakatomi serving as Representative Director.

(Note 7) Nakatomi Kosan indirectly holds fractional shares through the cumulative stock investment plan. As these fractional shares are held in the name of a securities company, the number of shares of the Company’s Stock held by Nakatomi Kosan does not include these fractional shares. The same applies hereinafter to the number of shares held by Nakatomi Kosan.

In implementing the Tender Offer, the Offeror entered into tender agreements (the “Foundation Tender Agreement”) on January 6, 2026 with each of the Nakatomi Foundation (the “Nakatomi Foundation”) (number of shares held: 1,637,100 shares, ownership ratio: 2.32%), the Nakatomi Memorial Foundation (the “Nakatomi Memorial Foundation”) (number of shares held: 1,000,000 shares, ownership ratio: 1.42%), and the Nakatomi Sports Promotion Foundation (the “Nakatomi Sports Promotion Foundation”; the Nakatomi

Foundation, the Nakatomi Memorial Foundation, and the Nakatomi Sports Promotion Foundation are hereinafter referred to collectively as the “Foundations” (number of shares held: 21,000 shares, ownership ratio: 0.03%), under which the Foundations have agreed to: (I) tender all of their shares of the Company’s Share (number of shares held: 2,658,100 shares, ownership ratio: 3.77%) in the Tender Offer; and (II) reinvest (the “Foundations’ Reinvestment”) the full amount equivalent to the consideration received for tendering their shares in the Tender Offer (excluding the amount of any applicable taxes and expenses) into the Offeror and acquire the Class A Preferred Stock (Note 8) of the Offeror, which are non-voting shares.

(Note 8) The shares of the Class A Preferred Stock to be acquired by the Foundations will be non-voting shares and will constitute class shares with provisions that entitle holders to receive dividends from surplus in priority to holders of the shares of the common stock, the shares of the Class B Preferred Stock, and other class shares. As for the content of these class shares, they will not include put options (the right of the holders of the Class A Preferred Stock to request the Offeror to acquire their shares of the Class A Preferred Stock in exchange for shares of the common stock, cash, or other consideration) or call provisions (the right of the Offeror to acquire the shares of the Class A Preferred Stock held by the holders of the Class A Preferred Stock in exchange for cash or other consideration). The Nakatomi Health Science Promotion Foundation aims to maintain and enhance the health of the public by providing grants for scientific research related to health promotion, thereby contributing to the realization of a vibrant and prosperous economic society. The Nakatomi Memorial Foundation operates the Nakatomi Memorial Medicine Museum with the purpose of conveying the industrial culture surrounding medicine to future generations through the cultural heritage of medicine, and serving as a venue for lifelong learning and exploration of the future of medicine and health. The Nakatomi Sports Promotion Foundation provides grants for activities conducted by sports organizations, sports competitions, and the development of athletes and coaches with the aim of contributing to the sound physical and mental development and cultivation of rich humanity through the spread and promotion of sports and the improvement of competitiveness. Each of them is a public interest incorporated foundation authorized as a public interest entity under the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations (Act No. 49 of 2006, as amended), and the Transaction is based on the continued operation of the Foundations as they are currently operated. Therefore, to ensure a capital structure where, even after the implementation of the

Transaction, the Foundations will indirectly hold the shares of the Company's Stock through investment in the Offeror, while the Offeror will hold all shares of the Company's Stock (excluding the treasury shares held by the Company) and the Non-tendering Shareholders will hold all voting rights in the Offeror, the Offeror and the Foundations have reached an agreement on reinvestment. In this regard, (I) although holders of the shares of the Class A Preferred Stock will be entitled to receive dividends from surplus in priority to holders of the shares of the common stock, the shares of the Class B Preferred Stock, and other class shares, the actual payment of such dividends is planned to be determined on a case-by-case basis after the implementation of the Transaction, taking into account the Company's management and financial conditions, market conditions, and other factors, and (II) the value of the Company's Stock, which is the basis for determining the subscription price per share of the Class A Preferred Stock, is planned to be set at the same price as the purchase price per share of the Company's Stock in the Tender Offer (the "Tender Offer Price") (6,082 yen) (provided, however, that if the Share Consolidation is implemented as part of the Squeeze-out Procedure, formal adjustments are planned to be made based on the consolidation ratio of the Company's Stock in the Share Consolidation) and there are no plans to issue shares at a discounted price, and thus the subscription price per share of the Class A Preferred Stock to be paid by the Foundations to the Offeror is not considered to be set under substantially more favorable terms than the Tender Offer Price. Considering these facts, the Offeror believes that the intent of the principle of uniformity of tender offer prices (Article 27-2, Paragraph 3 of the Act; the same applies hereinafter) will not be violated.

In implementing the Tender Offer, the Offeror entered into tender agreements (the "Financial Institution Tender Agreement") on January 6, 2026 with each of MUFG Bank, Ltd. ("MUFG Bank") (number of shares held: 3,452,600 shares, ownership ratio: 4.90%), The Bank of Fukuoka, Ltd. (the "Bank of Fukuoka") (number of shares held: 3,321,872 shares, ownership ratio: 4.71%), The Nishi-Nippon City Bank, Ltd. (the "Nishi-Nippon City Bank") (number of shares held: 4,370,000 shares, ownership ratio: 6.20%), and The Bank of Saga Ltd. (the "Bank of Saga"; MUFG Bank, the Bank of Fukuoka, Nishi-Nippon City Bank, and the Bank of Saga are hereinafter referred to collectively as the "Tendering Financial Institutions") (number of shares held: 2,356,000 shares, ownership ratio: 3.34%), under which the Tendering Financial Institutions have agreed to tender all of the shares of the Company's Stock (number of shares held: 13,500,472 shares, ownership ratio: 19.15%) held by them or, in the case of

shares contributed to a retirement benefit trust, by a third party as registered holder of such shares.

For an overview of the Non-tender Agreements, the Tender and Non-tender Agreement, the Foundation Tender Agreements, and the Financial Institution Tender Agreements, please see “4. Material agreements concerning the Tender Offer” below.

In the Tender Offer, the minimum number of shares to be purchased has been set at 41,119,400 shares (ownership ratio: 58.33%). If the total number of the Share Certificates tendered in the Tender Offer (the “Tendered Shares”) does not meet this minimum number of shares to be purchased (41,119,400 shares), the Offeror will not purchase any of the Tendered Shares. On the other hand, as described above, in the Tender Offer, the Offeror intends to acquire all of the Company’s Stock (including any shares of the Company’s Stock issuable upon exercise of the Share Acquisition Rights, but excluding the treasury shares held by the Company and the Non-tendered Shares), the Share Acquisition Rights, and the ADRs. Therefore, no maximum number of shares to be purchased has been set. If the total number of the Tendered Shares reaches or exceeds the minimum number of shares to be purchased (41,119,400 shares), the Offeror will purchase all of the Tendered Shares.

The minimum number of shares to be purchased (41,119,400 shares) has been calculated by subtracting the number of the Company’s treasury shares (4,762,875 shares) as of November 30, 2025, as stated in the Company’s Third Quarter Financial Results, from the total number of the Company’s issued shares (75,164,895 shares) as of the same date, as stated in the Company’s Third Quarter Financial Results, and multiplying the number of voting rights (704,020 voting rights) represented by the result (70,402,020 shares) by two-thirds (469,347 voting rights; rounded up to the nearest whole number), then subtracting the total number of voting rights (17,712 voting rights) represented by the number of shares of the Company’s Stock (1,771,200 shares) held by the Offeror and the total number of voting rights (40,441 voting rights) represented by the Non-tendered Shares (4,044,142 shares) held by the Non-tendering Shareholders as of the date hereof, and then multiplying the result (411,194 voting rights) by 100 shares, which is the Company’s share unit. The reason for setting the minimum number of shares to be purchased (41,119,400 shares) are as follows: the purpose of the Tender Offer is to take the Company’s Stock private, and if the Offeror is unable to acquire all of the shares of the Company’s Stock (including any shares of the Company’s Stock issuable upon exercise of the Share Acquisition Rights, but excluding the treasury shares held by the Company and the Non-tendered Shares), the Share Acquisition Rights, and the ADRs in the Tender Offer, the Offeror will request the Company to implement

a series of procedures (the “Squeeze-out Procedure”) to make the Offeror and the Non-tendering Shareholders the only shareholders of the Company, as described in “(5) Policies on reorganization, etc. after Tender Offer (matters concerning “two-step acquisition”)” below. Since implementation of the Share Consolidation procedure, which is a part of the Squeeze-out Procedure, requires a special resolution at a general shareholders’ meeting as stipulated in Article 309, Paragraph 2 of the Companies Act, and to ensure that the procedures for the Share Consolidation are duly completed, it is necessary to secure that the Offeror and the Non-tendering Shareholders hold at least two-thirds of the voting rights of all shareholders of the Company after the Tender Offer. With respect to the Share Acquisition Rights, they have been issued as share-compensation type share acquisition rights to the Company’s directors (excluding outside directors) and are subject to the Conditions for Exercise upon Loss of Status. According to the Company, none of its current directors who are Share Acquisition Right Holders plan to exercise them upon fulfillment of the Conditions for Exercise upon Loss of Status, and the Company does not anticipate that any Share Acquisition Rights will be exercised during the Tender Offer Period, resulting in issuance of shares of the Company’s Stock to the Share Acquisition Right Holders. In addition, as described in “(5) Policies on reorganization, etc. after Tender Offer (matters concerning “two-step acquisition”)” below, if the Tender Offer is successfully completed, the Offeror intends to request the Company to complete, or to complete itself, the procedures reasonably necessary for the execution of the Transaction, such as acquiring the Share Acquisition Rights and encouraging the Share Acquisition Right Holders to waive their Share Acquisition Rights, and the Company has indicated its intention to cooperate with such a request, if made. Therefore, when setting the minimum number of shares to be purchased, the Offeror did not take into account the number of shares of the Company’s Stock underlying the Share Acquisition Rights.

For the purpose of having a new company undertake the asset management services and other primary business activities of the Offeror after the Tender Offer, the Offeror intends to formulate an incorporation-type company split plan during the Tender Offer Period, and implement an incorporation-type company split with an effective date around early March 2026, in which the Offeror will be the company splitting in the incorporation-type company split, and the assets, liabilities, and other rights and obligations held by the Offeror as of the date hereof, excluding the shares of the Company’s Stock (1,771,200 shares) and the claims and obligations related to deferred tax liabilities, consumption tax, and other minor public dues pertaining to such shares, will be transferred to the company established in the incorporation-type company split.

In addition, after the Company Split, the Offeror intends to issue shares of the Class B

Preferred Stock (Note 9), which are non-voting shares of the Offeror, through a third-party allotment to SMBC Nikko Securities Inc. ("SMBC Nikko Securities") as the planned allottee ("SMBC Nikko Securities' Investment"). The Offeror, which has roots in the Kyushu region, aims for the Company, which has progressed together with its local communities, to grow together with those communities and contribute to them. To achieve this objective, after the announcement of the Tender Offer, the Offeror and SMBC Nikko Securities Inc. intend to consult with multiple regional financial institutions and, taking into account the characteristics and needs of each such institution, subscribe for the Class B Preferred Stock in allocations designed to realize an optimal support framework, and thereafter contemplate transferring the Class B Preferred Stock to regional financial institutions that will support the Company's medium- to long-term growth.

(Note 9) The shares of the Class B Preferred Stock to be subscribed for by SMBC Nikko Securities will be non-voting shares and will constitute class shares with provisions that entitle holders to receive residual assets in priority to holders of the shares of the common stock, the shares of the Class A Preferred Stock, and other class shares. As for the content of these class shares, they will not include dividend rights but will include put options (the right of the holders of the Class B Preferred Stock to request the Offeror to acquire their shares of the Class B Preferred Stock in exchange for a value calculated solely in accordance with a prescribed calculation method) and call provisions (the right of the Offeror to acquire the shares of the Class B Preferred Stock held by the holders of the Class B Preferred Stock in exchange for a value calculated solely in accordance with a prescribed calculation method). In this regard, the value of the Company's Stock, which is the basis for determining the subscription price per share of the Class B Preferred Stock, is planned to be set at the same price as the Tender Offer Price (6,082 yen) (provided, however, that if the Share Consolidation is implemented as part of the Squeeze-out Procedure, formal adjustments are planned to be made based on the consolidation ratio of the Company's Stock in the Share Consolidation) and there are no plans to issue shares at a discounted price, and thus the subscription price per share of the Class B Preferred Stock to be paid by SMBC Nikko Securities to the Offeror is not considered to be set under substantially more favorable terms than the Tender Offer Price. Considering these facts, the Offeror believes that the intent of the principle of uniformity of tender offer prices will not be violated.

If the Tender Offer is successfully completed but the Offeror is unable to acquire all of the shares of the Company's Stock (including any shares of the Company's Stock issuable upon

exercise of the Share Acquisition Rights, but excluding the treasury shares held by the Company and the Non-tendered Shares), the Share Acquisition Rights, and the ADRs through the Tender Offer, the Offeror will implement the Squeeze-out Procedure. For details, please see “(5) Policies on reorganization, etc. after Tender Offer (matters concerning “two-step acquisition”)” below.

It is possible that, as of the effective date of the Share Consolidation conducted as part of the Squeeze-out Procedure, there are shareholders of the Company (other than the Offeror and the Non-tendering Shareholders) who hold a number of shares of the Company's Stock equal to or greater than the smallest number held among the Offeror and the Non-tendering Shareholders. To avoid this situation to the extent possible and enhance the stability of the Squeeze-out Procedure, if requested by the Offeror, Mr. Kazuhide Nakatomi and other Non-tendering Shareholders may enter into a loan agreement for the shares of the Company's Stock, under which Mr. Kazuhide Nakatomi would borrow all or part of the shares of the Company's Stock held by the Non-tendering Shareholders as lenders, effective prior to the effectuation of the Share Consolidation (the “Asset Management Company Share Lending Transaction”). Specifically, (I) shareholders with a relatively low ownership ratio among the Non-tendering Shareholders will become lender or lenders in the Asset Management Company Share Lending Transaction and lend all of their shares of the Company's Stock to Mr. Kazuhide Nakatomi, and (II) Mr. Kazuhide Nakatomi, as borrower in the Asset Management Company Share Lending Transaction, will terminate the Asset Management Company Share Lending Transaction after the effectuation of the Share Consolidation and return all of the borrowed shares of the Company's Stock to the lender or lenders, thereby enabling the Non-tendering Shareholders to continue holding their shares of the Company's Stock after the Squeeze-out Procedure. If the Asset Management Company Share Lending Transaction is conducted, to enable Mr. Kazuhide Nakatomi, as borrower, to return the shares of the Company's Stock of equivalent value to the borrowed shares of the Company's Stock after the Share Consolidation, the Offeror will request the Company to split the Company's Stock based on a record date and ratio separately specified by the Offeror. However, details have not yet been determined as of the date hereof. Although the terms and conditions, including the share lending fee, have not yet been determined, the Offeror intends to set terms and conditions comparable to those that could be set in similar share lending transactions between independent parties. Even if a share lending fee is paid, the Asset Management Company Share Lending Transaction will qualify as a “purchase, etc. excluded from application” under the proviso of Article 27-2, Paragraph 1 of the Act because it will be a transaction conducted with formal specially related parties, as defined in Article 27-2, Paragraph 7, Item 1 of the Act, for at least one year prior to the date of execution of each

share lending agreement setting forth the terms and conditions, including the share lending fee.

It is also possible that, even after the execution of the Asset Management Company Share Lending Transaction, as of the effective date of the Share Consolidation conducted as part of the Squeeze-out Procedure, there are shareholders of the Company (other than the Offeror and the Non-tendering Shareholders) who hold a number of shares of the Company's Stock equal to or greater than the smallest number held among the Offeror and the Non-tendering Shareholders. To avoid this situation to the extent possible and enhance the stability of the Squeeze-out Procedure, if requested by the Offeror, Mr. Kazuhide Nakatomi and the Offeror may enter into a loan agreement for the shares of the Company's Stock, under which Mr. Kazuhide Nakatomi would borrow a part of the shares of the Company's Stock held by the Offeror as lender, effective prior to the effectuation of the Share Consolidation (the "Offeror Share Lending Transaction,"; the Asset Management Company Share Lending Transaction and the Offeror Share Lending Transaction are hereinafter referred to collectively as the "Share Lending Transactions"). The Offeror Share Lending Transactions will qualify as a "purchase, etc. excluded from application" under the proviso of Article 27-2, Paragraph 1 of the Act because it will be a transaction conducted with a formal specially related party, as defined in Article 27-2, Paragraph 7, Item 1 of the Act, for at least one year prior to the date of execution of each share lending agreement setting forth the terms and conditions, including the share lending fee. In this case, Mr. Kazuhide Nakatomi, as borrower in the Offeror Share Lending Transaction, will terminate the Offeror Share Lending Transaction after the effectuation of the Share Consolidation and return all of the borrowed shares of the Company's Stock to the lender. If the Offeror Share Lending Transaction is conducted, to enable Mr. Kazuhide Nakatomi, as borrower, to return the shares of the Company's Stock of equivalent value to the borrowed shares of the Company's Stock after the Share Consolidation, the Offeror will request the Company to split the Company's Stock based on a record date and ratio separately specified by the Offeror. However, details have not yet been determined as of the date hereof.

Furthermore, the Offeror intends to ultimately become the Company's sole shareholder. To achieve this purpose, after the successful completion of the Squeeze-out Procedure, the Offeror will implement a share exchange (the "Share Exchange") in which the Offeror becomes the wholly-owning parent company in the share exchange and the Company becomes the wholly-owned subsidiary in the share exchange, with consideration in the form of the shares of the Offeror's stock. However, details have not yet been determined as of the date hereof (Note 10, Note 11).

(Note 10) Through the Share Exchange, the Non-tendering Shareholders will acquire shares

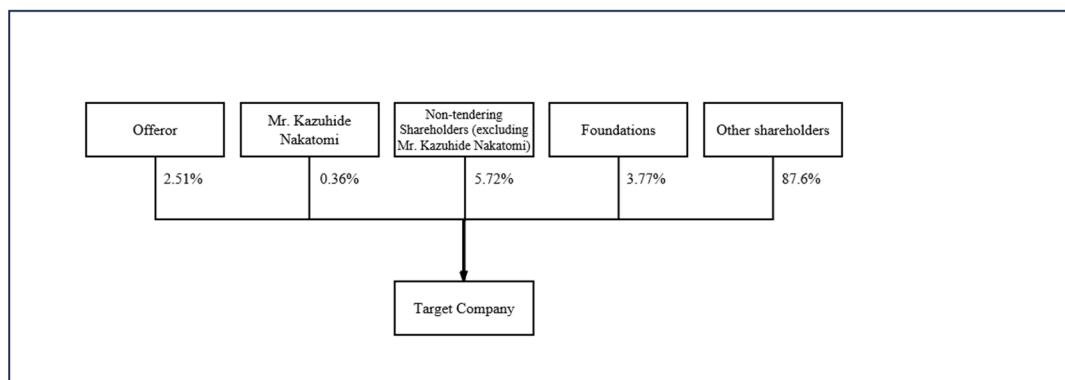
of the Offeror. The purpose of this is for the Non-tendering Shareholders, through their ownership of the shares of the Offeror's stock, to participate in the Company's management and to share common goals for enhancing the Company's corporate value after taking the Company's Stock private, and such shares are not considered equivalent to the consideration for tendering in the Tender Offer. Therefore, the Offeror believes that the intent of the principle of uniformity of tender offer prices will not be violated.

(Note 11) In determining the share exchange ratio for the Share Exchange, if the Share Consolidation is conducted as part of the Squeeze-out Procedure, adjustments will be made as necessary in proportion to such ratio, and the value of the Company's Stock will be assessed at an amount substantially equivalent to the Tender Offer Price to prevent violation of the intent of the principle of uniformity of tender offer prices.

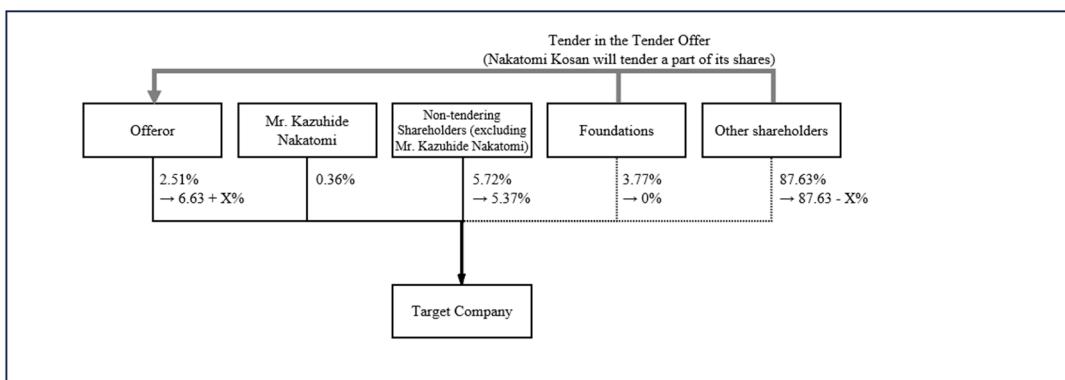
If the Tender Offer is successfully completed, the Offeror will finance the funds required for the Transaction, including the Tender Offer, through borrowings from Sumitomo Mitsui Banking Corporation ("SMBC"), and MUFG Bank (the "Bank Loans"). Subject to the successful completion of the Tender Offer and other conditions, the Offeror will obtain the Bank Loans by the business day preceding the settlement commencement date for the Tender Offer. While the specific terms and conditions of the Bank Loans are to be set out in the loan agreements following separate negotiations with each bank, the collateral pledged under these loan agreements will be the shares of the Company's Stock held by the Offeror and the shares of the Company's Stock to be acquired through the Transaction. After the successful completion of the Squeeze-out Procedure, the collateral will also include certain assets of the Company.

The following diagrams illustrate the outline of the Transaction.

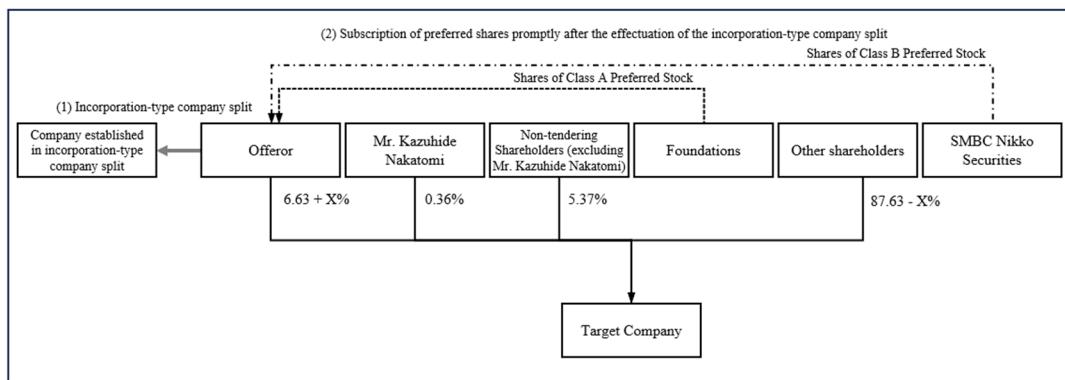
(i) Before implementation of the Tender Offer



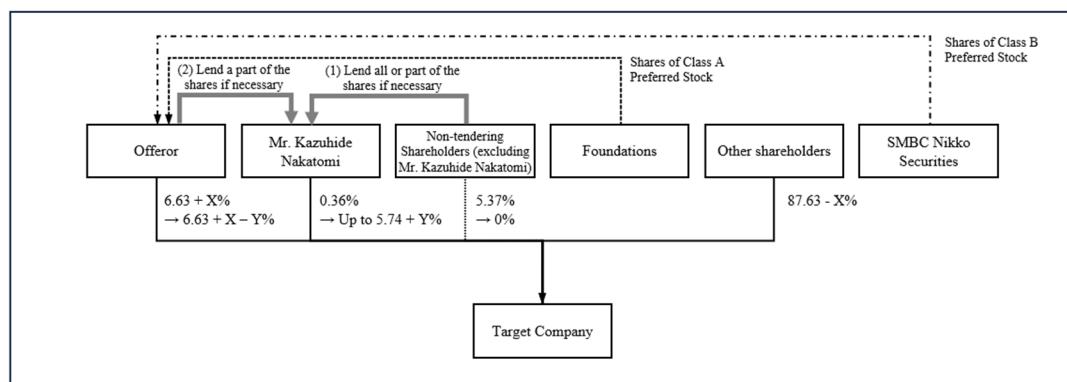
(ii) Settlement of the Tender Offer



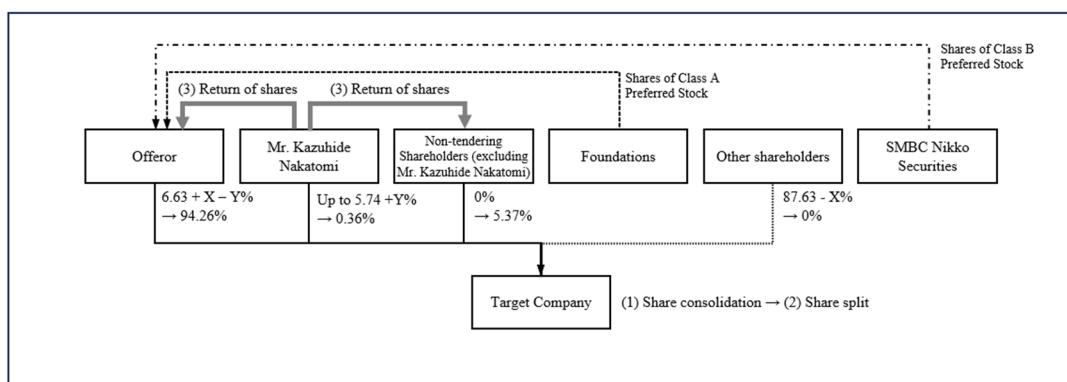
(iii) Execution of the Company Split, the Foundations' Reinvestment, and SMBC Nikko Securities' Investment



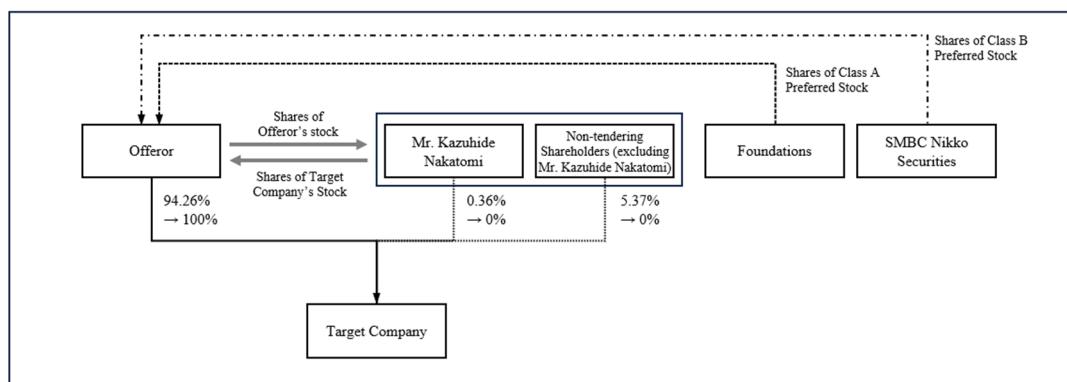
(iv) (If necessary) Implementation of the Share Lending Transactions prior to the effectuation of the Share Consolidation



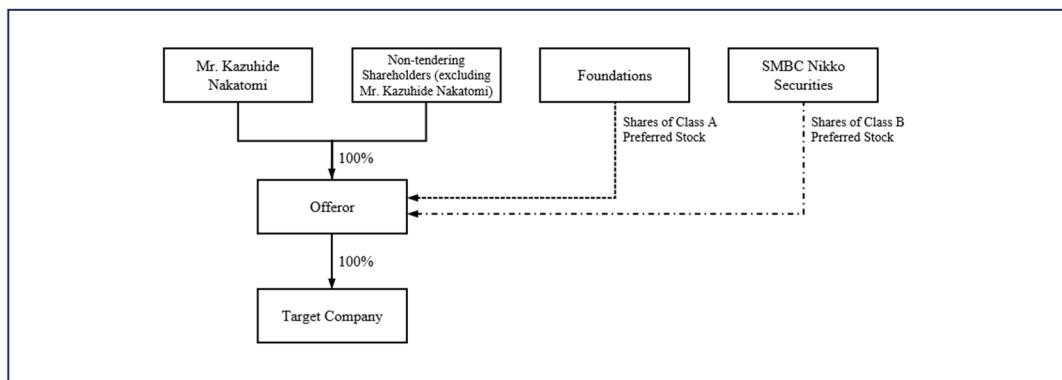
(v) Implementation of the Squeeze-out Procedure



(vi) Implementation of the Share Exchange



(vii) After implementation of the Share Exchange



(II) Background, purpose, and decision-making process leading to Offeror's decision to implement Tender Offer, and management policy after Tender Offer

(i) Background, purpose, and decision-making process leading to Offeror's decision to implement Tender Offer

The Company was founded as Komatsuya in 1847 where Tashiro, Tosu City, Saga is currently located. For nearly 180 years since its foundation, the Company has continued to develop and has steadily grown. In December 1903, the Company's predecessor Hisamitsu & Co. was established. In February 1951, Hisamitsu & Co. absorbed Miyaki Seiyaku Co., which had been incorporated in May 1944 for the purpose of manufacturing pharmaceuticals, and Tashiro Koki Kogyo Kabushiki Kaisha, which had been incorporated in February 1948 for the purpose of manufacturing and marketing mining machinery and other forgings. In September 1962, Hisamitsu & Co. was listed in the Second Section of the TSE and the Main Board of the FSE, followed by in the Second Section of the NSE in September 1971. In July 1972, the Company was shifted to the First Section of the TSE and the First Section of the NSE. As a result of the market restructuring of the TSE and the NSE in April 2022, the Company is listed in the Prime Market of the TSE, the Premier Market of the NSE, and the Main Board of the FSE as of today.

As of today, the Company's group consists of a total of 24 companies, including the Company and its 19 consolidated subsidiaries, three equity-method affiliates, and one non-consolidated subsidiary that is a non-equity-method affiliate (collectively, the "Company Group"). The Company Group's mission is Promoting "TE-A-TE" Culture Worldwide. "TE-A-TE" is a practice of compassion to others. With this mission, the Company Group develops its business activities based on patch technology that the Group has accumulated, with the aim of delivering a better QOL to the world and contributing to a sustainable society.

The Company Group mainly operates pharmaceutical business, which is the Company Group's single reportable segment, in Japan and abroad. In its pharmaceutical business,

the Company Group conducts R&D, manufacture, purchase, sale, etc. of prescription and non-prescription products, among other things. An overview of the Company Group's business is provided below.

(A) Prescription Products

The environment surrounding prescription products remains severe in terms of government measures to control medical expenses, such as the promotion of use of generic drugs and the reduction in NHI drug prices of long-term listed products, which has stemmed from the further optimization of drug pricing. Amid this market environment, the Company Group has manufactured and marketed female hormone patches, patches for asthma treatment, patches for treating overactive bladders, transdermal treatment drugs for allergic rhinitis, among others, with its main products being the transdermal anti-inflammatory pain relief patches MOHRUS® (Note 1) Tapes and MOHRUS® Pap XR and the transdermal long-acting cancer pain relief patch ZICTHORU® Tapes (Note 2). The Company Group has also further reinforced its activities for providing academic information to healthcare professionals by regularly holding seminars, academic meetings, lecture meetings, etc. in different regions in addition to engaging in conventional MR (Note 3) activities, and has enhanced its sales, production, and R&D functions, with the aim of developing new pharmaceutical products that meet the needs of healthcare professionals and patients.

(Note 1) "MOHRUS®" refers to transdermal non-steroidal anti-inflammatory pain relief patches whose main ingredient is ketoprofen.

(Note 2) "ZICTHORU® Tapes" refers to a transdermal non-steroidal anti-inflammatory pain relief patch whose main ingredient is diclofenac sodium.

(Note 3) "MR" stands for Medical Representative, whose main duties include promoting the proper use of pharmaceuticals and collecting and providing safety management information by such means as visiting healthcare professionals.

(B) Non-prescription Products (OTC Products) (Note 4)

The Company Group manufactures and markets OTC products, with a focus on pain relief and anti-inflammatory brands for external use, including Salonpas®, which celebrates 90 years since its launch, and Feitas®, Nobinobi® Salonship®, Air® Salonpas®, etc. Other OTC products manufactured and marketed by the Company Group include the therapeutic drug for athlete's foot, Butenalock®, among others. The Company Group has developed products that meet customers' needs, including not only OTC products but also quasi-pharmaceutical products and cosmetics, among others.

In Japan, the Company Group works to further increase the value of its existing brands, such as Salonpas®, in the OTC product market while working on product development with a focus on efficacy and usability so that the group's products contribute to improving the QOL of customers. The Company Group conducts product development and makes improvement in a manner that meets customer needs, as well as conducting active marketing activities such as running TV and SNS ads to increase the awareness of the group's brands. Furthermore, the Company Group set up Hisamitsu Wellness, a mail order business handling pharmaceuticals, health food, etc., to adapt to consumers' shift to online channels in their purchasing behavior. Through Hisamitsu Wellness, the Company Group has worked on the development of more customized products and services.

Overseas, Salonpas® has been recognized worldwide as the world's No. 1 brand in terms of market share (Note 5) for nine consecutive years since 2016 in the anti-inflammatory pain relief patch category of the OTC product market. The Company Group started overseas marketing of Salonpas® when the product started to be exported in 1937. Today, the marketing of Salonpas® has expanded to over 40 different countries and regions, including Asia, the U.S., and the Eurozone. The Company Group strives to establish the Company's brands, including intellectual property, manufacturing technology, and quality control technology, while working on further improvement of overseas production factories in the U.S., Brazil, Vietnam, and Indonesia by improving production equipment and strengthening personnel systems, among others, to provide a stable supply of products, and on pharmaceutical applications and the development of sales systems in foreign countries that are new to the Company Group.

(Note 4) "OTC products" means non-prescription products sold at pharmacies or drug stores.

(Note 5) Based on surveys conducted on an annual basis by Euromonitor International Limited since 2017 (the relevant surveys were conducted in countries constituting more than 70% of the world's market of anti-inflammatory analgesics/anesthetics for external use in terms of retail sales basis for each year during 2016 – 2024).

The pharmaceutical product and healthcare business market is facing a period of major reforms amid changes in the socioeconomic environment, such as changes in individuals' views on life and values, the advancement of digitalization, the rapid aging of societies, the

increase in medical expenses, and continuing measures to control medical expenses, such as the enhancement of measures to promote the use of generic drugs or Japan's elective care scheme, as well as the decrease in the stability of pharmaceutical businesses in the U.S. due to changes in regulations and policies that are represented by pharmaceutical tariffs and the most-favored-nation pricing policy (Note 6). In this environment, and owing to the Company's intention to further accelerate the realization of a better QOL of people across the world and contribute to a sustainable society through pharmaceutical business, the Company is expected to play an increasingly significant social role in this market. The Company believes that, in the prescription product and OTC product industries which are surrounded by a severe business environment, the Company will be able to fulfill its mission as a pharmaceutical company by continuing to develop pharmaceuticals that meet the needs of healthcare professionals, patients, and consumers, and aiming to improve the QOL of patients and consumers. The Company is also aware of the importance of flexibly meeting changes in the social situation and consumers' attitude, establishing the rebranding of not just Salonpas® but also the entire Company Group, and continuing to provide products that will continue to be chosen by customers. Furthermore, towards further increasing overseas market share, the Company is aware of the importance of providing products that are suitable to each country's market by keeping an eye on changes in customer needs and consumption behavior (i.e., the diversification of consumers' standards for selecting products and consumers' methods for obtaining product information) in the new normal (Note 7) era, which was triggered by COVID-19. Under these circumstances, the business environment surrounding the Company is expected to become even more severe, with such factors as the downward pressure on price arising from the fiercer development competition with competitors, the increased maturity of the Japanese pharmaceutical market, and the increased number of competing items, among other things, as well as higher quality standards required of pharmaceuticals, not to mention the securing of their quality and safety. Amid this situation, the Company is expected to steer its management from medium- to long-term perspectives.

(Note 6) The term "most-favored-nation pricing" means pricing lowered to the same level as the minimum price in any country.

(Note 7) The term "new normal" means a new common sense that becomes established in people's life and business after significant changes in society that have created structural changes that would prevent people from returning to their common sense or attitude before those changes in society.

Given these circumstances, Mr. Kazuhide Nakatomi, the Company's Representative

Director and President, believes that continuing to develop the Company Group's existing businesses as before will not be sufficient to achieve its sustainable growth. Specifically, he believes that implementing the following measures will enable the Company Group to further enhance its corporate value.

(A) Maximizing the value of existing products in the prescription product business

Mr. Kazuhide Nakatomi recognizes that the domestic prescription product industry is facing a challenging business environment due to the impact of ongoing measures to contain drug prices. To fulfill the Company Group's mission of "Delivering a Better QOL to the World" in such a business environment, he believes that maximizing the value of existing products, as well as developing new ones, would be an effective approach. For example, with respect to the "MOHRUS®" product group, which is one of the Company Group's core prescription products, he intends to leverage the products' strength of broad clinical use in aiming to obtain designation as basic pharmaceuticals, thereby mitigating drug price declines. For "ZICTHORU® Tapes," in addition to existing sales measures, such as hosting seminars, academic conferences, and lectures, and placing promotional materials within medical facilities, he intends to work on expanding prescriptions, promoting sales through differentiation from existing products, and strengthening collaboration with exclusive distributors. He believes that while these efforts will initially require upfront investment in R&D and promotional expenses, potentially slowing profit growth in the short term, they will lead to increased profits through expanded sales from a medium- to long-term perspective.

(B) Investment for business transformation in the prescription product business

Mr. Kazuhide Nakatomi recognizes that recently in the prescription product industry, R&D utilizing diverse drug discovery platform technologies has led to the diversification and increased complexity of drug discovery modalities (Note 8), including not only traditional small-molecule drugs but also antibody drugs, nucleic acid therapeutics, cell therapies, and other medium-molecule and macromolecule drugs. Similarly, he understands that the Company Group's medicated patch business also faces a strong demand for transformation to address this trend of diversification and increased complexity of drug discovery modalities. In response to these changing circumstances, the Company is advancing the development of HP-6050, a drug utilizing microneedle technology, as the first step in the business transformation. Conventional medicated patch have been limited to making transdermal delivery of small-molecule compounds, and creating medicated patch for the delivery of medium-molecule and macromolecule

compounds has been a significant challenge. On the other hand, the microneedle technology being developed by the Company Group is expected to enable the rapid and efficient transfer of drugs into the bloodstream, regardless of molecular size, while also allowing for safer and more convenient transdermal drug delivery. Therefore, this technology is understood to be capable of solving the challenges of conventional medicated patch. To achieve the world's first commercialization of a prescription pharmaceutical using this microneedle technology and to maximize its value, significant upfront costs and investments will be required, including not only R&D for microneedle drugs like the HP-6050 and vaccines, but also R&D for cosmetics and other applications beyond therapeutics and the construction of a microneedle manufacturing facility for practical application of the technology. While this may pressure the Company Group's profits in the short term, it is expected to contribute to enhancing corporate value from a medium- to long-term perspective by creating social value that surpasses that of existing pharmaceuticals.

(Note 8) "Modality" refers to the methods or means of drug discovery platform technologies for pharmaceuticals, or the classification of pharmaceuticals based on such technologies.

(C) Improving profitability in the domestic OTC product business through cost pass-through and cost management

Mr. Kazuhide Nakatomi recognizes that, while the domestic OTC product market has continued to grow since the spread of COVID-19, owing to increased public awareness of self-medication and the resurgence of inbound demand, concerns exist about the domestic market reaching its ceiling in the future due to population decline. Concurrently, in recent years, raw material prices have remained elevated due to factors such as the global surge in resource prices caused by the crisis in Ukraine and rising pressure on raw material and energy prices driven by the historic depreciation of the yen against the backdrop of the widening interest rate differential between Japan and the United States. To respond to these environmental changes, he believes that the Company Group can seek to expand profits by improving gross profit through pass-through of the increased costs of rising raw material and energy prices to product prices, while also improving productivity through manufacturing line enhancements and appropriately managing distribution margins, such as rebates and allowances paid to pharmaceutical wholesalers. He recognizes that if the Company Group fails to gain customer understanding regarding the retail price adjustments related to the cost pass-through, it could negatively impact sales, such as through temporary customer attrition. However,

he believes that the cost pass-through will enable the Company Group to maintain product quality and provide customers with added value beyond the price on an ongoing basis, resulting in sustainable medium- to long-term growth.

(D) Investment to expand product lineup and business in overseas OTC product business

The global OTC product market continues to expand steadily, in advanced nations experiencing aging populations similar to Japan and emerging economies where healthcare insurance systems are underdeveloped and demand for affordable OTC products is high. In this environment, not only major global OTC pharmaceutical manufacturers but also Japanese manufacturers are actively pursuing overseas expansion through acquisitions and partnerships with local companies, intensifying competition. While concerns exist about the domestic market reaching its ceiling as described above, in order for OTC products to continue driving the Company Group's performance as a growth business in the overseas markets, where market expansion is anticipated, expanding business through the enhancement of the product lineup by leveraging the globally strong brand asset of "Salonpas®" and the development of new markets would be an effective approach. In countries and regions, primarily the United States and Asia, where "Salonpas®" already enjoys high recognition and usage rates, it would be possible to strengthen the Company Group's market position by introducing additional products to enhance the product lineup. Simultaneously, in new target markets, such as Global South countries where medicated patch like "Salonpas®" are not yet widely used, it would be possible to leverage the experience and expertise in pharmaceutical regulatory submissions to enter and develop new markets ahead of competitors, thereby gaining market share and expanding sales. To achieve this, the Company Group will need to further accelerate the globalization of its organizational and management systems, including the development of structures and fostering of human resources across the entire value chain, including R&D, pharmaceutical affairs, production, and sales, which will require the investment of adequate management resources.

(E) Expansion of mail-order and e-commerce sales in the domestic OTC product business

Mr. Kazuhide Nakatomi recognizes that, following the COVID-19 pandemic, factors such as the diversification of lifestyles and the advancement of digitalization have driven the expansion of direct-to-consumer sales, including mail-order and e-commerce sales,

leading to significant changes in purchasing patterns. To respond to this environmental change, he considers it essential to aim to strengthen and expand the Company's product sales channels by not only maintaining sales through pharmacies and drugstores but also actively enhancing efforts in the e-commerce field, including e-commerce malls like Amazon and Rakuten, as well as the Company's own e-commerce platform. While the Company sells OTC products and health foods on e-commerce malls and its own e-commerce platform, its efforts in this area are not particularly proactive. To enhance the Company's corporate value going forward, it would be necessary to increase growth investments in the e-commerce field. Furthermore, he believes that expanding the range of products for its own e-commerce platform and exclusive products for e-commerce malls can drive further sales growth.

On the other hand, Mr. Kazuhide Nakatomi believes that as long as the Company maintains its stock listing, it is required to focus on shareholder interests in its management, necessitating consideration for securing and distributing short-term profits. Therefore, he considers that the listing of the Company's Stock is highly likely to become a hindrance to executing medium- to long-term measures, such as temporary expenditures and upfront investments that could potentially lead to a decline in short-term profit levels or worsening cash flow, or fundamental structural reforms. In addition, the measures outlined in (i) to (v) above do not necessarily contribute to immediate profitability and they involve considerable time and significant risk. Therefore, it would be difficult to maintain listing of the Company's Stock and expect its shareholders to bear these risks and fully support the implementation of these measures. Moreover, considering the medium- to long-term maximization of the Company Group's corporate value, he believes it is essential to establish a robust and stable management structure that enables agile and flexible decision-making from a medium- to long-term perspective, allowing the Company Group to unite in promoting business expansion and strengthening of its management foundation.

Furthermore, Mr. Kazuhide Nakatomi recognizes that, due to factors such as the regulatory tightening in the capital markets in recent years, the amount of additional and continuous information disclosure to stakeholders through securities reports, corporate governance reports, and other documents has been increasing year by year, and the burden of human and financial costs necessary for a listed company to maintain its stock listing is trending upward. He believes that the possibility of these costs becoming a significant burden on the Company Group's management efforts cannot be denied. Since its listing in 1962, the Company Group has enjoyed various benefits as a listed company, including enhanced recognition facilitating the recruitment of outstanding talent and improved social credibility.

On the other hand, considering the Company Group's current financial situation, where funds necessary for business activities are sufficiently secured through methods such as borrowings from financial institutions, he believes that the need for large-scale fundraising through equity finance is not particularly high for the time being. In addition, given that the Company Group's social credibility and brand power have already been established through its business activities, he believes that the necessity for the Company to maintain its listing and the benefits it can enjoy by doing so have relatively diminished.

Based on the above considerations, in mid-October 2025, Mr. Kazuhide Nakatomi communicated to the Company's directors that he was conducting initial consideration regarding taking the Company's Stock private and then commenced detailed consideration regarding taking the Company's Stock private. In considering the Transaction, in mid-October 2025, he appointed SMBC Nikko Securities as financial advisor and Anderson Mori & Tomotsune ("Anderson Mori & Tomotsune") as legal advisor. Subsequently, on October 15, 2025, he made an initial verbal inquiry to all directors, including outside directors, expressing his intention to begin consideration and discussions regarding the implementation of a management buyout (MBO). On October 20, 2025, he submitted a written request to the Company to commence discussions regarding the Transaction (the "Written Request"), in addition to the verbal inquiry made on October 15, 2025. On the same day, the Company indicated to him its intention to establish a framework for considering discussions regarding the Transaction, and from that day, he commenced detailed consideration regarding the Transaction.

Subsequently, in mid-November 2025, Mr. Kazuhide Nakatomi commenced due diligence on the Company (which was conducted until mid-December 2025) and proceeded with further detailed consideration of the terms and conditions of the Transaction. He comprehensively considered information such as the results of the due diligence on the Company, the Company's financial information, and trends in the Company's stock price, and proceeded with consideration of the Tender Offer Price. On December 5, 2025, he submitted an initial price proposal to the Company stating that he intends to: (a) set the Tender Offer Price at 5,280 yen (the proposed Tender Offer Price of 5,280 yen includes a premium of 26.74% (rounded to the second decimal place; the same applies hereinafter to the calculation of premiums) on the closing price (4,166 yen) of the Company's Stock on the TSE Prime Market on December 4, 2025 which is the business day preceding the date of the proposal, a premium of 26.59% on the simple average closing price for the past one month until such date (4,171 yen) (rounded to the nearest whole number; the same applies hereinafter to the

calculation of simple average closing prices), a premium of 27.05% on the simple average closing price for the past three months until such date (4,156 yen), and a premium of 27.29% on the simple average closing price for the past six months until such date (4,148 yen)); (b) to set the purchase price per Share Acquisition Right in the Tender Offer (the “Share Acquisition Right Purchase Price”) at 1 yen, considering factors such as that the Share Acquisition Rights have been issued as share-compensation type share acquisition rights to the Company’s directors and that, as a condition for exercising the Share Acquisition Rights, their holders may, during the exercise period of the Share Acquisition Rights and from the day following the date of losing their status as the Company’s director, exercise the Share Acquisition Rights allocated based on such lost status, and the Offeror cannot exercise these Share Acquisition Rights even if it acquires them; and (c) to set the purchase price per share of the Company’s Stock corresponding to the ADS represented by the ADR (the “ADS Purchase Price”; the Tender Offer Price, the Share Acquisition Right Purchase Price, and the ADS Purchase Price are hereinafter referred to collectively as the “Tender Offer Price, Etc.”) at 5,280 yen. On December 12, 2025, the Company requested a reconsideration of the Tender Offer Price, stating that it undervalues the realization of the Company’s potential shareholder value and does not represent a price level that can be considered sufficient in light of the Company’s intrinsic value. Consequently, Mr. Kazuhide Nakatomi reconsidered the Tender Offer Price and, on December 16, 2025, submitted the second price proposal to the Company stating that he intends to: (a) set the Tender Offer Price at 5,660 yen (the proposed Tender Offer Price of 5,660 yen includes a premium of 35.15% on the closing price (4,188 yen) of the Company’s Stock on the TSE Prime Market on December 15, 2025 which is the business day preceding the date of the proposal, a premium of 34.83% on the simple average closing price for the past one month until such date (4,198 yen), a premium of 36.68% on the simple average closing price for the past three months until such date (4,141 yen), and a premium of 36.45% on the simple average closing price for the past six months until such date (4,148 yen)); (b) to set the Share Acquisition Right Purchase Price at 1 yen; and (c) to set the ADS Purchase Price at 5,660 yen. On December 18, 2025, the Company requested a reconsideration of the Tender Offer Price, stating that it still does not represent a price level that can be considered sufficient in light of the Company’s intrinsic value. Consequently, Mr. Kazuhide Nakatomi reconsidered the Tender Offer Price and, on December 22, 2025, submitted the third price proposal to the Company stating that he intends to: (a) set the Tender Offer Price at 5,800 yen (the proposed Tender Offer Price of 5,800 yen includes a premium of 35.90% on the closing price (4,268 yen) of the Company’s Stock on the TSE Prime Market on December 19, 2025 which is the business day preceding the date of the proposal, a premium of 37.60% on the simple average closing price for the

past one month until such date (4,215 yen), a premium of 39.93% on the simple average closing price for the past three months until such date (4,145 yen), and a premium of 39.83% on the simple average closing price for the past six months until such date (4,148 yen)); (b) to set the Share Acquisition Right Purchase Price at 1 yen; and (c) to set the ADS Purchase Price at 5,800 yen. On December 23, 2025, the Company requested a reconsideration of the Tender Offer Price, stating that it still does not represent a price level that can be considered sufficient in light of the Company's intrinsic value. Consequently, Mr. Kazuhide Nakatomi reconsidered the Tender Offer Price and, on December 26, 2025, submitted the fourth price proposal to the Company stating that he intends to: (a) set the Tender Offer Price at 6,000 yen (the proposed Tender Offer Price of 6,000 yen includes a premium of 37.08% on the closing price (4,377 yen) of the Company's Stock on the TSE Prime Market on December 25, 2025 which is the business day preceding the date of the proposal, a premium of 41.68% on the simple average closing price for the past one month until such date (4,235 yen), a premium of 44.51% on the simple average closing price for the past three months until such date (4,152 yen), and a premium of 44.37% on the simple average closing price for the past six months until such date (4,156 yen)); (b) to set the Share Acquisition Right Purchase Price at 1 yen; and (c) to set the ADS Purchase Price at 6,000 yen. On December 26, 2025, the Company requested a reconsideration of the Tender Offer Price, stating that it still does not represent a price level that can be considered sufficient in light of the Company's intrinsic value. Consequently, Mr. Kazuhide Nakatomi reconsidered the Tender Offer Price and, on December 30, 2025, submitted the fifth price proposal to the Company stating that he intends to: (a) set the Tender Offer Price at 6,072 yen (the proposed Tender Offer Price of 6,072 yen includes a premium of 39.11% on the closing price (4,365 yen) of the Company's Stock on the TSE Prime Market on December 29, 2025 which is the business day preceding the date of the proposal, a premium of 43.01% on the simple average closing price for the past one month until such date (4,246 yen), a premium of 46.00% on the simple average closing price for the past three months until such date (4,159 yen), and a premium of 45.93% on the simple average closing price for the past six months until such date (4,161 yen)); (b) to set the Share Acquisition Right Purchase Price at 1 yen; and (c) to set the ADS Purchase Price at 6,072 yen. On January 3, 2026, the Company requested an increase in the Tender Offer Price and the submission of a legally binding final proposal. Consequently, Mr. Kazuhide Nakatomi reconsidered the Tender Offer Price and, on January 5, 2026, submitted the sixth legally binding price proposal to the Company stating that he intends to: (a) set the Tender Offer Price at 6,082 yen (the proposed Tender Offer Price of 6,082 yen includes a premium of 38.48% on the closing price (4,392 yen) of the Company's shares on the TSE Prime Market on December 30, 2025, which is the business day preceding the date of the proposal, a

premium of 43.00% on the simple average closing price for the past one month until such date (4,253 yen), a premium of 46.06% on the simple average closing price for the past three months until such date (4,164 yen), and a premium of 46.06% on the simple average closing price for the past six months until such date (4,164 yen)); (b) set the Share Acquisition Right Purchase Price at 1 yen; and (c) set the ADS Purchase Price at 6,082 yen. On January 6, 2026, the Company indicated its acceptance of the Tender Offer Price proposed in the sixth proposal.

Following the above discussions and negotiations, the Offeror decided on January 6, 2026 to conduct the Tender Offer as part of the Transaction, setting the Tender Offer Price at 6,082 yen, the Share Acquisition Right Purchase Price at 1 yen, and the ADS Purchase Price at 6,082 yen.

(ii) Management policy after Tender Offer

The Transaction constitutes a so-called management buyout (MBO), and Mr. Kazuhide Nakatomi plans to continue managing the Target Company after the Tender Offer, promoting the management measures described in "(i) Background, purpose, and decision-making process leading to Offeror's decision to implement Tender Offer" in "(II) Background, purpose, and decision-making process leading to Offeror's decision to implement Tender Offer, and management policy after Tender Offer" above.

As of the date hereof, the Offeror has not reached any agreement with the Company's other directors or corporate auditors regarding their appointment to positions as officers or treatment after the Tender Offer. Although details regarding the management structure, including the composition of officers of the Company after the Tender Offer, will be determined in consultation with the Company after the Tender Offer, the Offeror intends to maintain the current management structure in principle. In addition, the Offeror intends to maintain the current employment conditions for the Company's employees in principle after the Tender Offer.

(III) The Company's Decision-Making Process Leading to Its Decision to Support the Tender Offer and Reasons Therefor
(i) How the discussion system was set up

As described in "(i) Background, purpose, and decision-making process leading to Offeror's decision to implement Tender Offer" in "(II) Background, purpose, and decision-making process leading to Offeror's decision to implement Tender Offer, and management policy after Tender Offer" above, the Company received the Written Request from Mr. Kazuhide

Nakatomi on October 20, 2025. In light of the fact that, among other things, the Transaction will be conducted as part of a management buyout (MBO) and involves structural conflict-of-interest issues, in late October 2025 the Company appointed, before proceeding to discuss the Transaction, Nishimura & Asahi ("Nishimura & Asahi") as legal advisor and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("MUMSS") as financial advisor and third-party valuator, both of whom are independent of the Company Group, the Offeror, the Non-tendering Shareholders, the Foundations, the Tendering Financial Institutions, and SMBC Nikko Securities for the purpose of ensuring the fairness of the Transaction, including the Tender Offer, in terms of ensuring the fairness of the Tender Offer Price, eliminating any arbitrariness that may arise in the decision-making process leading to the decision to implement the Tender Offer, and avoiding conflicts of interest, as described in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price, etc. and Measures to Avoid Conflicts of Interest" below.

In addition, the Company's board of directors resolved, at its meeting held on November 13, 2025, to set up a special committee consisting of four members, namely, Mr. Tetsugo Matsuo, Ms. Tamako Watanabe and Ms. Midori Noguchi, who are independent Outside Directors of the Company, and Mr. Kentaro Watanabe who is an independent Outside Corporate Auditor of the Company, for the purpose of discussing the proposal for the Transaction (the "Special Committee"; for the composition, specific activities, and other details of the Special Committee, please see "(III) The Company's Establishment of an Independent Special Committee and Receipt of a Written Report from the Special Committee" in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price, etc. and Measures to Avoid Conflicts of Interest" below), establishing a system for conducting discussions and negotiations on the Transaction. At the First Special Committee Meeting held on November 13, 2025, the Special Committee approved the appointment of MUMSS as the Company's financial advisor and third-party valuator and the appointment of Nishimura & Asahi as the Company's legal advisor, after confirming that neither had any problem in terms of expertise and independence from the Company Group, the Offeror, the Non-tendering Shareholders, the Foundations, the Tendering Financial Institutions, and SMBC Nikko Securities, and from success or failure of the Transaction.

In addition, as described in "(V) Establishment of an Independent Discussion System at the Company" in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price, etc. and Measures to Avoid Conflicts of Interest" below, the Company established an internal system for conducting discussions and negotiations and making decisions relating to the Transaction independently of the Offeror, the Non-tendering Shareholders, the Foundations, the Tendering Financial Institutions, and

SMBC Nikko Securities (including the scope and duties of officers and employees involved in discussions, negotiations, and decision-making relating to the Transaction). The discussion system was approved by the Special Committee at the First Special Committee Meeting held on November 13, 2025, in terms of having no problem with its independence or fairness.

(ii) Course of Discussions and Negotiations

Under the system described above, the Company conducted discussions and negotiations with the Offeror and carefully considered the Transaction in terms of pros and cons and terms and conditions the Transaction, in light of the outline of the Tender Offer, including the purpose of the Transaction, the impact of the Transaction on the Company Group, the management policy after the Transaction, and the current stock price trends, based on the negotiation policy confirmed by the Special Committee in advance and based on the Special Committee's opinions, instructions, requests, etc., given or made during critical phases of the negotiations, and with advice from MUMSS and Nishimura & Asahi, as described in "(i) Background, purpose, and decision-making process leading to Offeror's decision to implement Tender Offer" in "(II) Background, purpose, and decision-making process leading to Offeror's decision to implement Tender Offer, and management policy after Tender Offer" above.

Specifically, on December 5, 2025, the Company received from Mr. Kazuhide Nakatomi an initial proposal, which set (i) the Tender Offer Price at 5,280 yen (which represented a premium of 26.74% on 4,166 yen, which was the closing price of the Company's Stock quoted on the Prime Market of the TSE on December 4, 2025, the business day immediately preceding the date of the proposal, a premium of 26.59% on 4,171 yen, which was the simple average closing price over the past one-month period ending on the same business day, a premium of 27.05% on 4,156 yen, which was the simple average closing price over the past three-month period ending on the same business day, and a premium of 27.29% on 4,148 yen, which was the simple average closing price over the past six-month period ending on the same business day), (ii) the Share Acquisition Right Purchase Price at 1 yen, considering, among other things, that the Share Acquisition Rights were issued to the Company's directors in the form of share compensation-type share acquisition rights, which are subject to the condition that those share acquisition rights allotted to the Company's directors in their capacity as such can be exercised within the exercise period of the Share Acquisition Rights only on and after the day immediately following the date on which their holders are no longer the Company's directors, which prevents these holders from exercising their Share Acquisition Rights even after the Offeror has acquired the Share Acquisition Rights, and (iii)

the ADS Purchase Price at 5,280 yen.

In response, on December 12, 2025, the Company replied to Mr. Kazuhide Nakatomi that the Tender Offer Price proposed in the initial proposal underrated the potential shareholder value that would be realized by the measures that had already been implemented or were being considered for subsequent implementation by the Company, and that the proposed price could absolutely not be considered to be sufficient in light of the intrinsic value of the Company.

Based on the above reply, on December 16, 2025, the Company received from Mr. Kazuhide Nakatomi a second price proposal, which set (i) the Tender Offer Price at 5,660 yen (which represented a premium of 35.15% on 4,188 yen, which was the closing price of the Company's Stock quoted on the Prime Market of the TSE on December 15, 2025, the business day immediately preceding the date of the proposal, a premium of 34.83% on 4,198 yen, which was the simple average closing price over the past one-month period ending on the same business day, a premium of 36.68% on 4,141 yen, which was the simple average closing price over the past three-month period ending on the same business day, and a premium of 36.45% on 4,148 yen, which was the simple average closing price over the past six-month period ending on the same business day), (ii) the Share Acquisition Right Purchase Price at 1 yen, and (iii) the ADS Purchase Price at 5,660 yen.

In response, on December 18, 2025, the Company replied to Mr. Kazuhide Nakatomi that the Tender Offer Price proposed in the second proposal still underrated the potential shareholder value of the Company and could absolutely not be considered to be sufficient in light of the intrinsic value of the Company.

Based on the above reply, on December 22, 2025, the Company received from Mr. Kazuhide Nakatomi a third price proposal, which set (i) the Tender Offer Price at 5,800 yen (which represented a premium of 35.90% on 4,268 yen, which was the closing price of the Company's Stock quoted on the Prime Market of the TSE on December 19, 2025, the business day immediately preceding the date of the proposal, a premium of 37.60% on 4,215 yen, which was the simple average closing price over the past one-month period ending on the same business day, a premium of 39.93% on 4,145 yen, which was the simple average closing price over the past three-month period ending on the same business day, and a premium of 39.83% on 4,148 yen, which was the simple average closing price over the past six-month period ending on the same business day), (ii) the Share Acquisition Right Purchase Price at 1 yen, and (iii) the ADS Purchase Price at 5,800 yen.

In response, on December 23, 2025, the Company replied to Mr. Kazuhide Nakatomi that the Company believed that the Tender Offer Price proposed in the third proposal still did not fully reflect the intrinsic value of the Company.

Based on the above reply, on December 26, 2025, the Company received from Mr. Kazuhide Nakatomi a fourth price proposal, which set (i) the Tender Offer Price at 6,000 yen (which represented a premium of 37.08% on 4,377 yen, which was the closing price of the Company's Stock quoted on the Prime Market of the TSE on December 25, 2025, the business day immediately preceding the date of the proposal, a premium of 41.68% on 4,235 yen, which was the simple average closing price over the past one-month period ending on the same business day, a premium of 44.51% on 4,152 yen, which was the simple average closing price over the past three-month period ending on the same business day, and a premium of 44.37% on 4,156 yen, which was the simple average closing price over the past six-month period ending on the same business day), (ii) the Share Acquisition Right Purchase Price at 1 yen, and (iii) the ADS Purchase Price at 6,000 yen.

In response, on December 26, 2025, the Company replied to Mr. Kazuhide Nakatomi that the Company believed that the Tender Offer Price proposed in the fourth proposal still did not fully reflect the intrinsic value of the Company.

Based on the above reply, on December 30, 2025, the Company received from Mr. Kazuhide Nakatomi the fifth price proposal, which set (i) the Tender Offer Price at 6,072 yen (which represented a premium of 39.11% on 4,365 yen, which was the closing price of the Company's Stock quoted on the Prime Market of the TSE on December 29, 2025, the business day immediately preceding the date of the proposal, a premium of 43.01% on 4,246 yen, which was the simple average closing price over the past one-month period ending on the same business day, a premium of 46.00% on 4,159 yen, which was the simple average closing price over the past three-month period ending on the same business day, and a premium of 45.93% on 4,161 yen, which was the simple average closing price over the past six-month period ending on the same business day), (ii) the Share Acquisition Right Purchase Price at 1 yen, and (iii) the ADS Purchase Price at 6,072 yen.

In response, on January 3, 2026, the Company requested Mr. Kazuhide Nakatomi to raise the Tender Offer Price and submit a legally binding final proposal.

Based on this, on January 5, 2026, the Company received from Mr. Kazuhide Nakatomi the sixth and legally binding proposal, which set (i) the Tender Offer Price at 6,082 yen (which represented a premium of 38.48% on 4,392 yen, which was the closing price of the Company's Stock quoted on the Prime Market of the TSE on December 30, 2025, the business day immediately preceding the date of the proposal, a premium of 43.00% on 4,253 yen, which was the simple average closing price over the past one-month period ending on the same business day, a premium of 46.06% on 4,164 yen, which was the simple average closing price over the past three-month period ending on the same business day, and a premium of 46.06% on 4,164 yen, which was the simple average closing price over the past

six-month period ending on the same business day), (ii) the Share Acquisition Right Purchase Price at 1 yen, and (iii) the ADS Purchase Price at 6,082 yen. In response, on January 6, 2026, the Company informed Mr. Kazuhide Nakatomi that the it accepted the sixth proposal.

(iii) Details of the Company's Decision

Through the process described above, the Company carefully discussed and considered the Transaction, at its board of directors' meeting held today, in terms of whether or not the Transaction would contribute to increasing the corporate value of the Company Group, whether or not the terms and conditions of the Transaction, including the Tender Offer Price, were fair and appropriate, whether or not the fairness of the procedures involved in the Transaction is ensured, and whether or not the Transaction was considered fair for the Company's general shareholders, based on the legal advice received from Nishimura & Asahi, advice from financial perspectives provided by MUMSS, and the share valuation report dated January 6, 2026 received regarding the valuation results of the Company's Stock (the "Share Valuation Report"), and with maximum respect for the content of the decision of the Special Committee described in the Written Report (as defined in "(III) The Company's Establishment of an Independent Special Committee and Receipt of a Written Report from the Special Committee" in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price, etc. and Measures to Avoid Conflicts of Interest" below).

After the discussion and consideration, the Company concluded that the Transaction would contribute to increasing the corporate value of the Company Group, as described below.

As described in "(i) Background, purpose, and decision-making process leading to Offeror's decision to implement Tender Offer" in "(II) Background, purpose, and decision-making process leading to Offeror's decision to implement Tender Offer, and management policy after Tender Offer" above, The pharmaceutical product and healthcare business market is facing a period of major reforms amid changes in the socioeconomic environment, such as changes in individuals' views on life and values, the advancement of digitalization, the rapid aging of societies, the increase in medical expenses, and continuing measures to control medical expenses, such as the enhancement of measures to promote the use of generic drugs or Japan's elective care scheme, as well as the decrease in the stability of pharmaceutical businesses in the U.S. due to changes in regulations and policies that are represented by pharmaceutical tariffs and the most-favored-nation pricing policy. In this environment, and owing to the Company's intention to further accelerate the realization of a better QOL of people across the world and contribute to a sustainable society through pharmaceutical business, the Company is expected to play an increasingly significant social

role in this market. The Company believes that, in the prescription product and OTC product industries which are surrounded by a severe business environment, the Company will be able to fulfill its mission as a pharmaceutical company by continuing to develop pharmaceuticals that meet the needs of healthcare professionals, patients, and consumers, and aiming to improve the QOL of patients and consumers. The Company is also aware of the importance of flexibly meeting changes in the social situation and consumers' attitude, establishing the rebranding of not just Salonpas® but also the entire Company Group, and continuing to provide products that will continue to be chosen by customers. Furthermore, towards further increasing overseas market share, the Company is aware of the importance of providing products that are suitable to each country's market by keeping an eye on changes in customer needs and consumption behavior in the new normal era. Under these circumstances, the business environment surrounding the Company is expected to become even more severe, with such factors as the downward pressure on price arising from the fiercer development competition with competitors, the increased maturity of the Japanese pharmaceutical market, and the increased number of competing items, among other things, as well as the securing of their quality and safety and responding to the demand for higher quality standards. Amid this situation, the Company is expected to steer its management from medium- to long-term perspectives. The Company Group has developed its business activities based on patch technology that the Group has accumulated, with the aim of delivering a better QOL to the world and contributing to a sustainable society. However, the Company has reached a view that, in order to achieve a more advanced, sustainable growth and a higher profitability in the current business environment, it was essential that the Company implement various measures more actively, promptly, and reliably than ever. Specifically, as described in as described in "(i) Background, purpose, and decision-making process leading to Offeror's decision to implement Tender Offer" in "(II) Background, purpose, and decision-making process leading to Offeror's decision to implement Tender Offer, and management policy after Tender Offer" above, Mr. Kazuhide Nakatomi intends to take measures including (A) maximizing the value of existing products in the prescription product business, (B) investment for business transformation in the prescription product business, (C) improving profitability in the domestic OTC product business through cost pass-through and cost management, (D), investment to expand product lineup and business in overseas OTC product business and (E) expansion of mail-order and e-commerce sales in the domestic OTC product business.. The Company understands that all of these measures should be actively promoted to increase the corporate value of the Company on a medium- to long-term basis, since all of these measures will contribute to increasing profits and the corporate value of the Company by increasing sales on a medium- to long-term basis through,

among other things, enhancing the profitability of existing products, creating new social values, maintaining product quality, providing added values to products, increasing the Company's market share in new markets, and strengthening and extending the Company's sales channel.

However, carrying out these measures may temporarily affect the Company's sales. It will also require a considerable advance investment for a certain period. While these measures are expected to increase the corporate value of the Company Group on a medium- to long-term basis, they entail the risk of lowering the profit level, deteriorating cash flow, etc. on a short-term basis. We are afraid that if the Company carries out these measures while remaining listed, there is an undeniable possibility that these measures will not be sufficiently appreciated by the capital market, resulting in a drop of the stock price of the Company and causing a negative impact on the Company's shareholders on a short-term basis. On the other hand, in light of the business environment surrounding the Company as described above, we believe that reducing or postponing these measures will lead to reduced competitiveness and profitability of the Company Group on a medium- to long-term basis.

The Company concluded that the best option for increasing the corporate value of the Company Group would be to promptly and actively carry out the measures described above by allowing the Company to make agile and flexible decisions that are free from short-term evaluations by the capital market, through providing the Company's shareholders with an opportunity to sell their shares without suffering any short-term negative impact and through going private to bring the ownership and management together.

In this regard, generally speaking, once the Company goes private, it will no longer be able to raise funds from the capital market by equity financing. There is also a possibility that going private may result in the Company losing certain advantages that it has enjoyed as a listed company in terms of recruitment of human resources backed by the increased social reputation and name recognition that have been enjoyed by the Company as a listed company. Furthermore, there is an undeniable possibility that the Company's dissolution of its capital relationship with its existing shareholders and becoming part of the Offeror Group (which collectively refers to the Offeror and its subsidiaries and affiliates; the same applies hereinafter) may create a disadvantage in terms of the Company's independence, which may negatively affect the Company's employees, business partners, and other stakeholders. However, we believe that the disadvantages of going private are limited in terms of financing because, considering the current financial condition of the Company, the Company is unlikely to need financing by equity financing for the time being, and because the Company expects to raise funds through indirect financing where necessary based on its good relationships with financial institutions through long-term transactions with them and in light of the recent

good financing environment. We also believe that the possibility is very slim that the Company's employees, business partners, and other stakeholders will be negatively affected by the Company's dissolution of its capital relationship with its existing shareholders and becoming part of the Offeror Group, in light of, among other things, the fact that the Company has already established a certain brand power and a good reputation among its business partners, that all members of the Offeror Group are asset management companies of Mr. Kazuhide Nakatomi and his relatives and do not run business, and that the Offeror intends to operate the Company's business while maintaining the Company's current management system after the Transaction in principle.

In addition, recent years have seen a revision of the Corporate Governance Code and enhanced regulations on the capital market, resulting in the continued increase in the personal and financial costs that are required to keep the Company listed. We believe that there is an undeniable possibility that these costs may be significant burden in driving the management of the Company. Since these costs of keeping the Company listed have increased year by year, we believe that reducing these costs through the Transaction will help the Company to increase its corporate value from a long-term perspective.

Based on the above considerations, the Company's board of directors concluded that the advantages of taking the Company private will exceed the disadvantages, and that going private through the Transaction, including the Tender Offer, will contribute to increasing the corporate value of the Company Group.

Furthermore, based on the following facts among others, the Company has concluded that the Tender Offer Price (6,082 yen) and other terms and conditions of the Tender Offer are fair for the Company's shareholders, and that the Tender Offer will provide the Company's shareholders with a reasonable opportunity to sell their shares.

- (a) The Tender Offer Price (6,082 yen) is, among the valuation results of the Company's Stock provided by MUMSS as described in "(II) Summary of Valuation" in "(3) Information on Valuation" below, above the upper limit of the range calculated by the market share price analysis and that calculated by the comparable company analysis and is within the range calculated by the discounted cash flow analysis ("DCF Analysis") and is above the median of this range.
- (b) The Tender Offer Price (6,082 yen) represents a premium of 35.16% on 4,500 yen, which was the closing price of the Company's Stock quoted on the Prime Market of the TSE on January 5, 2026, i.e., the business day immediately preceding the scheduled date of announcement of the Transaction, a premium of 41.94% on 4,285 yen, which was the simple average closing price over the past one-month period

ending on the same business day, a premium of 45.75% on 4,173 yen, which was the simple average closing price over the past three-month period ending on the same business day, and a premium of 45.78% on 4,172 yen, which was the simple average closing price over the past six-month period ending on the same business day. The Company believes that these premium levels do not significantly deviate from the median premiums seen in the 92 tender offer cases that were announced on or after June 28, 2019, the date on which the Ministry of Economy, Trade and Industry published the "Fair M&A Guidelines," and were successfully consummated on or before January 5, 2026 and intended to take a listed company private by management buyout (MBO) (excluding cases that failed, cases in which the market price of the Company's stock surged or rapidly changed because of speculative media coverage or the like, cases of two-step tender offers, cases in which the tender offer was conducted when the Company was insolvent, and cases in which the tender offer price was discounted from the market price of the Company's stock immediately before the announcement of the tender offer). The median premiums in such comparable tender offer transactions were 42.55% on the closing price on the business day immediately preceding the announcement, 45.34% on the simple average closing price over the past one-month period ending on the same business day, 46.52% on the simple average closing price over the past three-month period ending on the same business day, and 48.56% on the simple average closing price over the past six-month period ending on the same business day. Taking into account that a substantial number of comparable transactions involved premiums below such median levels, the Company believes that the premiums attached to the Tender Offer Price cannot be considered to present a level that is materially different from, or unreasonable as compared with, those seen in such comparable transactions, and are therefore reasonable and not materially inferior to those seen in such comparable transactions.

- (c) We believe that consideration is given to the interests of the Company's general shareholders, such as that the measures described in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price, etc. and Measures to Avoid Conflicts of Interest" below are taken to avoid conflicts of interest.
- (d) The Tender Offer Price was determined after the measures to avoid conflicts of interest described above have been taken and after several discussions and negotiations that are equivalent to those that should take place in an arm's-length transaction have been conducted between the Company and the Offeror or, more

specifically, after the Company has seriously and continually conducted discussions and negotiations with the Offeror based on, among other things, discussions with the Special Committee, the valuation results of the Company's Stock and advice from financial perspectives provided by MUMSS, and legal advice received from Nishimura & Asahi.

- (e) The Special Committee reviewed the negotiation policy in advance and expressed its opinion that the terms and conditions of the Tender Offer, including the Tender Offer Price, are appropriate after receiving timely reports of the negotiations and providing opinions and instructions and making requests, etc. at critical phases of the negotiations.

For the reasons described above, the Company concluded that the Transaction would contribute to increasing the corporate value of the Company, and that the terms and conditions of the Transaction, including the Tender Offer Price, are appropriate. Based on this conclusion, the Company's board of directors has resolved, at its meeting held today, that the Company express its opinion in support of the Tender Offer, and that the Company (i) recommend its shareholders to tender their shares in the Tender Offer, (ii) recommend the holders of the ADRs to deliver their ADRs to the Depositary Bank in advance and to receive their shares in the Company's Stock corresponding to the ADSs represented by the ADRs, before tendering their shares in the Company's Stock in the Tender Offer, and (iii) leave the decision of whether or not to tender the Share Acquisition Rights in the Tender Offer to the discretion of the Share Acquisition Right Holders. For the details of the decision-making process of the board of directors, please see "(IV) Unanimous Approval by All of the Non-interested Directors of the Company and No Objection from Any of the Non-interested Corporate Auditors" in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price, etc. and Measures to Avoid Conflicts of Interest" below.

(3) Information on Valuation

(I) The Valuator's Name and Relationship with the Company and the Offeror

Before expressing its opinion on the Tender Offer, the Company requested its financial advisor MUMSS to evaluate the stock value of the Company, in MUMSS's capacity as third-party valuator independent from the Company Group, the Offeror, the Non-tendering Shareholders, the Foundations, the Tendering Financial Institutions, and SMBC Nikko Securities, and from success or failure of the Transaction, for the purpose of ensuring the fairness of the Company's decision-making on the Tender Offer Price presented by the Offeror. The Company received the Share Valuation Report on January 6, 2026. In this regard,

the Company has not obtained from MUMSS an opinion letter on the fairness of the Tender Offer Price (a fairness opinion), since the Offeror and the Company have taken measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest, as described in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price, etc. and Measures to Avoid Conflicts of Interest" below.

MUMSS is not a related party of the Offeror or the Company Group and does not have any material interest in the Tender Offer. While the fees payable to MUMSS include a contingency fee payable subject to the successful consummation of the Transaction, we believe that the fact that this contingency fee is included in the fees payable to MUMSS does not deny the independence of MUMSS when taking into consideration, among other things, general business practices in similar transactions and whether or not it is appropriate to use a fee system that imposes reasonable financial burden on the Company if the Transaction fails to take place.

In addition, the Special Committee approved MUMSS as the Company's financial advisor and third-party valuator at the First Special Committee Meeting held on November 13, 2025, after confirming that there was no problem with its independence and expertise.

(II) Summary of Valuation

MUMSS calculated the value of the Company's Stock using the following methods: (i) market share price analysis, since the Company's Stock is listed on the Prime Market of the TSE and its market price is available; (ii) comparable company analysis, since there are listed companies whose business is relatively similar to that of the Company, which makes it possible to infer the stock value of the Company's Stock by means of comparison with similar companies; and (iii) DCF Analysis, in order to reflect the Company's future business activities in the evaluation.

The following are the results of the calculation of the value per share of the Company's Stock produced using the different valuation methods:

Market share price analysis: 4,172 yen to 4,500 yen

Comparable company analysis: 4,424 yen to 5,128 yen

DCF Analysis: 5,578 yen to 6,570 yen

In the market share price analysis, with January 5, 2026 as the base date for valuation (the "Base Valuation Date"), the value per share of the Company's Stock was calculated to be in the range between 4,172 yen and 4,500 yen, based on the closing price of the Company's Stock on the Base Valuation Date which was 4,500 yen, the simple average closing price

over the past one-month period ending on the Base Valuation Date which was 4,285 yen, the simple average closing price over the past three-month period ending on the Base Valuation Date which was 4,173 yen, and the simple average closing price over the past six-month period ending on the Base Valuation Date which was 4,172 yen.

In the comparable company analysis, Santen Pharmaceutical Co., Ltd., TSUMURA & CO., Zeria Pharmaceutical Co., Ltd., ROHTO Pharmaceutical Co., Ltd., and KOBAYASHI PHARMACEUTICAL CO., LTD. were selected as listed companies whose business is similar to that of the Company. Then the stock value of the Company was analyzed by using the ratio of earnings before interest, taxes, depreciation, and amortization ("EBITDA") to corporate value ("EBITDA Multiple"). The value per share of the Company's Stock was calculated to be in the range of 4,424 yen to 5,128 yen.

The DCF Analysis was based on the business plans prepared by the Company for a reasonably foreseeable period, i.e., from the fiscal year ending February 28, 2027 to the fiscal year ending February 28, 2031 (the "Business Plans"), as well as on various factors including publicly available information. The corporate value and stock value of the Company was analyzed by discounting, at a certain discount rate, the free cash flow that is expected to be generated by the Company in and after the fiscal year ending February 28, 2027. The value per share of the Company's Stock was calculated to be in the range of 5,578 yen to 6,570 yen. The weighted average cost of capital ("WACC") was used as the discount rate, with the WACC range used being 5.65% to 6.65%. The terminal value was calculated using the multiple method. Based on the EBITDA Multiple levels of other companies in the industry, the EBITDA Multiple was set in the range of 9.0 to 11.0, based on which the terminal value was calculated in the range of 242.1 billion yen to 310.1 billion yen. In this regard, with respect to certain investment securities held by the Company that the Company has determined can be treated as cash equivalents, such securities have been added to non-operating assets based on their fair market value, after taking into account the tax implications arising from their sale.

MUMSS based its DCF Analysis on the following financial forecasts, which were based on the Business Plans. The Business Plans cover some financial years for which a considerable increase or decrease in profit and free cash flow from the previous year is expected. Specifically, a significant decrease in free cash flow is expected for the fiscal year ending February 28, 2027 due to an increase in capital investment for introducing new products and a significant increase in free cash flow is expected for the fiscal year ending February 29, 2028 due to a decrease in capital investment for that fiscal year as compared to the fiscal year ending February 28, 2027.

The Business Plans were prepared for the purpose of assessing the appropriateness of the

terms and conditions of the Transaction, taking into account, among other things, the Company's past business performance and current earnings situation, as well as the overall management environment surrounding the Company, including intensified development competition with competitors, downward pricing pressure resulting from the maturation of the domestic pharmaceutical market and an increase in competing products, and the need to ensure pharmaceutical quality and safety and to respond to increasingly sophisticated quality standards, together with other trends in the pharmaceutical market. The Business Plans were created by the independent discussion system at the Company.

The synergies that are expected to be achieved as a result of the Transaction are not reflected in these financial forecasts, because it is difficult to specifically estimate those synergies at this point.

(in hundred millions of yen)

	FY ending Feb. 28, 2027	FY ending Feb. 29, 2028	FY ending Feb. 28, 2029	FY ending Feb. 28, 2030	FY ending Feb. 28, 2031
Net sales	1,807	1,931	1,955	2,010	2,065
Operating income	227	259	247	258	270
EBITDA	306	345	346	358	371
Free cash flow	(36)	131	169	200	210

Note: The analysis by MUMSS and the analysis of the value of the Company's Stock on which MUMSS's analysis was based were intended for the Company's board of directors solely to be used as a reference by the board of directors. These analyses do not constitute a financial opinion or recommendation of MUMSS or any of its associated companies, nor are they intended to express any opinion or make any recommendation to the Company's shareholders regarding any action of them with respect to the Tender Offer. In analyzing and calculating the value of the Company's Stock, MUMSS relied on information that was already publicly available or was provided by or otherwise received from the Company, assuming that the information was accurate and complete and without independently verifying the accuracy and completeness of the information. MUMSS assumes that the financial forecasts were reasonably prepared and created by the Company's management team to reflect the best estimates and judgment on the Company's future financial conditions that are available at this point. MUMSS is not an advisor for legal, accounting, or tax matters. MUMSS is a financial advisor and has relied on judgment by the Company or its legal, accounting, or tax advisors on any legal,

accounting, or tax issues, without independently examining these issues. MUMSS did not independently evaluate or assess the assets and liabilities (including off-balance-sheet assets, off-balance-sheet liabilities, and other contingent liabilities) of the Company or its associated companies, nor did it request any third-party institution to perform any such evaluation or assessment. The analysis by MUMSS is based on the economic, financial, market, and other conditions existing as of the Base Valuation Date and on the information that had been obtained by MUMSS as of the Base Valuation Date. While the analysis by MUMSS or the assumptions used by MUMSS to prepare its share valuation report may be affected by events occurring after the Base Valuation Date, MUMSS has no obligation to update, revise, or review its share valuation report or analysis. The preparation of the share valuation report and the analysis based on which the report was prepared involved complicated processes, which makes the report and the analysis not always suited for partial analysis or summarized description of them. It is not allowed to deem the valuation range stated in this document based on a specific analysis to be MUMSS's evaluation of the actual value of the Company.

(III) Summary of Valuation Relating to Share Acquisition Rights

The Company has not obtained a valuation report or fairness opinion from any third-party valuator regarding the Share Acquisition Right Purchase Price. In this regard, the Share Acquisition Rights were issued to the Company's directors in the form of share compensation-type share acquisition rights, which are subject to the condition that these Share Acquisition Rights can be exercised within the exercise period of the Share Acquisition Rights only on and after the day immediately following the date on which their holders are no longer the Company's directors, which prevents these holders from exercising their Share Acquisition Rights even after the Offeror has acquired the Share Acquisition Rights. Considering this and other factors, the Share Acquisition Right Purchase Price is set at 1 yen.

(IV) Summary of Valuation Relating to ADR

Since the ADS Purchase Price is set at the same price as the Tender Offer Price (6,082 yen), the Company has not obtained a valuation report or fairness opinion from any third-party valuator regarding the ADS Purchase Price.

(4) Possibility of delisting and reason therefor

As of the date hereof, the shares of the Company's Stock are listed on the TSE Prime Market, the NSE Premier Market, and the FSE Main Market. However, since the Offeror has not set the maximum number of shares to be purchased in the Tender Offer, depending on the result

of the Tender Offer, the shares of the Company's Stock may be delisted through prescribed procedures in accordance with the delisting criteria of each stock exchange. In addition, even if the shares of the Company's Stock do not fall under the delisting criteria at the time of the successful completion of the Tender Offer, if the Squeeze-out Procedure as described in "(5) Policies on reorganization, etc. after Tender Offer (matters concerning "two-step acquisition")" above are implemented after the successful completion of the Tender Offer, the shares of the Company's Stock will fall under the delisting criteria of each stock exchange and will be delisted through prescribed procedures. After the shares of the Company's Stock have been delisted, it will not be possible to trade the shares of the Company's Stock on the TSE Prime Market, NSE Premier Market, or the FSE Main Market.

(5) Policies on reorganization, etc. after Tender Offer (matters concerning "two-step acquisition")

As described in "(I) Overview of Tender Offer" in "(2) Grounds and Reasons for the Company's Opinion" above, the Offeror plans to take the Company's Stock private, and if the Offeror is unable to acquire all of the shares of the Company's Stock (including any shares of the Company's Stock issuable upon exercise of the Share Acquisition Rights, but excluding the treasury shares held by the Company and the Non-tendered Shares), the Share Acquisition Rights, and the ADRs through the Tender Offer, the Offeror will implement the Squeeze-out Procedure in the manner described below after the successful completion of the Tender Offer.

Promptly after the completion of the settlement of the Tender Offer, the Offeror will request the Company to hold an extraordinary general shareholders' meeting (the "Extraordinary General Shareholders' Meeting") in mid-April 2026, which includes in its agenda a proposal for the implementation of the Share Consolidation and a proposal to partially amend the articles of incorporation to abolish the provisions regarding share units, subject to the effectuation of the Share Consolidation. The Offeror will vote in favor of the above proposals at the Extraordinary General Shareholders' Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary General Shareholders' Meeting, the Company's shareholders will, on the effective date of the Share Consolidation, hold the number of the shares of the Company's Stock corresponding to the ratio of the Share Consolidation approved at the Extraordinary General Shareholders' Meeting. If the Share Consolidation results in fractions of less than one share, the Company's shareholders who hold such fractional shares will receive an amount of money obtained by selling to the Company or the Offeror the number of shares of the Company's Stock

equivalent to the total number of such fractional shares (if the total number includes a fraction of less than one share, such fraction will be rounded down; the same applies hereinafter) in accordance with the procedures prescribed in Article 235 of the Companies Act and other relevant laws and regulations. With respect to the sale price of the number of shares of the Company's Stock equivalent to the total number of such fractional shares, the Offeror will request the Company to file with the court a petition for permission of a voluntary sale after calculating the amount of money to be paid to the Company's shareholders (excluding the Offeror, the Company, and the Non-tendering Shareholders) who did not tender their shares in the Tender Offer as a result of such sale to be equal to the price obtained by multiplying the Tender Offer Price by the number of the shares of the Company's Stock held by each such shareholder of the Company. The ratio of the Share Consolidation of the Company's Stock has not yet been determined as of the date hereof. However, to make the Offeror the only shareholder of the Company, the Offeror will request the Company to determine such ratio so that the number of the shares of the Company's Stock held by the Company's shareholders (excluding the Offeror, the Company, and the Non-tendering Shareholders) who did not tender their shares in the Tender Offer will be a fraction of less than one share. According to the Company's Press Release, the Company intends to comply with these requests by the Offeror if the Tender Offer is successfully completed. As described in "(I) Overview of Tender Offer" in "(2) Grounds and Reasons for the Company's Opinion" above, it is possible that, as of immediately prior to the effectuation of the Share Consolidation, there are shareholders of the Company (other than the Offeror and the Non-tendering Shareholders) who hold a number of shares of the Company's Stock equal to or greater than the smallest number held among the Offeror and the Non-tendering Shareholders. To avoid this situation to the extent possible and enhance the stability of the Squeeze-out Procedure, if requested by the Offeror, Mr. Kazuhide Nakatomi may execute the Asset Management Company Share Lending Transaction, effective prior to the effectuation of the Share Consolidation. It is also possible that, even after the execution of the Asset Management Company Share Lending Transaction, as of the effective date of the Share Consolidation conducted as part of the Squeeze-out Procedure, there are shareholders of the Company (other than the Offeror and the Non-tendering Shareholders) who hold a number of shares of the Company's Stock equal to or greater than the smallest number held among the Offeror and the Non-tendering Shareholders. To avoid this situation to the extent possible and enhance the stability of the Squeeze-out Procedure, if requested by the Offeror, Mr. Kazuhide Nakatomi may execute the Offeror Share Lending Transaction, effective prior to the effectuation of the Share Consolidation.

Since the shares of the Company's Stock subject to the Share Consolidation include those represented by the ADRs and held by the Depositary Bank, if the abovementioned decisions are made, the number of shares of the Company's Stock held by the Depositary Bank after the Share Consolidation is also expected to result in a fraction of less than one share. In this case, according to the ADR Registration Statement, the Depositary Bank may, upon cancellation of the ADRs in accordance with the terms and conditions set forth therein, pay to each holder of the ADR an amount of money equal to the amount received by the Depositary Bank, after converting it into U.S. dollars and deducting the Depositary Bank's fees and taxes, in proportion to the number of ADSs represented by the ADRs held by such holder.

The provisions of the Companies Act for protecting the rights of general shareholders in relation to the Share Consolidation provide that if there arises a fraction of less than one share as a result of the Share Consolidation, the shareholders of the Company (excluding the Offeror, the Company, and the Non-tendering Shareholders) may, pursuant to the provisions of Article 182-4 and Article 182-5 of the Companies Act and other relevant laws and regulations, demand that the Company purchase all of their fractional shares of the Company's Stock at a fair price and may file a petition with the court to determine the price of the shares of the Company's Stock. As described above, in the Share Consolidation, the number of shares of the Company's Stock held by the shareholders of the Company (excluding the Offeror, the Company, and the Non-tendering Shareholders) who did not tender their shares in the Tender Offer is expected to result in fractions of less than one share. Therefore, the shareholders of the Company who oppose the Share Consolidation are expected to be able to file such petition. If such petition is filed, the purchase price will be ultimately determined by the court. Holders of the ADRs who wish to demand the purchase of shares and file a petition for price determination must deliver their ADRs to the Depositary Bank, receive the shares of the Company's Stock deposited with the Depositary Bank, and then demand the purchase of shares and file the petition for price determination in accordance with the provisions of Article 182-4 and Article 182-5 of the Companies Act and other relevant laws and regulations.

In addition, if, even after the Tender Offer is successfully completed, the Offeror is unable to acquire all of the Share Acquisition Rights through the Tender Offer and some of the Share Acquisition Rights remain unexercised, the Offeror will request the Company to implement, or to implement itself, the procedures reasonably necessary for the execution of the Transaction, such as acquiring the Share Acquisition Rights and encouraging the Share

Acquisition Right Holders to waive their Share Acquisition Rights.

If the Squeeze-out Procedure is expected to be completed by May 31, 2026, the Offeror will request the Company to partially amend its articles of incorporation to abolish the record date for voting rights at the annual general shareholders' meeting to define shareholders eligible to exercise rights at the annual general shareholders' meeting scheduled to be held in late May 2026 (the "Annual General Shareholders' Meeting") pertaining to the fiscal year ending February 28, 2026 as those who are shareholders after the successful completion of the Squeeze-out Procedure (meaning the Offeror and the Non-tendering Shareholders), subject to the successful completion of the Squeeze-out Procedure. Therefore, shareholders listed or recorded in the Company's shareholder register as of February 28, 2026 may not be able to exercise their rights at the Annual General Shareholders' Meeting.

Depending on the status of amendment and enforcement of relevant laws and regulations and interpretation thereof by authorities, the above procedures may take time to be implemented or the implementation method may be changed. However, even in such cases, the method of paying money to the shareholders of the Company (excluding the Company and the Non-tendering Shareholders) who did not tender their shares in the Tender Offer will ultimately be adopted, and the amount of money to be paid to each such shareholder of the Company in such cases will be calculated to be the same as the price obtained by multiplying the Tender Offer Price by the number of the shares of the Company's Stock held by each such shareholder. In this case, the amount of money paid to the Depositary Bank for the shares of the Company's Stock represented by the ADRs and held by the Depositary Bank will be similarly determined, and holders of the ADRs are expected to receive from the Depositary Bank, in accordance with the depositary agreement, the amount received by the Depositary Bank, after converting it into U.S. dollars and deducting the Depositary Bank's fees and taxes, in proportion to the number of ADRs they hold. In addition, the amount of money, if any, paid to the Share Acquisition Right Holders who did not tender their rights in the Tender Offer will be calculated to be the same as the price obtained by multiplying the Share Acquisition Right Purchase Price by the number of the Share Acquisition Rights held by the Share Acquisition Right Holders.

The specific procedures in the above cases and the timing of their implementation will be promptly announced by the Company as soon as they are determined upon consultation between the Offeror and the Company. The Tender Offer is in no way intended to solicit the approval of the Company's shareholders (including the holders of ADRs) at the Extraordinary

General Shareholders' Meeting.

The Company's shareholders and the Share Acquisition Right Holders should consult their certified public tax accountants or other experts at their own responsibility with respect to the tax implications of participating in the Tender Offer or taking the abovementioned procedures.

In addition, the Offeror intends to ultimately become the sole shareholder of the Company. To achieve this purpose, after the successful completion of the Squeeze-out Procedure, the Offeror will implement the Share Exchange in which the Offeror becomes the wholly-owning parent company and the Company becomes the wholly-owned subsidiary, with consideration in the form of the Offeror's stock. However, details have not yet been determined as of the date hereof.

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

In light of the fact that, among other things, the Tender Offer will be conducted as part of a management buyout (MBO) and involves structural conflict-of-interest issues, the Offeror and the Company took the following measures for the purpose of ensuring the fairness of the Transaction, including the Tender Offer, in terms of ensuring the fairness of the Tender Offer Price, etc., eliminating any arbitrariness that may arise in the decision-making process leading to the decision to implement the Tender Offer, and avoiding conflicts of interest.

The information provided below on the measures taken by the Offeror is based on explanations received by the Company from the Offeror.

(I) The Company's Receipt of a Share Valuation Report from Its Independent Third-Party Valuator

As described in "(III) The Company's Decision-Making Process Leading to Its Decision to Support the Tender Offer and Reasons Therefor" in "(2) Grounds and Reasons for the Company's Opinion" above, the Company: appointed MUMSS as the Company's financial advisor and third-party valuator independent from the Company Group, the Offeror, the Non-tendering Shareholders, the Foundation, the Tendering Financial Institutions, and SMBC Nikko Securities, and from success or failure of the Transaction; received from MUMSS advice and assistance from financial perspectives, including advice on the valuation of the Company's Stock and on the policy for negotiating with the Offeror; and received the Share Valuation Report dated January 6, 2026 from MUMSS. In this regard, the Company has not obtained from MUMSS an opinion letter on the fairness of the Tender Offer Price (a fairness opinion), since the Offeror and the Company have taken measures to ensure the fairness of

the Tender Offer Price and measures to avoid conflicts of interest, as described in this section, "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price, etc. and Measures to Avoid Conflicts of Interest." For a summary of the Share Valuation Report, please see "(3) Information on Valuation" above.

MUMSS is not a related party of the Offeror or the Company Group and does not have any material interest in the Tender Offer. In this regard, while the fees payable to MUMSS include a contingency fee payable subject to the successful consummation of the Transaction, we believe that the fact that this contingency fee is included in the fees payable to MUMSS does not deny the independence of MUMSS when taking into consideration, among other things, general business practices in similar transactions and whether or not it is appropriate to use a fee system that imposes reasonable financial burden on the Company if the Transaction fails to take place.

In addition, the Special Committee approved MUMSS as the Company's financial advisor and third-party valuator at the First Special Committee Meeting held on November 13, 2025, after confirming that there was no problem with its independence and expertise.

(II) The Company's Receipt of Advice from Its Independent Legal Advisor

As described in "(III) The Company's Decision-Making Process Leading to Its Decision to Support the Tender Offer and Reasons Therefor" in "(2) Grounds and Reasons for the Company's Opinion" above, the Company appointed Nishimura & Asahi as the Company's legal advisor independent from the Company Group, the Offeror, the Non-tendering Shareholders, the Foundation, the Tendering Financial Institutions, and SMBC Nikko Securities, and from success or failure of the Transaction, and received from Nishimura & Asahi necessary legal advice on: measures to be taken to ensure the fairness of the procedures involved in the Transaction; the Company's board of directors' decision-making methods and process, including the procedures involved in the Transaction; and other points to note.

Nishimura & Asahi is not a related party of the Offeror or the Company Group and does not have any material interest in the Tender Offer. While Nishimura & Asahi is the Company's legal counsel, it is an outside law firm that provides legal services to a large number of clients as well as to the Company. The Company has a legal advisory agreement with Nishimura & Asahi as one of its clients to continually seek and receive legal advice from it in its capacity as an outside legal expert regarding the Company's business or business decisions, based on Nishimura & Asahi's experience and specialties. The fact that the Company has that legal advisory agreement with Nishimura & Asahi does not compromise its independence from the

Company. In addition, the fees payable to Nishimura & Asahi in connection with the Transaction are hourly rates only, regardless of success or failure of the Transaction, and do not include any contingency fee payable subject to the successful consummation of the Transaction, which means that Nishimura & Asahi has no material interest in success or failure of the Transaction. Therefore, the Company has concluded that there is no problem with Nishimura & Asahi's independence from the Company Group, the Offeror, the Non-tendering Shareholders, the Foundation, the Tendering Financial Institutions, and SMBC Nikko Securities, and from success or failure of the Transaction.

In addition, the Special Committee approved Nishimura & Asahi as the Company's legal advisor at the First Special Committee Meeting held on November 13, 2025, after confirming that there was no problem with its independence and expertise.

(III) The Company's Establishment of an Independent Special Committee and Receipt of a Written Report from the Special Committee

In light of, among other things, the fact that the Transaction will be conducted as part of a so-called management buyout (MBO) and may involve structural conflicts of interest in the Company's consideration of the Transaction, the Company, based on its board of directors' resolution adopted at the board of directors' meeting held on November 13, 2025, set up the Special Committee which was independent from the Offeror, the Non-tendering Shareholders, the Foundation, the Tendering Financial Institutions, SMBC Nikko Securities, and from success or failure of the Transaction, and consisted of the following four members, for the purpose of ensuring the fairness of the Transaction, including the Tender Offer, by ensuring that the Company would make careful decisions about the Transaction, including the Tender Offer, and by eliminating potential arbitrariness and conflicts of interest in the decision-making process of the Company's board of directors: Mr. Tetsugo Matsuo (President & Representative Director of Matsuo Construction Co., Ltd., Outside Director of FM Saga Co., Ltd., Outside Director of Saga Ube Concrete Kogyo Co., Ltd., Chairman of Saga General Construction Association, and Outside Director of New Otani Kyushu Co., Ltd.), Ms. Tamako Watanabe (Representative of Itsuki Accounting Firm and Outside Auditor of SHOEI CO., LTD.), and Ms. Midori Noguchi (Representative Director and President of Office Noguchi Co., Ltd. and CEO & Tax Accountant of Graces Tax accounting firm), all of whom are the Company's independent Outside Directors, and Mr. Kentaro Watanabe (Representative of Kentaro Watanabe Law Firm), who is an independent Corporate Auditor of the Company. Mr. Yuichiro Anzai, who is an independent Outside Director of the Company, serves as a director of the Nakatomi Foundation, which is a shareholder of the Company and intends to roll over its equity interest in the Company into equity of the Offeror. As such, Mr. Anzai may be

considered to have a special interest in the Offeror in the context of the Transaction. For this reason, Mr. Anzai was not appointed as a member of the Special Committee. The Company appointed the above four members as the original members of the Special Committee, none of whom has been replaced. Mr. Tetsugo Matsuo was elected as chairperson of the Special Committee by its members. The fees payable to the members of the Special Committee for their services are fixed regardless of the content of the committee's report, and include no contingency fees payable subject to the successful consummation of the Transaction.

Based on the resolution of the Company's board of directors mentioned above, the Company consulted the Special Committee on the following matters: (i) whether the purpose of the Transaction is legitimate and reasonable (including whether or not the Transaction will contribute to increasing the corporate value of the Company); (ii) whether the terms and conditions of the Transaction are fair and appropriate; (iii) whether the procedures involved in the Transaction are fair; (iv) whether or not the Transaction is considered fair for the general shareholders of the Company; (v) based on (i) through (iv) above, whether or not it is appropriate for the Company's board of directors to express its opinion in support of the tender offer in the Transaction and to recommend the Company's shareholders to tender their shares in the Tender Offer; and (vi) any other matters that the Company's board of directors may consult the Special Committee as appropriate in considering the Transaction ((i) through (vi) collectively, the "Consultation Matters").

The Company's board of directors has also resolved, at its meeting mentioned above, that the Company's board of directors must respect the Special Committee's opinion as much as possible when making decisions relating to the Transaction (including the Company's expression of its opinion on the Tender Offer), and must refrain from making a decision to conduct the Transaction if the Special Committee concludes that the Transaction is not appropriate. In addition, based on the resolution of the board of directors described above, the Company has authorized the Special Committee: (a) to nominate or approve (including giving subsequent approval of) the Company's third-party valuator, legal advisor, financial advisor, and other advisors ("Advisors"); (b) to appoint Advisors to the Special Committee if deemed necessary by the Special Committee in considering the Consultation Matters; (c) to receive information necessary for the Special Committee to consider the Transaction and make decisions relating to the Transaction from the Company's officers and employees and other persons considered necessary by the Special Committee, in order to ensure that appropriate decisions are made; and (d) to be substantially involved in the process of negotiating the terms and conditions of the Transaction by, among other things, reviewing the policy for negotiating the terms and conditions of the Transaction in advance, receiving timely reports on the status of negotiations, expressing the Special Committee's opinion

during critical phases, and giving instructions and making requests, and to directly conduct negotiations where necessary, in order to ensure the fairness of the terms and conditions of the Transaction.

The Special Committee held a total of 9 meetings during the period from November 13, 2025 until today, for a total of approximately 11 hours, during which the Consultation Matters were carefully discussed and considered.

Specifically, first, on November 13, 2025, the Special Committee approved the appointment of Nishimura & Asahi as the Company's legal advisor and the appointment of MUMSS as the Company's financial advisor and third-party valuator, after confirming that there was no problem with their independence and expertise. The Special Committee also confirmed that it would receive advice from the Company's Advisors where necessary and would not appoint the Special Committee's own Advisors.

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

The Special Committee received from the Company explanations on the Company's line of business, external environment, current business challenges, the details of the Business Plans on which MUMSS's share valuation was based, how the Offeror came to consider the Transaction, and the details of the Offeror's proposal, followed by Q&A sessions. The Special Committee also received from the Offeror explanations on the background, significance, and purpose of the Transaction, the expected impact of the Transaction, the structure and terms and conditions of the Transaction, and the Company's post-Transaction management structure and management policy, followed by Q&A sessions. Furthermore, the Special Committee was substantially involved in the process of negotiation between the Company and the Offeror by, among other things, receiving timely reports from the Company on the progress, details, etc. of discussions and negotiations between the Offeror and the Company, conducting discussions at meetings of the Special Committee, and having the Company conduct negotiations in accordance with the policy for conducting negotiations on the Offeror's requests for reconsideration of the Tender Offer Price approved by the Special Committee. Moreover, the Special Committee: received from MUMSS explanations on the methods and results of valuation of the Company's Stock and examined whether the methods and results were reasonable by exchanging questions and answers regarding the assumptions for, and the details, results, etc. of, the valuation methods from financial perspectives; received from Nishimura & Asahi explanations on the measures taken to reduce or prevent conflicts of interest in the Transaction and on the Transaction and exchanged questions and answers regarding the general significance and concept of

measures taken to ensure fairness and regarding the sufficiency of the measures taken in the Transaction, among other things; and received from the Company explanations on, among other things, the progress of negotiations on, and the process of determination of, the terms and conditions of the Transaction and exchanged questions and answers regarding whether the Tender Offer Price proposed by the Offeror appropriately reflected the intrinsic value that could be achieved by the Company. Based on these details, the Special Committee has carefully discussed and considered the Consultation Matters.

In addition, the Special Committee received from Nishimura & Asahi and MUMSS explanations on the content of the Company's draft press release and draft statement of opinion regarding the Tender Offer to be released or submitted by the Company, as well as on the content of the Offeror's draft tender offer notification for the Tender Offer to be submitted by the Offeror. The Special Committee has confirmed that the Offeror and the Company intend to make extensive information disclosure with advice from their respective financial advisors and legal advisors.

After carefully discussing and considering the Consultation Matters as described above, today the Special Committee has unanimously submitted to the Company's board of directors a written report on the Consultation Matters (the "Written Report"). For details of the Written Report, please see Attachment 1.

(IV) Unanimous Approval by All of the Non-interested Directors of the Company and No Objection from Any of the Non-interested Corporate Auditors

As described in "(III) The Company's Decision-Making Process Leading to Its Decision to Support the Tender Offer and Reasons Therefor" in "(2) Grounds and Reasons for the Company's Opinion" above, the Company's board of directors carefully discussed and considered whether or not the Transaction, including the Tender Offer, would contribute to increasing the corporate value of the Company Group and whether or not the terms and conditions of the Transaction, including the Tender Offer Price, were appropriate, based on the legal advice received from Nishimura & Asahi, the advice given by MUMSS from financial perspectives, and the content of the Share Valuation Report, and with maximum respect for the content of the decision of the Special Committee described in the Written Report.

After the discussion and consideration, the Company's board of directors concluded that the Transaction, including the Tender Offer, was expected to increase the corporate value of the Company Group, that the Tender Offer Price and other terms and conditions of the Tender Offer were reasonable for the Company's shareholders, and that the Tender Offer would provide the Company's shareholders with a reasonable opportunity to sell their shares, as described in "(III) The Company's Decision-Making Process Leading to Its Decision to

Support the Tender Offer and Reasons Therefor" in "(2) Grounds and Reasons for the Company's Opinion" above. Therefore, at the Company's board of directors' meeting held today, the Company's directors who participated in the deliberation and resolution (i.e., six directors, excluding Mr. Kazuhide Nakatomi, Mr. Shinichi Murayama, Mr. Yuichi Isobe, and Mr. Yuichiro Anzai) have unanimously resolved that the Company express its opinion in support of the Tender Offer, and that the Company (i) recommend that its shareholders tender their shares in the Tender Offer, (ii) recommend that the holders of the ADRs deliver their ADRs to the Depositary Bank in advance and receive their shares in the Company's Stock corresponding to the ADSs represented by the ADRs, before tendering their shares in the Company's Stock in the Tender Offer, and (iii) leave the decision of whether or not to tender the Share Acquisition Rights in the Tender Offer to the discretion of the Share Acquisition Right Holders.

Of the directors of the Company, the following directors did not in any way participate in the board of directors' deliberation or resolution of the proposal for the expression of the Company's opinion on the Tender Offer nor did they participate in any way in the discussions or negotiations with the Offeror regarding the Transaction on behalf of the Company, so as to avoid potential conflicts of interest since each of them may have a conflict with the Company in the Transaction for the following reasons: (i) Mr. Kazuhide Nakatomi, because he is the Representative Director of the Offeror and intends to continue to manage the Company after the Transaction; (ii) Mr. Shinichi Murayama, because he is a shareholder of the Company and serves as a director of the Nakatomi Memorial Foundation which intends to roll over its equity interest in the Company into equity of the Offeror; (iii) Mr. Yuichi Isobe, because he assists the Offeror in considering the Transaction; and (iv) Mr. Yuichiro Anzai, because he is a shareholder of the Company and intends to roll over his equity interest in the Company into equity of the Offeror.

At the board of directors' meeting mentioned above, three of the four corporate auditors of the Company (two of whom are outside corporate auditors), excluding Mr. Nobuyuki Nakatomi, have unanimously expressed their opinion that they have no objection to the resolution described above. Mr. Nobuyuki Nakatomi did not in any way participate in the deliberation of the proposals relating to the Transaction, including the Tender Offer, at the board of directors' meeting mentioned above and refrained from expressing his opinion on the board of directors' resolution described above, in order to avoid potential conflicts of interest because he is a relative of Mr. Kazuhide Nakatomi. Mr. Nobuyuki Nakatomi did not in any way participate in the discussions or negotiations with the Offeror on behalf of the Company either.

(V) Establishment of an Independent Discussion System at the Company

For the purpose of eliminating the structural conflict-of-interest issues, the Company established an internal system for conducting discussions and negotiations and making decisions relating to the Transaction independently of the Offeror, the Non-tendering Shareholders, the Foundation, the Tendering Financial Institutions, and SMBC Nikko Securities. Specifically, after receiving the Written Request on October 20, 2025, the Company set up a discussion system consisting only of a total of six members, including three directors (Mr. Kyu Saito, Mr. Nobuo Tsutsumi, and Mr. Koji Takiyama) and three employees of the Company who are believed to be independent from the Offeror, the Non-tendering Shareholders, the Foundation, the Tendering Financial Institutions, and SMBC Nikko Securities. Together with the Special Committee, this discussion system has been involved in the process of negotiation between the Company and the Offeror on the terms and conditions of the Transaction, including the Tender Offer Price, as well as in the process of creation of the Business Plans. In addition, for the reasons described in "(IV) Unanimous Approval by All of the Non-interested Directors of the Company and No Objection from Any of the Non-interested Corporate Auditors" above, the Company decided to eliminate the involvement of Mr. Kazuhide Nakatomi, Mr. Shinichi Murayama, Mr. Yuichi Isobe, and Mr. Yuichiro Anzai in the processes described above, and this elimination has continued up to this day.

The internal discussion system for the Transaction set up by the Company, including how the system has been involved in the Company's activities described above and, more specifically, the scope and duties of officers and employees involved in discussions, negotiations, and decision-making relating to the Transaction (including duties that require high level of independence, such as creating the Business Plans), is based on the advice from Nishimura & Asahi. The Special Committee has approved the system in terms of being free from independence issues.

(VI) Securing Objective Circumstances to Ensure the Fairness of the Tender Offer

While the minimum statutory offer period for a tender offer is 20 Business Days, the Offeror has set the Tender Offer Period at 30 Business Days. By setting the Tender Offer Period that is long in light of the statutory minimum period, the Offeror intends to ensure the fairness of the Tender Offer by securing an appropriate opportunity for the Company's shareholders to make their decision on whether or not to tender their shares in the Tender Offer, and by securing an opportunity for persons other than the Offeror (any such person, a "Counter Offeror") to launch a counter tender offer or the like. The Offeror and the Company have made no agreement containing a deal protection clause that would prohibit the Company

from coming into contact with entities other than the Offeror (each, a "Counter Offeror") or any other agreement that would restrict any such Counter Offeror from coming into contact with or otherwise approaching the Company. This, together with the longer Tender Offer Period, secures an opportunity for counter tender offers or the like, through which the Offer and the Company give consideration to ensure the fairness of the Tender Offer.

In this regard, the Tender Offer does not involve a so-called active market check (including, among others, a tender offer process before the announcement of the Transaction), which is investigating and considering whether or not there are other potential offerors in the market. As described in the Written Report, the Special Committee has concluded that the fairness of the procedures involved in the Tender Offer will not be impaired by the absence of an active market check, for the following reasons: (i) it is not always easy in practice to conduct an active market check due to concerns over potential hindrance to M&As as well as information control issues; and (ii) it is not likely that any counter offer will be made against the Offeror's takeover offer, in light of, among other things, the fact that the Offeror, the Non-tendering Shareholders, the Foundations, the Tendering Financial Institutions, and SMBC Nikko Securities currently hold a total of more than 30% of the Company's Stock, and that the Transaction constitutes an MBO by Mr. Kazuhide Nakatomi, who has no intention to sell his shares of the Company Stock to anyone.

4. Material agreements concerning the Tender Offer

(I) Non-tender Agreement

On January 6, 2026, the Offeror entered into the Non-tender Agreement with each of the Non-tender Agreement Shareholders, which includes the following terms.

- (i) The Non-tender Agreement Shareholders will not tender any of their respective shares of the Company's Stock in the Tender Offer, other than the shares of the Company's Stock (Note 1) indirectly held through the Company's cumulative stock investment plan.
- (ii) If the Tender Offer is successfully completed, the Non-tender Agreement Shareholders will vote in favor of each resolution related to the Squeeze-out Procedure at the Extraordinary General Shareholders' Meeting.
- (iii) If requested by the Offeror prior to the effectuation of the Share Consolidation, Mr. Kazuhide Nakatomi and the Non-tender Agreement Shareholders will enter into a loan agreement for the shares of the Company's Stock and conduct the Asset Management Company Share Lending Transaction (Note 2).
- (iv) The Non-tender Agreement Shareholders will not transfer, pledge as collateral, or otherwise dispose of all or part of their respective shares of the Company's Stock (including, but not limited to, tendering such shares in a tender offer other than the Tender Offer), nor will they acquire any share of the Company's Stock or any rights pertaining to the Company's Stock.
- (v) If the Asset Management Company Share Lending Transaction is conducted, the

Non-tender Agreement Shareholders will cause the Company to conduct a share split of the Company's Stock (the "Share Split") after the effectuation of the Share Consolidation, based on a record date separately specified by the Offeror.

(vi) After the effectuation of the Share Split, the Non-tender Agreement Shareholders will terminate the Asset Management Company Share Lending Transaction and receive from Mr. Kazuhide Nakatomi the return of all shares of the Company's Stock subject to the Asset Management Company Share Lending Transaction, or Mr. Kazuhide Nakatomi will return all shares of the Company's Stock subject to the Asset Management Company Share Lending Transaction.

(Note 1) In the non-tender agreement with Mr. Kazuhide Nakatomi, the shares of the Company's Stock subject to the non-tender agreement excludes shares of the common stock of the Company constituting less than one unit that are indirectly held by Mr. Kazuhide Nakatomi through the Company's Executive Shareholding Association.

(Note 2) In the non-tender agreement with Mr. Kazuhide Nakatomi, in addition to (iii) above, Mr. Kazuhide Nakatomi and the Offeror have agreed that, if requested by the Offeror prior to the effectuation of the Share Consolidation, they will enter into a loan agreement for the Company's Stock and conduct the Offeror Share Lending Transaction.

In addition, the Offeror and the Non-tender Agreement Shareholders have confirmed their intention to implement the Share Exchange after the successful completion of the Squeeze-out Procedure.

(II) **Tender and Non-tender Agreement**

On January 6, 2026, the Offeror entered into the Tender and Non-tender Agreement with Nakatomi Kosan, pursuant to which Nakatomi Kosan, which includes the following terms.

- (i) Nakatomi Kosan will tender Nakatomi Kosan's Tendered Shares in the Tender Offer and will not tender Nakatomi Kosan's Non-tendered Shares in the Tender Offer.
- (ii) If the Tender Offer is successfully completed, Nakatomi Kosan will vote in favor of each resolution related to the Squeeze-out Procedure at the Extraordinary General Shareholders' Meeting.
- (iii) If requested by the Offeror prior to the effectuation of the Share Consolidation, Mr. Kazuhide Nakatomi and Nakatomi Kosan will enter into a loan agreement for the shares of the Company's Stock and conduct the Asset Management Company Share Lending Transaction.
- (iv) Nakatomi Kosan will not transfer, pledge as collateral, or otherwise dispose of all or part of Nakatomi Kosan's Non-tendered Shares (including, but not limited to, tendering such shares in a tender offer other than the Tender Offer), nor will it acquire any share of the Company's Stock or any rights pertaining to the Company's Stock.
- (v) If the Asset Management Company Share Lending Transaction is conducted, Nakatomi Kosan will cause the Company to conduct the Share Split after the effectuation of the Share Consolidation, based on a record date separately specified

by the Offeror.

(vi) After the effectuation of the Share Split, Nakatomi Kosan will terminate the Asset Management Company Share Lending Transaction and receive from Mr. Kazuhide Nakatomi the return of all shares of the Company's Stock subject to the Asset Management Company Share Lending Transaction.

In addition, the Offeror and Nakatomi Kosan have confirmed their intention to implement the Share Exchange after the successful completion of the Squeeze-out Procedure.

(III) Foundation Tender Agreement

On January 6, 2026, the Offeror entered into the Foundation Tender Agreement with each of the Foundations, which includes the following terms.

- (i) The Foundations will tender all of their respective shares of the Company's Stock and will not terminate any agreement related to the purchase of the shares of the Company's Stock resulting from such tender.
- (ii) The Foundations will reinvest the full amount equivalent to the consideration received for tendering their shares in the Tender Offer (excluding the amount of any applicable taxes and expenses) into the Offeror and acquire shares of the Class A Preferred Stock of the Offeror, which are non-voting shares.

No material agreement concerning the Transaction has been entered into with the Foundations other than the Foundation Tender Agreements, and no benefits other than the payment of the Tender Offer Price will be granted in connection with the Tender Offer.

(IV) Financial Institution Tender Agreement

On January 6, 2026, the Offeror entered into the Financial Institution Tender Agreement with each of the Tendering Financial Institutions, which includes the following terms.

- (i) The Tendering Financial Institutions will, promptly upon the Offeror commencing the Tender Offer (Note 3), tender all of the shares of the Company's Stock held by them or, in the case of shares contributed to a retirement benefit trust, by a third party as registered holder of such shares, in the Tender Offer. In addition, after tendering such shares, the Tendering Financial Institutions will not withdraw the tender, nor will they terminate any agreement related to the purchase of the shares of the Company's Stock resulting from the tender.
- (ii) If, from the date of execution of the tender agreements to the last day of the tender offer period, a third party other than the Offeror commences a tender offer for all of the shares of the Company's Stock at a tender offer price that is at least 10% higher than the Tender Offer Price (a "Competing Tender Offer" in this (IV)), or if the commencement of such a Competing Tender Offer is publicly announced, the

Tendering Financial Institutions and the Offeror will mutually discuss their response in good faith.

- (iii) The Tendering Financial Institutions may terminate the tender agreements only if, by the earlier of the date on which seven business days have elapsed from the date of the discussion described in (ii) above, or the day before the last day of the Tender Offer Period after such discussion has been held, (a) the Offeror has not revised the Tender Offer Price to a price equal to or higher than the tender offer price for the Competing Tender Offer, and (b) there is no breach of the obligations of the Tendering Financial Institutions under the tender agreements.
- (iv) If the Tendering Financial Institutions terminate the tender agreements pursuant to (iii) above, the Tendering Financial Institutions will pay 10% of the Tender Offer Price to the Offeror within five business days from the date of termination of the tender agreements.
- (v) The Tendering Financial Institutions will not, from the date of execution of the Financial Institution Tender Agreements until the commencement date of the settlement of the Tender Offer, exercise or cause to be exercised, either itself or through the abovementioned trustee, the right to request convocation of the Company's general shareholders' meeting, shareholder proposal right, or other shareholder rights without the prior written consent of the Offeror.
- (vi) If the Tender Offer is successfully completed and a general shareholders' meeting of the Company is held with a record date for the exercise of rights prior to the commencement date of the settlement of the Tender Offer, the Tendering Financial Institutions will, either itself or through the abovementioned trustee, exercise all voting rights and other rights pertaining to the Company's Stock at such general shareholders' meeting in accordance with the instructions of the Offeror.

(Note 3) The deadline for tendering shares is stipulated as no later than 20 business days from the commencement date of the Tender Offer in the tender agreement with MUFG Bank, no later than five business days from the commencement date of the Tender Offer in the tender agreements with each of the Bank of Fukuoka and the Bank of Saga, and at least 10 business days before the last day of the Tender Offer in the tender agreement with the Nishi-Nippon City Bank.

The Financial Institution Tender Agreements set forth representations and warranties (Note 4) (Note 5), indemnification obligations for breaches of such representations and warranties or other obligations (Note 6), the grounds for termination (Note 7), confidentiality obligations, and other matters.

(Note 4) As representations and warranties made by each Tendering Financial Institution to the Offeror, the Financial Institution Tender Agreements provide that:

- (i) each Tendering Financial Institution is duly and validly organized under the laws of Japan;
- (ii) the Financial Institution Tender Agreements are enforceable according with their terms;
- (iii) each Tendering Financial Institution has already obtained or complied with all

- approvals and licenses required to enter into and perform the agreement;
- (iv) entering into and performing such agreements do not violate the laws and regulations applicable to the Tendering Financial Institutions;
- (v) each Tendering Financial Institution is not insolvent, and no petition for the commencement of bankruptcy, civil rehabilitation or any other insolvency proceedings has been filed against the Tendering Financial Institutions, nor does any circumstance exist that would cause such petition;
- (vi) each Tendering Financial Institution is not anti-social force, and does not have any relationship with any such force; and
- (vii) each Tendering Financial Institution validly owns or holds in trust the shares subject to the Tender Offer, no security interests are created against such shares, and there are no other arrangements restricting the transfer of such shares or the exercise of voting rights.

(Note 5) As representations and warranties made by the Offeror to each Tendering Financial Institution, the Financial Institution Tender Agreements provides that:

- (i) the Offeror was duly and validly organized under the laws of Japan;
- (ii) the Financial Institution Tender Agreements are enforceable according with their terms;
- (iii) the Offeror has already obtained or complied with all approvals and licenses required to enter into and perform the agreement;
- (iv) entering into and performing such agreements do not violate the laws and regulations applicable to the Offeror;
- (v) the Offeror is not insolvent, and no petition for the commencement of bankruptcy, civil rehabilitation or any other insolvency proceedings has been filed against the Offeror, nor does any circumstance exist that would cause such petition;
- (vi) the Offeror is not anti-social force, and does not have any relationship with any such force; and
- (vii) on the commencement date of the settlement of the Tender Offer, the Offeror has the funds necessary to settle the Tender Offer.

(Note 6) The Financial Institution Tender Agreements provide that if any Tendering Financial Institution or the Offeror breaches its obligations or representations and warranties under such agreements, the breaching party must indemnify the non-breaching party for any damages, losses and expenses reasonably attributable to such breach.

(Note 7) The Financial Institution Tender Agreements provide that the Tendering Financial Institutions and the Offeror may terminate the Financial Institution Tender Agreements if (i) the other party has committed a material breach of its representations and warranties, (ii) the other party has committed a material breach of its obligations, (iii) the Tender Offer is withdrawn, or (iv) the Tender Offer is not completed.

Except for the Financial Institution Tender Agreements, no other material agreements relating to the Transaction have been entered into with the Tendering Financial Institutions,

and other than the payment of the Tender Offer Price, no consideration will be given in connection with the Tender Offer.

5. Provision of Profit by the Offeror or Its Special Related Parties

Not applicable.

6. Policy for Addressing Basic Policy concerning Company Control

Not applicable.

7. Questions for the Offeror

Not applicable.

8. Request for Extension of the Tender Offer Period

Not applicable.

9. Future Outlook

Please see "(II) Background, purpose, and decision-making process leading to Offeror's decision to implement Tender Offer, and management policy after Tender Offer" in "(2) Grounds and Reasons for the Company's Opinion" above, as well as "(4) Possibility of delisting and reason therefor" and "(5) Policies on reorganization, etc. after Tender Offer (matters concerning "two-step acquisition")," of "3. Details of, and Grounds and Reasons for, the Company's Opinion on the Tender Offer" above.

10. Matters concerning MBO, etc.

(1) Matters concerning Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest

The Transaction, including the Tender Offer, constitutes a management buyout (MBO) and is, as such, subject to the Matters to be Observed Pertaining to MBOs, etc. contained in Rule 441 of the Securities Listing Regulations.

The Company has taken measures to ensure fairness and measures to avoid conflicts of interests in the Transaction, including the Tender Offer, as described in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price, etc. and Measures to Avoid Conflicts of Interest" in "3. Details of, and Grounds and Reasons for, the Company's Opinion on the Tender Offer" above.

(2) The Special Committee's Opinion on Fairness for General Shareholders

The Company received the Written Report from the Special Committee regarding the

fairness of the Transaction, including the Tender Offer, for the Company's general shareholders as described in "(III) The Company's Establishment of an Independent Special Committee and Receipt of a Written Report from the Special Committee" in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price, etc. and Measures to Avoid Conflicts of Interest" of "3. Details of, and Grounds and Reasons for, the Company's Opinion on the Tender Offer" above. For details of the Written Report, please see Attachment 1.

11. Other Information

(1) Release of the "Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending February 28, 2026 [Japanese GAAP]"

The Company has released the "Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending February 28, 2026 [Japanese GAAP]" dated today. For details, please see the relevant document released by the Company.

(2) Release of "Announcement on Revision of the Dividend Forecast for the Fiscal Year Ending February 28, 2026 (No Dividend)"

At its meeting held today, the Company's board of directors has resolved that, subject to the successful consummation of the Tender Offer, the year-end dividend forecast for the fiscal year ending February 28, 2026 be revised and no year-end dividend be distributed for the fiscal year ending February 28, 2026. For details, please see the relevant document released by the Company.

(3) Release of "Announcement on Withdrawal of the Earnings Forecast for the Fiscal Year Ending February 28, 2026"

At its meeting held today, the Company's board of directors has resolved to withdraw the consolidated earnings forecast for the fiscal year ending February 28, 2026, which was announced on April 10, 2025. For details, please refer to the relevant document released by the Company.

(Reference)

Written Report (Attachment 1)

Notice of Commencement of Tender Offer for Shares of Hisamitsu Pharmaceutical Co., Inc.

(Securities Code: 4530) dated January 6, 2026 (Attachment 2)

January 6, 2026

The Board of Directors
Hisamitsu Pharmaceutical Co., Inc.

Special Committee
Hisamitsu Pharmaceutical Co., Inc.

Tetsugo Matsuo, Chairperson

Tamako Watanabe, Committee Member

Midori Noguchi, Committee Member

Kentaro Watanabe, Committee Member

Report

The Special Committee (the "**Committee**") of Hisamitsu Pharmaceutical Co., Inc. (the "**Company**") hereby report its findings with respect to the consultation matters described in Part 1 below submitted by the Company's board of directors to the Committee regarding the proposed tender offer by TAIYO KOSAN CO., INC. (the "**Offeror**") for the Company's common stock (the "**Company's Stock**"), the Share Acquisition Rights (as defined in Part 1 below), and the ADRs (as defined in Part 1 below) (the "**Tender Offer**") and regarding a subsequent series of procedures to take the Company private (collectively with the Tender Offer, the "**Transaction**").

Part 1. Consultation Matters

The Committee was consulted by the Company's board of directors as to the matters described below (the matters described in (I) through (VI) below are hereinafter collectively referred to as the "**Consultation Matters**") in connection with the Transaction on which negotiation was requested by Mr. Kazuhide Nakatomi, President of the Company ("**Mr. Nakatomi**"). An outline of the Transaction is provided below. The offeror of the Tender Offer is a stock company incorporated on November 18, 1987 with its primary line business being asset management services among others. As of the date of writing this Report, Mr. Nakatomi holds all issued shares of the Offeror. The Offeror holds no shares

of the Company.

The Offeror	TAIYO KOSAN CO.,INC.
Period of purchase (the "Tender Offer Period")	From January 7, 2026 (Wednesday) to February 19, 2026 (Thursday) (30 business days)
Price for purchases	(1) 6,082 yen per common stock (the "Tender Offer Price") (2) Share Acquisition Rights (the share acquisition rights listed in (I) through (XI) below are hereinafter referred to collectively as the "Share Acquisition Rights" ; the price per Share Acquisition Right at which the Share Acquisition Rights are to be purchased or otherwise acquired in the Tender Offer are hereinafter referred to collectively as the "Share Acquisition Right Purchase Price") (I) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 10, 2015 (Exercise period: July 28, 2015 to July 27, 2065): 1 yen per share acquisition right (II) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 8, 2016 (Exercise period: July 26, 2016 to July 25, 2066): 1 yen per share acquisition right (III) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 7, 2017 (Exercise period: July 26, 2017 to July 25, 2067): 1 yen per share acquisition right (IV) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 6, 2018 (Exercise period: July 25, 2018 to July 24, 2068): 1 yen per share acquisition right (V) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 10, 2019 (Exercise period: July 27, 2019 to July 26, 2069): 1 yen per share acquisition right (VI) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 9, 2020 (Exercise period: July 29, 2020 to July 28,

2070): 1 yen per share acquisition right

(VII) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 8, 2021 (Exercise period: July 27, 2021 to July 26, 2071): 1 yen per share acquisition right

(VIII) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 7, 2022 (Exercise period: July 26, 2022 to July 25, 2072): 1 yen per share acquisition right

(IX) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 13, 2023 (Exercise period: August 1, 2023 to July 31, 2073): 1 yen per share acquisition right

(X) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 11, 2024 (Exercise period: July 30, 2024 to July 29, 2074): 1 yen per share acquisition right

(XI) The share acquisition rights issued pursuant to the resolution of the meeting of the Company's board of directors held on July 10, 2025 (Exercise period: July 29, 2025 to July 28, 2075): 1 yen per share acquisition right

(3) 6,082 yen per share of the common stock of the Company corresponding to the American Depository Shares (the "ADS") deposited with Citibank, N.A. (the "Depository Bank") and represented by the American Depository Receipts (the "ADR") issued in the United States by the Depository Bank, which correspond to the common stock of the Company (the "ADS Purchase Price")

(Note) According to the registration statement (Form F-6EF) for the ADRs (the "ADR Registration Statement") filed with the U.S. Securities and Exchange Commission on May 11, 2016 by the Depository Bank, while the ADRs have been issued for the Company's Stock, the Company was not involved in their issuance. ADRs are included in the types of Share Certificates to be purchased because, in the Tender Offer, the Offeror aims to acquire all of the Company's Stock and, in accordance with the

provisions of Article 27-2, Paragraph 5 of the Act and Article 8, Paragraph 5, Item 3 of the Order, it is necessary to solicit offers for sales with respect to all Share Certificates issued by the Company. On the other hand, as the ADRs are securities issued in the United States and there are no financial instruments business operators that can practically handle them as tender offer agent in order for the Offeror, which is a resident of Japan, to acquire them through the Tender Offer conducted outside the United States, it has been found to be difficult for the Offeror to acquire the ADRs themselves in the Tender Offer. Therefore, in the Tender Offer, the Offeror will only accept tenders for the shares of the Company's Stock and the Share Acquisition Rights and, instead of accepting tenders for the ADRs themselves, it will accept tenders for the shares of the Company's Stock corresponding to the ADSs represented by the ADRs.

Accordingly, holders of the ADRs who wish to tender their ADRs in the Tender Offer must first deliver their ADRs to the Depository Bank and receive issuance of the shares of the Company's Stock corresponding to the ADSs represented by such ADRs before applying for the Tender Offer. According to the ADR Registration Statement, one ADS is equivalent to one-fourth of one share of the Company's Stock.

Number of Share Certificates to be purchased	Number of shares to be purchased: 64,681,878 shares Minimum number of shares to be purchased: 41,119,400 shares Maximum number of shares to be purchased: Not set
The method of delisting the Company after the Tender Offer	If the Offeror is unable to acquire all of the shares of the Company's Stock (excluding the treasury shares held by the Company and the Non-Tendered Shares (as defined in Part 2, 3 below), the Share Acquisition Rights, and the ADRs in the Tender Offer, the Offeror will implement a series of procedures to make the Offeror and the Non-tendering Shareholders the only shareholders of the Company

- (I) Whether the purpose of the Transaction is legitimate and reasonable (including whether or not the Transaction will contribute to increasing the corporate value of the Company);
- (II) whether the terms and conditions of the Transaction are fair and appropriate;
- (III) whether the procedures involved in the Transaction are fair;
- (IV) whether or not the Transaction is considered fair for the general shareholders of the

Company;

(V) based on (i) through (iv) above, whether or not it is appropriate for the Company's board of directors to express its opinion in support of the Tender Offer in the Transaction and to recommend the Company's shareholders to tender their shares in the Tender Offer; and

(VI) any other matters that the Company's board of directors may consult the Committee as appropriate in considering the Transaction

Part 2. Outline of the Committee's Activities

1. Course of Events Leading to Consultation with the Committee

On October 15, 2025, the Company received from Mr. Nakatomi an initial suggestion, given orally, for commencing discussions and negotiations toward implementation of the Transaction. On October 20, 2025, the Company received a written request from Mr. Nakatomi for commencement of negotiations on the proposed Transaction (the "**Written Request**"). As described in Part 4, 3 below, the Transaction is intended as part of a management buyout (MBO) and, as such, involves structural conflict-of-interest issues. Considering these and other circumstances, the Company, prior to proceeding to consider the Transaction, established the Committee as a consultative body to the Company's board of directors to consider the proposal, for the purpose of ensuring the fairness of the Tender Offer Price, ensuring that careful decisions would be made by the Company before deciding to conduct the Tender Offer, and ensuring the fairness of the Transaction, including the Tender Offer, by eliminating potential arbitrariness and conflicts of interest that may arise in the decision-making process of the Company's board of directors.

2. The Committee's Authority

When establishing the Committee, the Company's board of directors resolved that the board of directors must respect the Committee's opinion as much as possible when making decisions relating to the Transaction (including the Company's expression of its opinion on the Tender Offer), and must refrain from making a decision to conduct the Transaction if the Committee concludes that the Transaction is not appropriate. At the same time, the Company's board of directors made a decision to authorize the Committee:

- (I) to nominate or approve (including giving subsequent approval of) the Company's third-party valuator, legal advisor, financial advisor, and other advisors ("**Advisors**");
- (II) to appoint Advisors to the Special Committee if deemed necessary by the Committee in

considering the Consultation Matters (Furthermore, the Committee may seek professional advice from the Advisors where the Committee determines that such Advisors possess a high level of expertise and that their independence is not in question, thereby enabling the Committee to rely on and seek their professional advice. Additionally, the reasonable costs incurred in connection with such professional advice obtained by the Committee shall be borne by the Company);

(III) to receive information necessary for the Committee to consider the Transaction and make decisions relating to the Transaction from the Company's officers and employees and other persons considered necessary by the Committee, in order to ensure that appropriate decisions are made; and

(IV) to be substantially involved in the process of negotiating the terms and conditions of the Transaction by, among other things, reviewing the policy for negotiating the terms and conditions of the Transaction in advance, receiving timely reports on the status of negotiations, expressing the Committee's opinion at critical phases, and giving instructions and making requests, and to directly conduct negotiations where necessary, in order to ensure the fairness of the terms and conditions of the Transaction

3. The Committee's Composition

The Committee consisted of the following members:

Chairperson	Mr. Tetsugo Matsuo (the Company's independent Outside Director)
Committee Member	Ms. Tamako Watanabe (the Company's independent Outside Director)
Committee Member	Ms. Midori Noguchi (the Company's independent Outside Director)
Committee Member	Mr. Kentaro Watanabe (the Company's independent Corporate Auditor)

As described in Part 4, 3 (1)(B), the four committee members listed above have no interest in: the Offeror; Mr. Nakatomi, TKY CO., INC., which is the ninth largest shareholder of the Company ("TKY"), NAKATOMI ASSET MANAGEMENT CO., INC. ("Nakatomi Asset Management"), SSTM CO., INC. ("SSTM"), STM CO., INC. ("STM"), or TM CO., LTD. ("TM"; Mr. Nakatomi, TKY, Nakatomi Asset Management, SSTM, STM, and TM are hereinafter collectively referred to as the "**Non-tender Agreement Shareholders**," and the total of 3,917,742 shares of the Company's Stock held by the Non-tender Agreement Shareholders are hereinafter collectively referred to as the "**Non-tender Agreement Shares**"); NAKATOMI KOSAN CO., INC. ("Nakatomi Kosan"; Nakatomi Kosan and the Non-tender Agreement Shareholders are hereinafter collectively referred to as the "**Non-tendering Shareholders**"; of

the 370,600 shares of the Company's Stock held by Nakatomi Kosan (Note 1), 126,400 shares remaining after excluding 244,200 shares (the "**Nakato Kosan's Tendered Shares**") are referred to as "**Nakatomi Kosan's Non-tendered Shares**" and Nakatomi Kosan's Non-tendered Shares and the Non-tender Agreement Shares are hereinafter referred to as the "**Non-tendered Shares**"); The Nakatomi Foundation (the "**Nakatomi Foundation**"), the Nakatomi Memorial Foundation (the "**Nakatomi Memorial Foundation**"), or The Nakatomi Sports Promotion Foundation (the "**Nakatomi Sports Promotion Foundation**"; the Nakatomi Foundation, the Nakatomi Memorial Foundation, and the Nakatomi Sports Promotion Foundation are hereinafter collectively referred to as the "**Foundations**"); MUFG Bank, Ltd. ("**MUFG Bank**"), The Bank of Fukuoka, Ltd. (the "**Bank of Fukuoka**"), The Nishi-Nippon City Bank, Ltd. (the "**Nishi-Nippon City Bank**"), or The Bank of Saga Ltd. (the "**Bank of Saga**"; MUFG Bank, the Bank of Fukuoka, the Nishi-Nippon City Bank, and the Bank of Saga are hereinafter collectively referred to as the "**Tendering Financial Institutions**"); SMBC Nikko Securities Inc. ("**SMBC Nikko Securities**"); or success or failure of the Transaction.

4. The Committee's Activities

During the period after being commissioned on November 13, 2025 to submit this Report until today, the Committee held a total of 9 meetings, for a total of 11 hours, on November 13, 21, and 28, 2025, December 12, 18, 23, and 26, 2025, and January 5 and 6, 2026. At each of these meetings, the Committee considered the documents submitted (the "**Documents**"). In between the meeting dates, the Committee collected information necessary to provide a report on the Consultation Matters through such means as email communications between the Company, Advisors, and the committee members, as well as thoroughly deliberating the Consultation Matters by carefully discussing and considering the matters.

Specifically, first, on November 13, 2025, the Committee approved the appointment of Nishimura & Asahi ("**Nishimura & Asahi**") as the Company's legal advisor and the appointment of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("**MUMSS**") as the Company's financial advisor and third-party valuator, after confirming that there was no problem with their independence and expertise. The Committee also confirmed that it would receive advice from the Company's Advisors where necessary and would not appoint the Committee's own Advisors.

Then, the Committee considered measures to be taken to ensure the fairness of the procedures involved in the Transaction, based on the explanations received from Nishimura & Asahi and MUMSS.

The Committee received from the Company explanations on the Company's line of business, external environment, current business challenges, the details of the Business Plans (as defined in Part 4, 4 (2) below), how the Offeror came to consider the Transaction, and the details of the Offeror's proposal, followed by Q&A sessions. The Committee also received from the Offeror explanations on the background, significance, and purpose of the Transaction, the expected impact of the Transaction, the structure and terms and conditions of the Transaction, and the Company's post-Transaction management structure and management policy, followed by Q&A sessions. Furthermore, the Committee was substantially involved in the process of negotiation between the Company and the Offeror by, among other things, receiving timely reports from the Company on the progress, details, etc. of discussions and negotiations between the Offeror and the Company, conducting discussions at meetings of the Committee, and negotiating with the Offeror on the terms and conditions, including the price, of the Transaction through the Offeror's financial advisor SMBC Nikko Securities and the Company's financial advisor MUMSS. Moreover, the Committee: received from MUMSS explanations on the methods and results of valuation of the Company's Stock and examined whether the methods and results were reasonable by exchanging questions and answers regarding the assumptions for, and the details, results, etc. of, the valuation methods from financial perspectives; received from Nishimura & Asahi explanations on the measures taken to reduce or prevent conflicts of interest in the Transaction and on the Transaction and exchanged questions and answers regarding the general significance and concept of measures taken to ensure fairness and regarding the sufficiency of the measures taken in the Transaction, among other things; and received from the Company explanations on, among other things, the progress of negotiations on, and the process of determination of, the terms and conditions of the Transaction and exchanged questions and answers regarding whether the Tender Offer Price, Etc. proposed by the Offeror appropriately reflected the intrinsic value that could be achieved by the Company. Based on these details, the Committee carefully discussed and considered the Consultation Matters.

In addition, the Committee received from Nishimura & Asahi and MUMSS explanations on the content of the Company's draft press release and draft statement of opinion regarding the Tender Offer to be released or submitted by the Company, as well as on the content of the Offeror's draft tender offer notification for the Tender Offer to be submitted by the Offeror. The Committee confirmed that the Offeror and the Company intended to make extensive information disclosure with advice from their respective financial advisors and legal advisors.

After carefully discussing and considering the Consultation Matters as described above, the Committee unanimously approved its findings on the Consultation Matters at the ninth meeting

of the Committee held on January 6, 2026.

5. Limitations

This Written Report has been created based on the explanations and documents received by the Committee on or before the date of its creation, assuming that information contained in these explanations and documents is true and accurate. This Written Report also assumes that no facts exist that are not reflected in such information and that would have affected (i) the accuracy of the Committee's recognition of the facts on which the Committee's findings are based or (ii) the process or results of the Committee's consideration relating to its findings. The Committee does not guarantee the integrity of its findings contained in this Written Report. When considering the Transaction, the Company is advised to consult this Written Report with an understanding of these limitations. As of the date of writing this Written Report, the Committee is not aware of any fact that is contrary to the assumptions described above.

Part 3. The Committee's Findings

1. Consultation Matter (I)

The Committee considers that the Transaction will contribute to increasing the corporate value of the Company, and believes that the purpose of the Transaction is legitimate and reasonable.

2. Consultation Matter (II)

The Committee believes that the terms and conditions of the Transaction are fair and appropriate.

3. Consultation Matter (III)

The Committee believes that the procedures involved in the Transaction are fair.

4. Consultation Matter (IV)

The Committee believes that the Transaction is fair for the general shareholders of the Company.

5. Consultation Matter (V)

Based on the findings described in 1 through 4 above, the Committee believes that it is appropriate for the Company's board of directors to: (i) express its opinion in support of the Tender Offer; (ii) recommend that the Company's shareholders tender their shares in the Tender Offer; (iii) recommend that the holders of the ADRs deliver their ADRs to the Depository Bank in advance and receive their shares in the Company's Stock corresponding to the ADSs represented by the ADRs, before tendering their shares in the Company's Stock in the Tender Offer; and (iv) leave the decision of whether or not to tender the Share Acquisition Rights in the Tender Offer to the discretion of the holders of the Share Acquisition Rights (the "**Share Acquisition Right Holders**").

Please note that, while the preceding paragraph contains the Committee's findings on the ADRs and the Share Acquisition Rights that are not expressly mentioned in Consultation Matter (V), the Committee reports the above findings based on an understanding that Consultation Matter (V) includes sub-questions of whether or not it is appropriate for the Company's board of directors to recommend the holders of the ADRs and the Share Acquisition Right Holders to tender their shares in the Tender Offer.

6. Consultation Matter (VI)

The Company consulted the Committee on no other matters than the Consultation Matters listed in 1 through 5 above.

Part 4. Reasons for the Findings

1. Legitimacy and Reasonableness of the Transaction (Including Whether the Transaction will Contribute to Increasing the Corporate Value of the Company)

(1) The Company's Line of Business, Business Environment, and Business Challenges

Below are facts found by the Committee by exchanging questions and answers with the Company, the Offeror, and Mr. Nakatomi regarding, among other things, the specific details of the purpose of the Transaction and those of the Company's corporate value that is expected to increase through the Transaction.

(A) The Company's Line of Business and Management Policy

The Company was founded as Komatsuya in 1847 where Tashiro, Tosu City, Saga is currently located. For nearly 180 years since its foundation, the Company has continued to develop and has steadily grown. In December 1903, the Company's predecessor Hisamitsu & Co. was established. In February 1951, Hisamitsu & Co. absorbed Miyaki Seiyaku Co., which had been incorporated in May 1944 for the purpose of manufacturing pharmaceuticals, and Tashiro Koki Kogyo Kabushiki Kaisha, which had been incorporated in February 1948 for the purpose of manufacturing and marketing mining machinery and other forgings. In September 1962, Hisamitsu & Co. was listed in the Second Section of the TSE and the Main Board of the FSE, followed by in the Second Section of the NSE in September 1971. In July 1972, the Company was shifted to the First Section of the TSE and the First Section of the NSE. As a result of the market restructuring of the TSE and the NSE in April 2022, the Company is listed in the Prime Market of the TSE, the Premier Market of the NSE, and the Main Board of the FSE as of today.

As of today, the Company's group consists of a total of 24 companies, including the Company and its 19 consolidated subsidiaries, three equity-method affiliates, and one non-consolidated subsidiary that is a non-equity-method affiliate (collectively, the "Company Group"). The Company Group's mission is Promoting "TE-A-TE" Culture Worldwide. "TE-A-TE" is a practice of compassion to others. With this mission, the Company Group develops its business activities based on patch technology that the Group has accumulated, with the aim of delivering a better QOL to the world and contributing to a sustainable society.

The Company Group mainly operates pharmaceutical business, which is the Company Group's single reportable segment, in Japan and abroad. In its pharmaceutical business, the Company Group conducts R&D, manufacture, purchase, sale, etc. of prescription and non-prescription products, among other things. An overview of the Company Group's business is provided below.

(I) Prescription Products

The environment surrounding prescription products remains severe in terms of government measures to control medical expenses, such as the promotion of use of generic drugs and the reduction in NHI drug prices of long-term listed products, which has stemmed from the further optimization of drug pricing. Amid this market environment, the Company Group has manufactured and marketed female hormone patches, patches for asthma treatment, patches for treating overactive bladders,

transdermal treatment drugs for allergic rhinitis, among others, with its main products being the transdermal anti-inflammatory pain relief patches MOHRUS® (Note 1) Tapes and MOHRUS® Pap XR and the transdermal long-acting cancer pain relief patch ZICTHORU® Tapes (Note 2). The Company Group has also further reinforced its activities for providing academic information to healthcare professionals by regularly holding seminars, academic meetings, lecture meetings, etc. in different regions in addition to engaging in conventional MR (Note 3) activities, and has enhanced its sales, production, and R&D functions, with the aim of developing new pharmaceutical products that meet the needs of healthcare professionals and patients.

Note 1: "MOHRUS®" refers to transdermal non-steroidal anti-inflammatory pain relief patches whose main ingredient is ketoprofen.

Note 2: "ZICTHORU® Tapes" refers to a transdermal non-steroidal anti-inflammatory pain relief patch whose main ingredient is diclofenac sodium.

Note 3 : "MR" stands for Medical Representative, whose main duties include promoting the proper use of pharmaceuticals and collecting and providing safety management information by such means as visiting healthcare professionals.

(II) Non-prescription Products (OTC Products) (Note 4)

The Company Group manufactures and markets OTC products, with a focus on pain relief and anti-inflammatory brands for external use, including Salonpas®, which celebrates 90 years since its launch, and Feitas®, Nobinobi® Salonship®, Air® Salonpas®, etc. Other OTC products manufactured and marketed by the Company Group include the therapeutic drug for athlete's foot, Butenalock®, among others. The Company Group has developed products that meet customers' needs, including not only OTC products but also quasi-pharmaceutical products and cosmetics, among others.

In Japan, the Company Group works to further increase the value of its existing brands, such as Salonpas®, in the OTC product market while working on product development with a focus on efficacy and usability so that the group's products contribute to improving the QOL of customers. The Company Group conducts product development and makes improvement in a manner that meets customer needs, as well as conducting active marketing activities such as running TV and SNS ads to increase the awareness of the group's brands. Furthermore, the Company Group

set up Hisamitsu Wellness, a mail order business handling pharmaceuticals, health food, etc., to adapt to consumers' shift to online channels in their purchasing behavior. Through Hisamitsu Wellness, the Company Group has worked on the development of more customized products and services.

Overseas, Salonpas® has been recognized worldwide as the world's No. 1 brand in terms of market share (Note 5) for nine consecutive years since 2016 in the anti-inflammatory pain relief patch category of the OTC product market. The Company Group started overseas marketing of Salonpas® when the product started to be exported in 1937. Today, the marketing of Salonpas® has expanded to over 40 different countries and regions, including Asia, the U.S., and the Eurozone. The Company Group strives to establish the Company's brands, including intellectual property, manufacturing technology, and quality control technology, while working on further improvement of overseas production factories in the U.S., Brazil, Vietnam, and Indonesia by improving production equipment and strengthening personnel systems, among others, to provide a stable supply of products, and on pharmaceutical applications and the development of sales systems in foreign countries that are new to the Company Group.

Note 4: "OTC products" means non-prescription products sold at pharmacies or drug stores.

Note 5: Based on surveys conducted on an annual basis by Euromonitor International Limited since 2017 (the relevant surveys were conducted in countries constituting more than 70% of the world's market of anti-inflammatory analgesics/anesthetics for external use in terms of retail sales basis for each year during 2016 – 2024).

(B) The Company's Business Environment

The pharmaceutical product and healthcare business market is facing a period of major reforms amid changes in the socioeconomic environment, such as changes in individuals' views on life and values, the advancement of digitalization, the rapid aging of societies, the increase in medical expenses, and continuing measures to control medical expenses, such as the enhancement of measures to promote the use of generic drugs or Japan's elective care scheme, as well as the decrease in the stability of pharmaceutical businesses in the U.S. due to changes in regulations and policies that are represented by pharmaceutical tariffs and the most-favored-nation pricing policy (Note 6). In this environment, and owing to the Company's intention to further accelerate the realization of

a better QOL of people across the world and contribute to a sustainable society through pharmaceutical business, the Company is expected to play an increasingly significant social role in this market. The Company believes that, in the prescription product and OTC product industries which are surrounded by a severe business environment, the Company will be able to fulfill its mission as a pharmaceutical company by continuing to develop pharmaceuticals that meet the needs of healthcare professionals, patients, and consumers, and aiming to improve the QOL of patients and consumers. The Company is also aware of the importance of flexibly meeting changes in the social situation and consumers' attitude, establishing the rebranding of not just Salonpas® but also the entire Company Group, and continuing to provide products that will continue to be chosen by customers. Furthermore, towards further increasing overseas market share, the Company is aware of the importance of providing products that are suitable to each country's market by keeping an eye on changes in customer needs and consumption behavior (i.e., the diversification of consumers' standards for selecting products and consumers' methods for obtaining product information) in the new normal (Note 7) era, which was triggered by COVID-19. Under these circumstances, the business environment surrounding the Company is expected to become even more severe, with such factors as the downward pressure on price arising from the fiercer development competition with competitors, the increased maturity of the Japanese pharmaceutical market, and the increased number of competing items, among other things, as well as higher quality standards required of pharmaceuticals, not to mention the securing of their quality and safety. Amid this situation, the Company is expected to steer its management from medium- to long-term perspectives.

Note 6: The term "most-favored-nation pricing" means pricing lowered to the same level as the minimum price in any country.

Note 7: The term "new normal" means a new common sense that becomes established in people's life and business after significant changes in society that have created structural changes that would prevent people from returning to their common sense or attitude before those changes in society.

(C) The Company's Business Challenges

Under these circumstances, the business environment surrounding the Company is expected to become even more severe, with such factors as the downward pressure on price arising from the fiercer development competition with competitors, the increased maturity of the Japanese pharmaceutical market, and the increased number of competing items, among other things, as well as higher quality standards required of pharmaceuticals, not to mention the securing of their quality and safety. Amid this situation, the Company is

expected to steer its management from medium- to long-term perspectives.

(2) Circumstances Leading to Consideration of the Transaction; the Purpose and Other Aspects of the Transaction

According to the explanations and other information received by the Committee from the Offeror and Mr. Nakatomi, the measures to increase the Company's corporate value, the purpose of the Transaction, and the disadvantages of the Company's delisting, as understood by the Offeror and Mr. Nakatomi are as follows:

(A) Measures to Increase the Company's Corporate Value; the Purpose of the Transaction

Given these circumstances, Mr. Nakatomi and the Offeror believes that continuing to develop the Company Group's existing businesses as before will not be sufficient to achieve its sustainable growth. Specifically, he believes that implementing the following measures will enable the Company Group to further enhance its corporate value.

(I) Maximizing the value of existing products in the prescription product business

Mr. Nakatomi recognizes that the domestic prescription product industry is facing a challenging business environment due to the impact of ongoing measures to contain drug prices. To fulfill the Company Group's mission of "Delivering a Better QOL to the World" in such a business environment, he believes that maximizing the value of existing products, as well as developing new ones, would be an effective approach. For example, with respect to the "MOHRUS®" product group, which is one of the Company Group's core prescription products, he intends to leverage the products' strength of broad clinical use in aiming to obtain designation as basic pharmaceuticals, thereby mitigating drug price declines. For "ZICTHORU® Tapes," in addition to existing sales measures, such as hosting seminars, academic conferences, and lectures, and placing promotional materials within medical facilities, he intends to work on expanding prescriptions, promoting sales through differentiation from existing products, and strengthening collaboration with exclusive distributors. He believes that while these efforts will initially require upfront investment in R&D and promotional expenses, potentially slowing profit growth in the short term, they will lead to increased profits through expanded sales from a medium- to long-term perspective.

(II) Investment for business transformation in the prescription product business

Mr. Nakatomi recognizes that recently in the prescription product industry, R&D utilizing diverse drug discovery platform technologies has led to the diversification and increased complexity of drug discovery modalities (Note 8), including not only traditional small-molecule drugs but also antibody drugs, nucleic acid therapeutics, cell therapies, and other medium-molecule and macromolecule drugs. Similarly, he understands that the Company Group's medicated patch business also faces a strong demand for transformation to address this trend of diversification and increased complexity of drug discovery modalities. In response to these changing circumstances, the Company is advancing the development of HP-6050, a drug utilizing microneedle technology, as the first step in the business transformation. Conventional medicated patch have been limited to making transdermal delivery of small-molecule compounds, and creating medicated patch for the delivery of medium-molecule and macromolecule compounds has been a significant challenge. On the other hand, the microneedle technology being developed by the Company Group is expected to enable the rapid and efficient transfer of drugs into the bloodstream, regardless of molecular size, while also allowing for safer and more convenient transdermal drug delivery. Therefore, this technology is understood to be capable of solving the challenges of conventional medicated patch. To achieve the world's first commercialization of a prescription pharmaceutical using this microneedle technology and to maximize its value, significant upfront costs and investments will be required, including not only R&D for microneedle drugs like the HP-6050 and vaccines, but also R&D for cosmetics and other applications beyond therapeutics and the construction of a microneedle manufacturing facility for practical application of the technology. While this may pressure the Company Group's profits in the short term, it is expected to contribute to enhancing corporate value from a medium- to long-term perspective by creating social value that surpasses that of existing pharmaceuticals.

(Note 8) "Modality" refers to the methods or means of drug discovery platform technologies for pharmaceuticals, or the classification of pharmaceuticals based on such technologies.

(III) Improving profitability in the domestic OTC product business through cost pass-through and cost management

Mr. Nakatomi recognizes that, while the domestic OTC product market has continued to grow since the spread of COVID-19, owing to increased public awareness of self-medication and the resurgence of inbound demand, concerns exist about the domestic market reaching its ceiling in the future due to population decline. Concurrently, in

recent years, raw material prices have remained elevated due to factors such as the global surge in resource prices caused by the crisis in Ukraine and rising pressure on raw material and energy prices driven by the historic depreciation of the yen against the backdrop of the widening interest rate differential between Japan and the United States. To respond to these environmental changes, he believes that the Company Group can seek to expand profits by improving gross profit through pass-through of the increased costs of rising raw material and energy prices to product prices, while also improving productivity through manufacturing line enhancements and appropriately managing distribution margins, such as rebates and allowances paid to pharmaceutical wholesalers. He recognizes that if the Company Group fails to gain customer understanding regarding the retail price adjustments related to the cost pass-through, it could negatively impact sales, such as through temporary customer attrition. However, he believes that the cost pass-through will enable the Company Group to maintain product quality and provide customers with added value beyond the price on an ongoing basis, resulting in sustainable medium- to long-term growth.

(IV) Investment to expand product lineup and business in overseas OTC product business

The global OTC product market continues to expand steadily, in advanced nations experiencing aging populations similar to Japan and emerging economies where healthcare insurance systems are underdeveloped and demand for affordable OTC products is high. In this environment, not only major global OTC pharmaceutical manufacturers but also Japanese manufacturers are actively pursuing overseas expansion through acquisitions and partnerships with local companies, intensifying competition. While concerns exist about the domestic market reaching its ceiling as described above, in order for OTC products to continue driving the Company Group's performance as a growth business in the overseas markets, where market expansion is anticipated, expanding business through the enhancement of the product lineup by leveraging the globally strong brand asset of "Salonpas®" and the development of new markets would be an effective approach. In countries and regions, primarily the United States and Asia, where "Salonpas®" already enjoys high recognition and usage rates, it would be possible to strengthen the Company Group's market position by introducing additional products to enhance the product lineup. Simultaneously, in new target markets, such as Global South countries where medicated patch like "Salonpas®" are not yet widely used, it would be possible to leverage the experience and expertise in pharmaceutical regulatory submissions to enter and develop new markets ahead of competitors, thereby gaining market share and expanding sales. To achieve this, the Company Group will need to further accelerate the globalization of

its organizational and management systems, including the development of structures and fostering of human resources across the entire value chain, including R&D, pharmaceutical affairs, production, and sales, which will require the investment of adequate management resources.

(V) Expansion of mail-order and e-commerce sales in the domestic OTC product business

Mr. Nakatomi recognizes that, following the COVID-19 pandemic, factors such as the diversification of lifestyles and the advancement of digitalization have driven the expansion of direct-to-consumer sales, including mail-order and e-commerce sales, leading to significant changes in purchasing patterns. To respond to this environmental change, he considers it essential to aim to strengthen and expand the Company's product sales channels by not only maintaining sales through pharmacies and drugstores but also actively enhancing efforts in the e-commerce field, including e-commerce malls like Amazon and Rakuten, as well as the Company's own e-commerce platform. While the Company sells OTC products and health foods on e-commerce malls and its own e-commerce platform, its efforts in this area are not particularly proactive. To enhance the Company's corporate value going forward, it would be necessary to increase growth investments in the e-commerce field. Furthermore, he believes that expanding the range of products for its own e-commerce platform and exclusive products for e-commerce malls can drive further sales growth.

On the other hand, Mr. Nakatomi believes that as long as the Company maintains its stock listing, it is required to focus on shareholder interests in its management, necessitating consideration for securing and distributing short-term profits. Therefore, he considers that the listing of the Company's Stock is highly likely to become a hindrance to executing medium- to long-term measures, such as temporary expenditures and upfront investments that could potentially lead to a decline in short-term profit levels or worsening cash flow, or fundamental structural reforms. In addition, the measures outlined in (i) to (v) above do not necessarily contribute to immediate profitability and they involve considerable time and significant risk. Therefore, it would be difficult to maintain listing of the Company's Stock and expect its shareholders to bear these risks and fully support the implementation of these measures. Moreover, considering the medium- to long-term maximization of the Company Group's corporate value, he believes it is essential to establish a robust and stable management structure that enables agile and flexible decision-making from a medium- to long-term perspective, allowing the Company Group to unite in promoting business expansion and strengthening of its management foundation.

Furthermore, Mr. Nakatomi recognizes that, due to factors such as the regulatory tightening in the capital markets in recent years, the amount of additional and continuous information disclosure to stakeholders through securities reports, corporate governance reports, and other documents has been increasing year by year, and the burden of human and financial costs necessary for a listed company to maintain its stock listing is trending upward. He believes that the possibility of these costs becoming a significant burden on the Company Group's management efforts cannot be denied.

(B) Disadvantages of Delisting

Since its listing in 1962, the Company Group has enjoyed various benefits as a listed company, including enhanced recognition facilitating the recruitment of outstanding talent and improved social credibility. On the other hand, considering the Company Group's current financial situation, where funds necessary for business activities are sufficiently secured through methods such as borrowings from financial institutions, he believes that the need for large-scale fundraising through equity finance is not particularly high for the time being. In addition, given that the Company Group's social credibility and brand power have already been established through its business activities, he believes that the necessity for the Company to maintain its listing and the benefits it can enjoy by doing so have relatively diminished.

(3) Discussions by the Committee

(A) The Company's Line of Business and Business Environment

The Committee believes that the Company, the Offeror, and Mr. Nakatomi's understanding of the Company's line of business and business environment described in (1) above is not unreasonable based on the explanations received from the parties involved, published documents, Documents, etc. and is consistent with general explanations on, and the Company's board of directors' understanding of, the environment of the industry and market to which the Company belongs.

(B) Measures to Increase the Company's Corporate Value; the Purpose of the Transaction

In light of the business environment described above, the Committee considers that all of the measures to increase the Company's corporate value described in (2)(A) above (the

"Corporate Value-Increasing Measures") will contribute to increasing profits and the corporate value of the Company by increasing sales on a medium- to long-term basis through, among other things, enhancing the profitability of existing products, creating new social values, maintaining product quality, providing added values to products, increasing the Company's market share in new markets, and strengthening and extending the Company's sales channel. Therefore, the Committee considers that the Corporate Value-Increasing Measures are reasonable based on the Company's current line of business and business condition and are practical as measures to increase the Company's future medium- to long-term corporate value and, as such, reasonable.

However, the Corporate Value-Increasing Measures may temporarily affect the Company's sales. They will also require a considerable advance investment for a certain period. While these measures are expected to increase the corporate value of the Company Group on a medium- to long-term basis, they entail the risk of lowering the profit level, deteriorating cash flow, etc. on a short-term basis. In the first place, due to their nature as corporate value-increasing measures, there is inevitably a certain uncertainty in whether these measures will produce their expected results. If the Company carries out these measures while remaining listed, there is an undeniable possibility that these measures will not be sufficiently appreciated by the capital market, resulting in a drop of the stock price of the Company and causing a negative impact on the Company's shareholders on a short-term basis. On the other hand, in light of the business environment surrounding the Company as described in (1) above, the Committee believes that reducing or postponing these measures will lead to reduced competitiveness and profitability of the Company Group on a medium- to long-term basis.

Considering the nature of the Corporate Value-Increasing Measures as described above, while they are reasonable measures to deal with changes in the business environment, there is a possibility that they may cause a drop in the share price of the Company and impair the value of the Company's Stock due to a temporary decrease in profit caused by their implementation and due to the certain uncertainty of the efforts. The Committee believes that it is not unreasonable to choose to delist the Company in order to boldly promote the Corporate Value-Increasing Measures without shifting to the Company's general shareholders the risks that may be incurred by the Company's shareholders due to the potential impairment of the Company's stock value caused by a drop in share price or due to the uncertainty.

For the reasons described above, the Committee considers that the explanations provided

by the Offeror and Mr. Nakatomi on the Corporate Value-Increasing Measures and the purpose of the Transaction are not unreasonable, and that the Corporate Value-Increasing Measures and the purpose of the Transaction are legitimate and reasonable.

(C) Disadvantages of Delisting

Generally speaking, once the Company goes private, it will no longer be able to raise funds from the capital market by equity financing. There is also a possibility that going private may result in the Company losing certain advantages that it has enjoyed as a listed company in terms of recruitment of human resources backed by the increased social reputation and name recognition that have been enjoyed by the Company as a listed company. Furthermore, there is an undeniable possibility that the Company's dissolution of its capital relationship with its existing shareholders and becoming part of the Offeror Group (which collectively refers to the Offeror and its subsidiaries and affiliates; the same applies hereinafter) may create a disadvantage in terms of the Company's independence, which may negatively affect the Company's employees, business partners, and other stakeholders. However, we believe that the disadvantages of going private are limited in terms of financing because, considering the current financial condition of the Company, the Company is unlikely to need financing by equity financing for the time being, and because the Company expects to raise funds through indirect financing where necessary based on its good relationships with financial institutions through long-term transactions with them and in light of the recent good financing environment. We also believe that the possibility is very slim that the Company's employees, business partners, and other stakeholders will be negatively affected by the Company's dissolution of its capital relationship with its existing shareholders and becoming part of the Offeror Group, in light of, among other things, the fact that the Company has already established a certain brand power and a good reputation among its business partners, that all members of the Offeror Group are asset management companies of Mr. Nakatomi and his relatives and do not run business, and that the Offeror intends to operate the Company's business while maintaining the Company's current management system after the Transaction in principle.

In addition, recent years have seen a revision of the Corporate Governance Code and enhanced regulations on the capital market, resulting in the continued increase in the personal and financial costs that are required to keep the Company listed. We believe that there is an undeniable possibility that these costs may be significant burden in driving the management of the Company. Since these costs of keeping the Company listed have increased year by year, we believe that reducing these costs through the Transaction will

help the Company to increase its corporate value from a long-term perspective.

(D) Sub-summary

Based on the discussions described in (A) through (C) above, the Committee considers that the advantages of the Transaction exceed its disadvantages and the Transaction will contribute to increasing the corporate value of the Company, and believes that the purpose of the Transaction is legitimate and reasonable.

2. Fairness and Appropriateness of the Terms and Conditions of the Transaction

(1) Process of Discussions and Negotiations on Terms and Conditions

On December 5, 2025, the Company received from Mr. Nakatomi an initial proposal, which set (i) the Tender Offer Price at 5,280 yen (which represented a premium of 26.74% on 4,166 yen, which was the closing price of the Company's Stock quoted on the Prime Market of the TSE on December 4, 2025, the business day immediately preceding the date of the proposal, a premium of 26.59% on 4,171 yen, which was the simple average closing price over the past one-month period ending on the same business day, a premium of 27.05% on 4,156 yen, which was the simple average closing price over the past three-month period ending on the same business day, and a premium of 27.29% on 4,148 yen, which was the simple average closing price over the past six-month period ending on the same business day), (ii) the Share Acquisition Right Purchase Price at 1 yen, considering, among other things, that the Share Acquisition Rights were issued to the Company's directors in the form of share compensation-type share acquisition rights, which are subject to the condition that those share acquisition rights allotted to the Company's directors in their capacity as such can be exercised within the exercise period of the Share Acquisition Rights only on and after the day immediately following the date on which their holders are no longer the Company's directors, which prevents these holders from exercising their Share Acquisition Rights even after the Offeror has acquired the Share Acquisition Rights, and (iii) the ADS Purchase Price at 5,280 yen.

In response, on December 12, 2025, the Company replied to Mr. Nakatomi that the Tender Offer Price proposed in the initial proposal underrated the potential shareholder value that would be realized by the measures that had already been implemented or were being considered for subsequent implementation by the Company, and that the proposed price could absolutely not be considered to be sufficient in light of the intrinsic value of the

Company.

Based on the above reply, on December 16, 2025, the Company received from Mr. Nakatomi a second price proposal, which set (i) the Tender Offer Price at 5,660 yen (which represented a premium of 35.15% on 4,188 yen, which was the closing price of the Company's Stock quoted on the Prime Market of the TSE on December 15, 2025, the business day immediately preceding the date of the proposal, a premium of 34.83% on 4,198 yen, which was the simple average closing price over the past one-month period ending on the same business day, a premium of 36.68% on 4,141 yen, which was the simple average closing price over the past three-month period ending on the same business day, and a premium of 36.45% on 4,148 yen, which was the simple average closing price over the past six-month period ending on the same business day), (ii) the Share Acquisition Right Purchase Price at 1 yen, and (iii) the ADS Purchase Price at 5,660 yen.

In response, on December 18, 2025, the Company replied to Mr. Nakatomi that the Tender Offer Price proposed in the second proposal still underrated the potential shareholder value of the Company and could absolutely not be considered to be sufficient in light of the intrinsic value of the Company.

Based on the above reply, on December 22, 2025, the Company received from Mr. Nakatomi a third price proposal, which set (i) the Tender Offer Price at 5,800 yen (which represented a premium of 35.90% on 4,268 yen, which was the closing price of the Company's Stock quoted on the Prime Market of the TSE on December 19, 2025, the business day immediately preceding the date of the proposal, a premium of 37.60% on 4,215 yen, which was the simple average closing price over the past one-month period ending on the same business day, a premium of 39.93% on 4,145 yen, which was the simple average closing price over the past three-month period ending on the same business day, and a premium of 39.83% on 4,148 yen, which was the simple average closing price over the past six-month period ending on the same business day), (ii) the Share Acquisition Right Purchase Price at 1 yen, and (iii) the ADS Purchase Price at 5,800 yen.

In response, on December 23, 2025, the Company replied to Mr. Nakatomi that the Company believed that the Tender Offer Price proposed in the third proposal still did not fully reflect the intrinsic value of the Company.

Based on the above reply, on December 26, 2025, the Company received from Mr. Nakatomi a fourth price proposal, which set (i) the Tender Offer Price at 6,000 yen (which represented

a premium of 37.08% on 4,377 yen, which was the closing price of the Company's Stock quoted on the Prime Market of the TSE on December 25, 2025, the business day immediately preceding the date of the proposal, a premium of 41.68% on 4,235 yen, which was the simple average closing price over the past one-month period ending on the same business day, a premium of 44.51% on 4,152 yen, which was the simple average closing price over the past three-month period ending on the same business day, and a premium of 44.37% on 4,156 yen, which was the simple average closing price over the past six-month period ending on the same business day), (ii) the Share Acquisition Right Purchase Price at 1 yen, and (iii) the ADS Purchase Price at 6,000 yen.

In response, on December 26, 2025, the Company replied to Mr. Nakatomi that the Company believed that the Tender Offer Price proposed in the fourth proposal still did not fully reflect the intrinsic value of the Company.

Based on the above reply, on December 30, 2025, the Company received from Mr. Nakatomi the fifth price proposal, which set (i) the Tender Offer Price at 6,072 yen (which represented a premium of 39.11% on 4,365 yen, which was the closing price of the Company's Stock quoted on the Prime Market of the TSE on December 29, 2025, the business day immediately preceding the date of the proposal, a premium of 43.01% on 4,246 yen, which was the simple average closing price over the past one-month period ending on the same business day, a premium of 46.00% on 4,159 yen, which was the simple average closing price over the past three-month period ending on the same business day, and a premium of 45.93% on 4,161 yen, which was the simple average closing price over the past six-month period ending on the same business day), (ii) the Share Acquisition Right Purchase Price at 1 yen, and (iii) the ADS Purchase Price at 6,072 yen.

In response, on January 3, 2026, the Company requested Mr. Nakatomi to raise the Tender Offer Price and submit a legally binding final proposal.

Based on this, on January 5, 2026, the Company received from Mr. Nakatomi the sixth and legally binding proposal, which set (i) the Tender Offer Price at 6,082 yen (which represented a premium of 38.48% on 4,392 yen, which was the closing price of the Company's Stock quoted on the Prime Market of the TSE on December 30, 2025, the business day immediately preceding the date of the proposal, a premium of 43.00% on 4,253 yen, which was the simple average closing price over the past one-month period ending on the same business day, a premium of 46.06% on 4,164 yen, which was the simple average closing price over the past three-month period ending on the same business day, and a premium of 46.06% on 4,164

yen, which was the simple average closing price over the past six-month period ending on the same business day), (ii) the Share Acquisition Right Purchase Price at 1 yen, and (iii) the ADS Purchase Price at 6,082 yen. In response, on January 6, 2026, the Company informed Mr. Nakatomi that it accepted the sixth proposal.

Regarding the process of discussions and negotiations on the terms and conditions of the Transaction, the Committee negotiated the terms and conditions, including the price, of the Transaction with the Offeror through the Offeror's financial advisor SMBC Nikko Securities and the Company's financial advisor MUMSS, which resulted in success in eliciting the Offeror's agreement to raise the price by 802 yen; while the Offeror's initial proposal was 5,280 yen per common share of the Company, the Offeror later agreed to set the Tender Offer Price at 6,082 yen.

Based on the above, the process of discussions and negotiations on the terms and conditions of the Transaction was a fair one that the Committee considers is arm's length negotiations. The Committee considers that the process ensured an environment where reasonable efforts were made with the aim of conducting the Transaction upon terms and conditions that were as favorable as possible to the general shareholders of the Company while increasing its corporate value.

(2) Results of Evaluation of the Company's Stock Value; the Company's Business Plans

(A) Results of Evaluation of the Company's Stock Value

Before expressing its opinion on the Tender Offer, the Company requested its financial advisor MUMSS to evaluate the stock value of the Company, in MUMSS's capacity as third-party valuator independent from the Company Group, the Offeror, the Non-tendering Shareholders, the Foundations, the Financial Institutions, and SMBC Nikko Securities, and from success or failure of the Transaction, for the purpose of ensuring the fairness of the Company's decision-making on the Tender Offer Price presented by the Offeror. The Company received the share valuation report (the "**Share Valuation Report**") on January 6, 2026. In this regard, the Company has not obtained from MUMSS an opinion letter on the fairness of the Tender Offer Price (a fairness opinion), since the Offeror and the Company have taken measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest.

MUMSS calculated the value of the Company's Stock using the following methods: (i)

market share price analysis, since the Company's Stock is listed on the Prime Market of the TSE and its market price is available; (ii) comparable company analysis, since there are listed companies whose business is relatively similar to that of the Company, which makes it possible to infer the stock value of the Company's Stock by means of comparison with similar companies; and (iii) discounted cash flow analysis ("DCF Analysis"), in order to reflect the Company's future business activities in the evaluation.

The following are the results of the calculation of the value per share of the Company's Stock produced using the different valuation methods:

Market share price analysis: 4,172 yen to 4,500 yen

Comparable company analysis: 4,424 yen to 5,128 yen

DCF Analysis: 5,578 yen to 6,570 yen

In the market share price analysis, with January 5, 2026 as the base date for valuation (the "**Base Valuation Date**"), the value per share of the Company's Stock was calculated to be in the range between 4,172 yen and 4,500 yen, based on the closing price of the Company's Stock on the Base Valuation Date which was 4,500 yen, the simple average closing price over the past one-month period ending on the Base Valuation Date which was 4,285 yen, the simple average closing price over the past three-month period ending on the Base Valuation Date which was 4,173 yen, and the simple average closing price over the past six-month period ending on the Base Valuation Date which was 4,172 yen.

In the comparable company analysis, Santen Pharmaceutical Co., Ltd., TSUMURA & CO., Zeria Pharmaceutical Co., Ltd., ROHTO Pharmaceutical Co., Ltd., and KOBAYASHI PHARMACEUTICAL CO., LTD. were selected as listed companies whose business is similar to that of the Company. Then the stock value of the Company was analyzed by using the ratio of earnings before interest, taxes, depreciation, and amortization ("EBITDA") to corporate value ("EBITDA Multiple"). The value per share of the Company's Stock was calculated to be in the range of 4,424 yen to 5,128 yen.

The DCF Analysis was based on the business plans prepared by the Company for a reasonably foreseeable period, i.e., from the fiscal year ending February 28, 2027 to the fiscal year ending February 28, 2031 (the "**Business Plans**"), as well as on various factors including publicly available information. The corporate value and stock value of the Company was analyzed by discounting, at a certain discount rate, the free cash flow that is expected to be generated by the Company in and after the fiscal year ending February 28,

2027. The value per share of the Company's Stock was calculated to be in the range of 5,578 yen to 6,570 yen. The weighted average cost of capital ("WACC") was used as the discount rate, with the WACC range used being 5.65% to 6.65%. The terminal value was calculated using the multiple method. Based on the EBITDA Multiple levels of other companies in the industry, the EBITDA Multiple was set in the range of 9.0 to 11.0, based on which the terminal value was calculated in the range of 242.1 billion yen to 310.1 billion yen. In this regard, with respect to certain investment securities held by the Company that the Company has determined can be treated as cash equivalents, such securities have been added to non-operating assets based on their fair market value, after taking into account the tax implications arising from their sale.

MUMSS based its DCF Analysis on the following financial forecasts, which were based on the Business Plans. The Business Plans cover some financial years for which a considerable increase or decrease in profit and free cash flow from the previous year is expected. Specifically, a significant decrease in free cash flow is expected for the fiscal year ending February 28, 2027 due to an increase in capital investment for introducing new products and a significant increase in free cash flow is expected for the fiscal year ending February 29, 2028 due to a decrease in capital investment for that fiscal year for as compared to the fiscal year ending February 28, 2027.

The synergies that are expected to be achieved as a result of the Transaction are not reflected in these financial forecasts, because it is difficult to specifically estimate those synergies at this point.

	(in hundred millions of yen)				
	FY ending Feb. 28, 2027	FY ending Feb. 29, 2028	FY ending Feb. 28, 2029	FY ending Feb. 28, 2030	FY ending Feb. 28, 2031
Net sales	1,807	1,931	1,955	2,010	2,065
Operating income	227	259	247	258	270
EBITDA	306	345	346	358	371
Free cash flow	(36)	131	169	200	210

The analysis by MUMSS and the analysis of the value of the Company's Stock on which MUMSS's analysis was based were intended for the Company's board of directors solely to be used as a reference by the board of directors. These analyses do not constitute a financial opinion or recommendation of MUMSS or any of its associated companies, nor are they

intended to express any opinion or make any recommendation to the Company's shareholders regarding any action of them with respect to the Tender Offer. In analyzing and calculating the value of the Company's Stock, MUMSS relied on information that was already publicly available or was provided by or otherwise received from the Company, assuming that the information was accurate and complete and without independently verifying the accuracy and completeness of the information. MUMSS assumes that the financial forecasts were reasonably prepared and created by the Company's management team to reflect the best estimates and judgment on the Company's future financial conditions that are available at this point. MUMSS is not an advisor for legal, accounting, or tax matters. MUMSS is a financial advisor and has relied on judgment by the Company or its legal, accounting, or tax advisors on any legal, accounting, or tax issues, without independently examining these issues. MUMSS did not independently evaluate or assess the assets and liabilities (including off-balance-sheet assets, off-balance-sheet liabilities, and other contingent liabilities) of the Company or its associated companies, nor did it request any third-party institution to perform any such evaluation or assessment. The analysis by MUMSS is based on the economic, financial, market, and other conditions existing as of the Base Valuation Date and on the information that had been obtained by MUMSS as of the Base Valuation Date. While the analysis by MUMSS or the assumptions used by MUMSS to prepare its share valuation report may be affected by events occurring after the Base Valuation Date, MUMSS has no obligation to update, revise, or review its share valuation report or analysis. The preparation of the share valuation report and the analysis based on which the report was prepared involved complicated processes, which makes the report and the analysis not always suited for partial analysis or summarized description of them. It is not allowed to deem the valuation range stated in this document based on a specific analysis to be MUMSS's evaluation of the actual value of the Company.

The Committee reviewed the Share Valuation Report and received from MUMSS detailed explanations on the report and the valuation methods used to prepare the report (selection of the valuation methods, the process and details of preparation of the financial forecasts based on which valuation by the DCF method was made, and the grounds for calculation of the discount rate, etc.), followed by Q&A sessions. Based on that, the Committee believes that the above methods used by MUMSS to determine the value of the Company's Stock are common and reasonable ones in light of the current practices. As for the details of the valuation, the Committee found nothing unreasonable in light of the current practices.

(B) Reasonableness of the Business Plans

The Committee received from the Company explanations on the details of the Business Plans, the important assumptions for the Business Plans, and the process of creation of the Business Plans, including the following points.

The Business Plans were prepared considering: (i) the Company's future measures and challenges, including changes in the composition of sales caused by the extension of the Company's overseas business, impacts of drug price revisions, assumptions for the sales quantities and unit prices of the Company's major products, expected exchange rates, and the Company's capital investment plans; and (ii) planned sales, operating income or EBITDA, cost of sales, SGA, depreciation, etc. for each relevant business year based on the factors listed in (i) above. The Business Plans were prepared by an independent internal discussion system at the Company without the involvement of any of the persons involved in the tender offer, including Mr. Nakatomi and the Conflict-of-Interest Directors (as defined in 3.(1)(C) below).

After receiving the explanations described above, the Committee exchanged questions and answers with the Company regarding the process of preparation of the Business Plans, how the planned values were calculated, and whether the planned values were reasonable. The Committee saw no circumstances that would raise suspicion on the fairness of the process of preparation of the Business Plans nor did the Committee find anything unreasonable in the content of the Business Plans. Therefore, the Committee concluded that it was reasonable to use the Business Plans as an assumption for calculating the value of the Company's Stock and negotiating the tender offer price with the Offeror.

For the reasons described above, the Committee sees no circumstances that would raise suspicion on the fairness of the process of preparation of the Business Plans, based on which MUMSS calculated the stock value of the Company using the DCF method, nor does the Committee find anything unreasonable in the content of the Business Plans in light of the assumptions for the Business Plans, the process of their preparation, and the Company's current situation.

(C) Results of Evaluation of the Company's Stock Value; the Tender Offer Price

As compared to the results of evaluation of the Company's stock value by MUMSS described in (A) above, the Tender Offer Price is above the upper limit of the range

calculated by the market share price analysis and that calculated by the comparable company analysis and is within the range calculated by the DCF Analysis and is above the median of this range. Based on this, the Committee can conclude that the Tender Offer Price is fair and reasonable for the Company's general shareholders when compared to the results of evaluation of the Company's stock value by MUMSS.

(3) Premium Levels

The Tender Offer Price (6,082 yen) represents a premium of 35.16% on 4,500 yen, which was the closing price of the Company's Stock quoted on the Prime Market of the TSE on January 5, 2026, i.e., the business day immediately preceding the scheduled date of announcement of the Transaction, a premium of 41.94% on 4,285 yen, which was the simple average closing price over the past one-month period ending on the same business day, a premium of 45.75% on 4,173 yen, which was the simple average closing price over the past three-month period ending on the same business day, and a premium of 45.78% on 4,172 yen, which was the simple average closing price over the past six-month period ending on the same business day.

The Company believes that these premium levels do not significantly deviate from the median premiums seen in the 92 tender offer cases that were announced on or after June 28, 2019, the date on which the Ministry of Economy, Trade and Industry published the "Fair M&A Guidelines," and were successfully consummated on or before January 5, 2026 and intended to take a listed company private by management buyout (MBO) (excluding cases that failed, cases in which the market price of the Company's stock surged or rapidly changed because of speculative media coverage or the like, cases of two-step tender offers, cases in which the tender offer was conducted when the Company was insolvent, and cases in which the tender offer price was discounted from the market price of the Company's stock immediately before the announcement of the tender offer). The median premiums in such comparable tender offer transactions were 42.55% on the closing price on the business day immediately preceding the announcement, 45.34% on the simple average closing price over the past one-month period ending on the same business day, 46.52% on the simple average closing price over the past three-month period ending on the same business day, and 48.56% on the simple average closing price over the past six-month period ending on the same business day. Taking into account that a substantial number of comparable transactions involved premiums below such median levels, the Company believes that the premiums attached to the Tender Offer Price cannot be considered to present a level that is materially different from, or unreasonable as compared with, those seen in such comparable transactions,

and are therefore reasonable and not materially inferior to those seen in such comparable transactions.

(4) Appropriateness of the Terms and Conditions of the Share Consolidation

If the Tender Offer is successfully completed but the Offeror is unable to acquire all of the shares of the Company's Stock (including any shares of the Company's Stock issuable upon exercise of the Share Acquisition Rights, but excluding the treasury shares held by the Company and the Non-tendered Shares), the Share Acquisition Rights, and the ADRs through the Tender Offer, the Offeror will implement a series of procedures to make the Offeror and the Non-tendering Shareholders the only shareholders of the Company (the "Squeeze-out Procedure").

Specifically, the Offeror intends to squeeze out the minority shareholders and take the Company private through a share consolidation (the "**Share Consolidation**"). This method is generally used in transactions similar to the Transaction, and the Committee believes that it is an appropriate means to conduct the Transaction.

As for the terms and conditions of the Squeeze-out Procedure, they will be calculated and determined based on the same price as the Tender Offer Price. The Squeeze-out Procedure is scheduled to take place subsequent to the Tender Offer. The Committee believes that it is reasonable to pay the same price in both procedures that are temporally close to each other.

(5) Appropriateness of the Terms and Conditions of the Share Acquisition Rights

The Share Acquisition Rights have been issued as share-compensation type share acquisition rights to the Company's directors and that, as a condition for exercising the Share Acquisition Rights, their holders may, during the exercise period of the Share Acquisition Rights and from the day following the date of losing their status as the Company's director, exercise the Share Acquisition Rights allocated based on such lost status, and the Offeror cannot exercise these Share Acquisition Rights even if it acquires them.

The Share Acquisition Right Purchase Price is set at 1 yen. This price was set by taking into account, among other things, the fact that the Share Acquisition Rights were issued to the Company's directors in the form of share compensation-type share acquisition rights, and that, from the viewpoint of the Offeror, even if the Offeror obtains Share Acquisition Rights through the Tender Offer, the Offeror will not be allowed to exercise the Share Acquisition

Rights. The Committee believes that this conclusion by the Offeror is not unreasonable.

(6) Appropriateness of the Purchase Price of the ADSs

The Tender Offer also covers the ADSs represented by the ADRs. The purchase price of the ADSs is set at 6,082 yen, which is the same price as the Tender Offer Price. The Committee believes that the purchase price of the ADSs gives sufficient consideration to the interests of the holders of the ADRs for the same reasons as the Tender Offer Price.

(7) Appropriateness of Other Terms and Conditions

According to the explanations received by the Committee from the Offeror, the Offeror intends to cover the cost of the Transaction, including the Tender Offer, by loans from Sumitomo Mitsui Banking Corporation and MUFG Bank (the "**Bank Loans**") and to obtain the Bank Loans no later than the business day immediately preceding the start date of payment for the Tender Offer, subject to the successful consummation of the Tender Offer, among other conditions. While the specific terms and conditions of the Bank Loans are to be set out in the loan agreements following separate negotiations with each bank, the collateral pledged under these loan agreements will be the shares of the Company's Stock held by the Offeror and the shares of the Company's Stock to be acquired through the Transaction. After the successful completion of the Squeeze-out Procedure, the collateral will also include certain assets of the Company.

Considering, among other factors, that the Company is expected to continue to earn consistent revenue in the future in light of the Business Plans among other things, and that, after being delisted, the Company will no longer need to take those measures to reward its shareholders that the Company has taken in the past, such as paying dividends to shareholders or acquiring treasury shares, the Committee finds that it is unlikely that those loan terms will have as a significant negative impact on the Company's financial condition. Therefore, the Committee believes that it is reasonable to cover the cost of the Transaction by the Bank Loans.

(8) Sub-summary

As described in (1) through (7) above, the Committee considers that the Tender Offer Price, Etc. are fair and appropriate in light of the fact that: (a) they were determined after sufficient negotiations with the Offeror; (b) they are consistent with the results of evaluation of the

Company's stock value by MUMSS; and (c) they ensure a premium level that is comparable to those seen in tender offer cases similar to the Tender Offer. The Committee also believes that the terms and conditions of the Transaction are appropriate, for the following reasons: (x) the price to be paid to the Company's shareholders in the Squeeze-out Procedure that will follow the Tender Offer will be calculated such that it will be the same as the price that they will receive if they tender their shares in the Tender Offer; and (y) no other terms and conditions appear to bring any circumstances that will be unfavorable to the Company's general shareholders.

3. Fairness of the Procedures Involved in the Transaction

The Fair M&A Guidelines published by the Ministry of Economy, Trade and Industry on June 28, 2019 (the "**Fair M&A Guidelines**") describe fair M&A practices primarily in an MBO or acquisition of a controlled company by controlling shareholders, which inherently involves the issues of structural conflicts of interest and information asymmetry. The Transaction constitutes an MBO as defined in the Fair M&A Guidelines.

The Committee believes that, in practice in Japan, an important criterion for judging the fairness of the procedures involved in the Transaction is whether or not these procedures are in compliance with the Fair M&A Guidelines. For this reason, below we discuss whether or not appropriate measures were taken in the Transaction in line with the fairness-ensuring measures set forth in the Fair M&A Guidelines.

(1) Establishment of an Independent Special Committee

(A) Timing of Establishment

As described in Part 2, 1 above, the Company's board of directors received from Mr. Nakatomi, on October 15, 2025, the initial oral suggestion for commencing discussions and negotiations toward implementation of the Transaction, followed by the Written Request received on October 20, 2025, in response to which the board of directors resolved on November 13, 2025 that the Committee be established. Subsequently, the first meeting of the Committee was held on the same day.

Therefore, the Committee finds that the Committee was involved in the Transaction from an initial stage of the process of formulating the terms and conditions of the Transaction.

(B) Composition of Committee Members (Independence, Affiliation, and Expertise)

The Company's board of directors appointed Mr. Tetsugo Matsuo, Ms. Tamako Watanabe, and Ms. Midori Noguchi, all of whom are the Company's independent Outside Directors, and Mr. Kentaro Watanabe, who is an independent Corporate Auditor of the Company. All four members of the Committee were independent from the Offeror, the Non-tendering Shareholders, the Foundations, the Financial Institutions, and SMBC Nikko Securities, and from success or failure of the Transaction, and did not have any material interest that was different from the Company's general shareholders in the Transaction. Mr. Yuichiro Anzai, who is an independent Outside Director of the Company, serves as a director of the Nakatomi Foundation, which is a shareholder of the Company and intends to roll over its equity interest in the Company into equity of the Offeror. As such, Mr. Anzai may be considered to have a special interest in the Offeror in the context of the Transaction. For this reason, Mr. Anzai was not appointed as a member of the Committee.

The independence of the Committee members has been confirmed for each member. Their appointment has been found to be made by giving sufficient consideration to their expertise and affiliation.

(C) Process of Establishment of the Committee and Appointment of Its Members

In light of the fact that the Transaction involves the structural conflicts of interest as described above, the Company's board of directors began to discuss the establishment of the Committee, its authority and responsibilities, and its members and their fees, based on Nishimura & Asahi's advice among other things. Of the directors of the Company, the following directors did not participate in any way and were not substantially involved in the above discussion or in the deliberations or resolutions on the establishment of the Committee or the appointment of its members, for the following reasons: (i) Mr. Nakatomi, because he is the Representative Director of the Offeror and intends to continue to manage the Company after the Transaction; (ii) Mr. Shinichi Murayama, because he is a shareholder of the Company and serves as a director of the Nakatomi Memorial Foundation which intends to roll over its equity interest in the Company into equity of the Offeror; (iii) Mr. Yuichi Isobe, because he assists the Offeror in considering the Transaction; and (iv) Mr. Yuichiro Anzai, because he is a shareholder of the Company and intends to roll over his equity interest in the Company into equity of the Offeror (hereinafter Mr. Nakatomi, Mr. Shinichi Murayama, Mr. Yuichi Isobe, and Mr. Yuichiro Anzai are collectively referred to as the "**Conflict-of-Interest Directors**").

The Committee finds that, as described above, a system was secured where the Company's independent Outside Directors and independent Outside Corporate Auditor were substantially involved in the Committee on their own initiative in the processes of establishing the Committee, determining its authority and responsibilities, appointing its members, and determining their fees.

(D) Involvement in the Process of Negotiations of Transaction Terms with the Offeror

As described in Part 2, 1 above, when establishing the Committee, the Company's board of directors resolved that the board of directors must respect the Committee's opinion as much as possible when making decisions relating to the Transaction (including the Company's expression of its opinion on the Tender Offer), and must refrain from making a decision to conduct the Transaction if the Committee concludes that the Transaction is not appropriate. At the same time, based on the resolution of the Company's board of directors described above, the Company's board of directors resolved to authorize the Committee: (a) to nominate or approve (including giving subsequent approval of) the Company's Advisors; (b) to appoint Advisors to the Committee if deemed necessary by the Committee in considering the Consultation Matters; (c) to receive information necessary for the Committee to consider the Transaction and make decisions relating to the Transaction from the Company's officers and employees and other persons considered necessary by the Committee, in order to ensure that appropriate decisions are made; and (d) to be substantially involved in the process of negotiating the terms and conditions of the Transaction by, among other things, reviewing the policy for negotiating the terms and conditions of the Transaction in advance, receiving timely reports on the status of negotiations, expressing the Committee's opinion at critical phases, and giving instructions and making requests, and to directly conduct negotiations where necessary, in order to ensure the fairness of the terms and conditions of the Transaction.

In fact, the Committee not only received timely reports from the Company and MUMSS on the course, details, etc. of discussions and negotiations between the Offeror and the Company on the Transaction but was also involved in the process of negotiations with the Offeror until the final proposal of 6,082 yen as the Tender Offer Price was received from the Offeror, after the Committee, together with the Company, had made approaches to the Offeror, including multiple requests for a revision of the Tender Offer, etc., as described in 2 (1) above.

As described above, the Committee finds that it been directly and substantially involved, through the Company's board of directors, in the process of negotiations with the Offeror on the terms and conditions of the transaction.

(E) Process of Appointment of the Advisors

As described in Part 2, 1 above, in order to allow the Committee to consider the Consultation Matters, the Company's board of directors resolved to authorize the Committee: to nominate or approve (including giving subsequent approval of) the Company's Advisors; and appoint Advisors to the Committee if deemed necessary by the Committee. In response, at the first meeting of the Committee held on November 13, 2025, the Committee approved the appointment of the following entities as the Company's Advisors after confirming that there was no problem with their independence and expertise: Nishimura & Asahi, as the Company's legal advisor; and MUMSS, as the Company's financial advisor and third-party valuator.

The Committee finds that a system was secured where the Committee carefully considered and discussed the legitimacy and reasonableness of the purpose of the Transaction, the fairness and appropriateness of the terms and conditions of the Transaction, and the fairness of the procedures involved in the Transaction, among other things, for the purpose of increasing the corporate value of the Company and securing the interests of the Company's general shareholders, while receiving professional advice, opinions, etc. from Nishimura & Asahi and MUMSS in a timely manner in the process of considering the Transaction.

(F) Receipt of Information

As described in Part 2, 1 above, in order to allow the Committee to consider the Consultation Matters, the Company's board of directors resolved to authorize the Committee to receive information necessary for the Committee to consider the Transaction and make decisions relating to the Transaction from the Company's officers and employees and other persons considered necessary by the Committee, in order to ensure that appropriate decisions are made by the Committee in considering the Transaction and making decisions relating to the Transaction. In response, the Committee, by exercising this authority, sent a written questionnaire to the Company, the Offeror, and Mr. Nakatomi in advance and received answers in advance, before conducting direct interviews with them and other activities.

Specifically, based on the details of the Offeror's proposal for the Transaction, the Committee received explanations on the Company's business overview, business environment, and business challenges, the details and assumptions of the Business Plans, and the impact of the Transaction on the Company's business, directly from the Company, the Offeror, and Mr. Nakatomi as necessary. In between the meeting dates of the Committee, the Committee collected information necessary to provide a report on the Consultation Matters through such means as email communications between the Company, the Advisors, and the committee members.

Thus, the Committee finds that it secured an environment that allowed it to obtain important information, including unpublished information, and to consider and make judgments based on such information.

(G) Fees

The Company's board of directors decided that the fees payable to the members of the Committee for their services be fixed regardless of the content of the committee's report.

In light of the fact that the special fees for the Committee to appropriately fulfill the roles expected of it in considering the Transaction are payable regardless of success or failure of the Transaction, the Committee finds that an environment has been created that encourages the members of the Committee to make commitments in terms of time and efforts and that allows them to make judgments independently of success or failure of the Transaction.

(H) Significance of the Committee's Decision for the Company's Board of Directors

As described in Part 2, 1 above, the Company's board of directors resolved that the board of directors must respect the Committee's opinion, including whether the Committee is in favor of the Tender Offer, as much as possible when making decisions relating to the Transaction, and must refrain from making a decision to conduct the Transaction if the Committee concludes that conducting the Transaction is not appropriate.

Thus, the Committee finds that a system was secured that allowed the Company's board of directors to make decisions relating to the Transaction with maximum respect for the Committee's opinions.

(I) Discussion System at the Company

Of the directors of the Company, the following directors did not in any way participate in the board of directors' deliberation or resolution of the proposal for the expression of the Company's opinion on the Tender Offer nor did they participate in any way in the discussions or negotiations with the Offeror regarding the Transaction on behalf of the Company, so as to avoid potential conflicts of interest in considering the Transaction since each of them may have a conflict with the Company in the Transaction for the following reasons: (i) Mr. Nakatomi, because he is the Representative Director of the Offeror and intends to continue to manage the Company after the Transaction; (ii) Mr. Shinichi Murayama, because he is a shareholder of the Company and serves as a director of the Nakatomi Memorial Foundation which intends to roll over its equity interest in the Company into equity of the Offeror; (iii) Mr. Yuichi Isobe, because he assists the Offeror in considering the Transaction; and (iv) Mr. Yuichiro Anzai, because he is a shareholder of the Company and intends to roll over his equity interest in the Company into equity of the Offeror.

In addition, after receiving the Written Request from Mr. Nakatomi on October 20, 2025, the Company set up a discussion system consisting only of a total of six members, including three directors (Mr. Kyu Saito, Mr. Nobuo Tsutsumi, and Mr. Koji Takiyama) and three employees of the Company who are believed to be independent from the Offeror, the Non-tendering Shareholders, the Foundations, the Financial Institutions, and SMBC Nikko Securities, as well as from the Transaction. Together with the Committee, this discussion system has been involved in the process of negotiation between the Company and the Offeror on the terms and conditions of the Transaction, including the Tender Offer Price, Etc., as well as in the process of creation of the Business Plans.

Thus, the Committee finds that the following systems were set up at the Company to consider and negotiate the Transaction: (i) the internal discussion system independent from the Offeror, the Non-tendering Shareholders, the Foundations, the Financial Institutions, and SMBC Nikko Securities, as well as from success or failure of the Transaction; and (ii) the system that prevents directors and corporate auditors having an interest in the Transaction from being involved in the consideration of or negotiations on the Transaction.

(J) Sub-summary

As discussed in (A) through (I) above, the Committee finds that in order to accommodate

consideration of the Transaction, the independent Committee was established by giving consideration to the suggestions made in the Fair M&A Guidelines regarding efforts to enhance the effectiveness of the Committee, and that the Committee has functioned effectively.

(2) Receipt of Professional Advice, etc. from Independent External Professionals

(A) Receipt of Advice from the Legal Advisor

The Committee finds that, in the Transaction, the Company appointed Nishimura & Asahi as the Company's legal advisor that is independent from the Company Group, the Offeror, the Non-tendering Shareholders, the Foundations, the Financial Institutions, and SMBC Nikko Securities and received from Nishimura & Asahi necessary legal advice on the methods and process of decision-making by the Company's board of directors, including various procedures involved in the Transaction, as well as on other points to note, in order to ensure the fairness and appropriateness of the process of decision-making by the Company's board of directors relating to the Tender Offer.

While Nishimura & Asahi is the Company's legal counsel, it is an outside law firm that provides legal services to a large number of clients as well as to the Company. The Company has a legal advisory agreement with Nishimura & Asahi as one of its clients to continually seek and receive legal advice from it in its capacity as an outside legal expert regarding the Company's business or business decisions, based on Nishimura & Asahi's experience and specialties. The fact that the Company has that legal advisory agreement with Nishimura & Asahi does not compromise its independence from the Company. In addition, the fees payable to Nishimura & Asahi in connection with the Transaction are hourly rates only, regardless of success or failure of the Transaction, and do not include any contingency fee payable subject to the successful consummation of the Transaction, which means that Nishimura & Asahi has no material interest in success or failure of the Transaction. Therefore, the Committee believes that there is no problem with Nishimura & Asahi's independence from the Company Group, the Offeror, the Non-tendering Shareholders, the Foundations, the Financial Institutions, and SMBC Nikko Securities, and from success or failure of the Transaction.

(B) Receipt of a Share Valuation Report from the Third-Party Valuator and Receipt of Advice from the Financial Advisor

In order to ensure the fairness of the process of decision-making on the Tender Offer Price and other terms and conditions presented by the Offeror in the course of consideration of the Transaction, the Company: (i) appointed MUMSS as the Company's financial advisor and third-party valuator that is independent from the Company Group, the Offeror, the Non-tendering Shareholders, the Foundations, the Financial Institutions, and SMBC Nikko Securities; (ii) requested MUMSS to evaluate the stock value of the Company; and (iii) received the Share Valuation Report dated January 6, 2025. The Company has not obtained from MUMSS an opinion letter on the fairness of the Tender Offer Price and other terms and conditions (a fairness opinion). The Committee finds that MUMSS is not a related party of the Offeror or the Company Group and does not have any material interest in the Transaction.

While the fees payable to MUMSS in relation to the Transaction include a contingency fee payable subject to the successful consummation of the Transaction, the Committee believes that the fact that this contingency fee is included in the fees payable to MUMSS does not deny the independence of MUMSS when taking into consideration, among other things, general business practices in similar transactions and whether or not it is appropriate to use a fee system that imposes reasonable financial burden on the Company if the Transaction fails to take place.

(3) Securing an Opportunity for Other Offerors to Make a Takeover Offer (Market Check)

In the Transaction, the Tender Offer Period is set at 30 business days, which is longer than the statutory minimum period of 20 business days. According to the Offeror, the Offeror's intention in setting the Tender Offer Period that is long in light of the statutory minimum period is to ensure the appropriateness of the Tender Offer Price and other terms and conditions by securing an appropriate opportunity for the Company's minority shareholders to make their decision on whether or not to tender their shares in the Tender Offer, and by securing an opportunity for entities other than the Offeror ("**Counter Offerors**") to launch a counter tender offer or the like for shares of the Company's Stock. The Offeror has made no agreement with the Company that would restrict the Company from coming into contact with Counter Offerors.

Thus, a so-called indirect market check has been conducted in the Transaction, by conducting

an M&A after creating an environment that allows Counter Offerors to make a counter offer after the announcement of the Tender Offer.

The Transaction does not involve a so-called active market check, which is investigating and considering whether or not there are other potential offerors in the market. However, the Fair M&A Guidelines point out some practical issues with an active market check, such as concerns over potential hindrance to M&As as well as information control issues. The Fair M&A Guidelines do not go so far as to say that an active market check is a measure that should preferably be taken in all instances (3.4.3.1 of the Fair M&A Guidelines). The Committee believes that, since the Transaction involves an indirect market check as described above, the fairness of the Transaction will not particularly be hindered even if it does not involve an active market check, for the following reasons: (i) as with any other transaction, it is not always easy in practice to conduct an active market check in the Transaction due to concerns over potential hindrance to M&As as well as information control issues; and (ii) it is not likely that any counter offer will be made against the Offeror's takeover offer, in light of, among other things, the fact that the Offeror, the Non-tendering Shareholders, the Foundations, the Financial Institutions, and SMBC Nikko Securities currently hold a total of more than 30% of the Company's Stock, and that the Transaction constitutes an MBO by Mr. Nakatomi, who has no intention to sell his shares of the Company Stock to anyone.

Therefore, the Committee believes that in the Transaction, an opportunity has been secured for other potential offerors to make a takeover offer, since the Committee finds that while the Transaction constitutes an MBO and is not amenable to an active market check in some way, an indirect market check has been conducted in the Transaction.

(4) Provision of Extensive Information to the Company's General Shareholders; Increasing the Transparency of the Process

(A) Information on the Committee

The Committee considers that such information on the Committee as required by the Fair M&A Guidelines will be fully disclosed, since the following information will be disclosed in the Company's disclosure statement: (I) information on the independence and expertise of the members of the Committee; (II) the content of the resolution of the Company's board of directors to the effect that board of directors must respect the Committee's opinions as much as possible; (III) the course of discussions by the Committee; (IV) information on

the Committee's substantial involvement in the negotiations between the Company and the Offeror; (V) the details of and reasons for the Committee's report (including the fairness and reasonableness of the purpose of the Transaction, the fairness and appropriateness of the terms and conditions of the Transaction, the fairness of the procedures involved in the Transaction, and the reasons for judging whether conducting the Transaction will be disadvantageous to the Company's minority shareholders); and (VI) the fact that the members of the Committee serve on the Committee for fees apart from remuneration for officers.

(B) Information on the Share Valuation Report

The Committee considers that such information on the share valuation report as required by the Fair M&A Guidelines will be fully disclosed, since the following information will be disclosed in the Company's disclosure statement: (I) out of the content of the Share Valuation Report received by the Company's board of directors from MUMSS, the information on the valuation methods (i.e., the market share price analysis, the comparable company analysis, and the DCF Analysis) and on the process of calculation of the Company's stock value based on these methods; and (II) the fact that MUMSS is independent from, and has no material interest in, the Company Group, the Offeror, the Non-tendering Shareholders, the Foundations, the Financial Institutions, and SMBC Nikko Securities.

(C) Other Information

The Committee considers that all other information required by the Fair M&A Guidelines will be fully disclosed, since the following and other information will be disclosed in the Company's disclosure statement:

- (I) The process leading up to conducting the Transaction, and the background, purpose, etc. of choosing to conduct the Transaction at that timing in light of the Company's business environment.
- (II) The fact that the Conflict-of-Interest Directors may have a conflict of interest with the Company, and that the Conflict-of-Interest Directors were excluded from the process of decision-making during consideration of the Transaction by the Company's board of directors.
- (III) The specific course of discussions and negotiations between the Company and the Offeror on the terms and conditions.

- (IV) Information on the implementation of an indirect market check as a measure to accommodate counter offers.
- (V) Whether or not any directors objected in the Company's board of directors' resolution to decide whether the board of directors is in favor of the Transaction.

(5) Elimination of Coerciveness

If the Offeror fails to acquire all of the Company's Stock (including the shares of the Company's Stock to be delivered through exercise of the Share Acquisition Rights and excluding the treasury shares held by the Company and the Non-tendered Shares), the Share Acquisition Rights, and the ADRs through the Tender Offer in the Transaction, the procedure for the Share Consolidation is scheduled to take place for the purpose of allowing the Offeror to acquire all issued shares of the Company (i.e., a squeeze-out).

In the meantime, no circumstances exist that create a speculation that shareholders who do not submit their shares in the Tender Offer will suffer detrimental treatment, since the Offeror has made it clear, in its disclosure statement and other documents related to the Transaction, that the amount of money to be delivered to any shareholders who did not tender their shares in the Tender Offer in consideration of their shares consolidated in the process of the Share Consolidation will be calculated and determined based on the same price as the Tender Offer Price. The Committee believes that this, coupled with the fact that the Tender Offer Period is set at a relatively long period as described in (3) above, secures an opportunity for the Company's shareholders to make an appropriate decision as to whether or not to tender their shares in the Tender Offer, and that by this opportunity, consideration is given to prevent coercing the Company's shareholders into tendering their shares in the Tender Offer.

(6) Sub-summary

The Committee believes that the fairness of the procedures involved in the Transaction is ensured, since appropriate actions have been taken in the Transaction in accordance with the fairness-ensuring measures suggested in the Fair M&A Guidelines, as discussed in (1) through (5) above.

4. Whether or not the Transaction Is Fair for the Company's General Shareholders

The Committee believes that the Transaction is fair for the Company's general shareholders, considering, as discussed in 1 through 3 above, that the Committee believes that the purpose of

the Transaction is legitimate and reasonable, that the terms and conditions of the Transaction are fair and appropriate, and that the procedures involved in the Transaction are fair.

5. Whether or not it is appropriate for the Company's board of directors to express its opinion in support of the Tender Offer and to recommend the Company's shareholders to tender their shares in the Tender Offer

As discussed in 1 through 4 above, the Committee believes that the purpose of the Transaction is reasonable since the Transaction will contribute to maximizing the value of the Company and the common interests of its shareholders. The Committee also believes that the procedures involved in the Transaction are fair, and that the terms and conditions of the Transaction are appropriate.

Therefore, the Committee believes that it is appropriate for the Company's board of directors to: (i) express its opinion in support of the Tender Offer; (ii) recommend that the Company's shareholders tender their shares in the Tender Offer; (iii) recommend that the holders of the ADRs deliver their ADRs to the Depositary Bank in advance and to receive their shares in the Company's Stock corresponding to the ADSs represented by the ADRs, before tendering their shares in the Company's Stock in the Tender Offer; and (iv) leave the decision of whether or not to tender the Share Acquisition Rights in the Tender Offer to the discretion of the holders of the Share Acquisition Rights.

End

(Translation)

January 6, 2026

Company:	Hisamitsu Pharmaceutical Co., Inc.
Representative:	Kazuhide Nakatomi, Representative Director and President (Code No. 4530; Tokyo, Nagoya, Fukuoka)
Contact:	Ken Sakai, Section Manager of Public Relations & Investor Relations Section (Tel: 03-5293-1704)
Company:	TAIYO KOSAN CO.,INC.
Representative:	Kazuhide Nakatomi, Representative Director and President

**Notice Regarding Commencement of Tender Offer by TAIYO KOSAN CO.,INC. for
Share Certificates, Etc. of Hisamitsu Pharmaceutical Co., Inc. (Securities Code: 4530)**

We hereby announce that, on January 6, 2026, TAIYO KOSAN CO.,INC. has decided to acquire the common stocks, share acquisition rights, and depository receipt for share certificates of Hisamitsu Pharmaceutical Co., Inc. through a tender offer, as set forth in the attached document.

This Notice is provided pursuant to Article 30, Paragraph 1, Item 4 of the Order for Enforcement of the Financial Instruments and Exchange Act, based on a request from TAIYO KOSAN CO.,INC. (the tender offeror) to Hisamitsu Pharmaceutical Co., Inc. (the target of the tender offer).

(Attached document)

“Notice Regarding Commencement of Tender Offer for Share Certificates, Etc. of Hisamitsu Pharmaceutical Co., Inc.
(Securities Code: 4530)” dated January 6, 2026

January 6, 2026

Company: TAIYO KOSAN CO.,INC.
Representative: Kazuhide Nakatomi,
Representative Director and President

**Notice Regarding Commencement of Tender Offer for Share Certificates, Etc. of
Hisamitsu Pharmaceutical Co., Inc. (Securities Code: 4530)**

TAIYO KOSAN CO.,INC. (the “Offeror”) hereby announces that, on January 6, 2026, it has decided to acquire the common stocks (the “Target Company’s Stock”), the Share Acquisition Rights, and the ADRs (the “Share Acquisition Rights” and the “ADRs” are defined in “(III) Depository receipt for share certificates” in “(2) Class of share certificates, etc. to be purchased” below; the same applies hereinafter) of Hisamitsu Pharmaceutical Co., Inc. (Securities Code: 4530; the “Target Company”), listed on the Prime Market of Tokyo Stock Exchange, Inc. (the “TSE”), the Premier Market of Nagoya Stock Exchange, Inc. (the “NSE”), and the Main Market of Fukuoka Stock Exchange (the “FSE”), by means of a tender offer (the “Tender Offer”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “Act”), and provides the details as follows.

The Offeror was established on November 18, 1987 with asset management services as its primary business, and as of the date hereof, Mr. Kazuhide Nakatomi, Representative Director and President of the Target Company, holds all of the issued shares of the Offeror’s stock. As of the date hereof, the Offeror is the 10th largest shareholder of the Target Company, holding 1,771,200 shares of the Target Company’s Stock (Note 1) (ownership ratio (Note 2): 2.51%) listed on the TSE Prime Market, the NSE Premier Market, and the FSE Main Market, and Mr. Kazuhide Nakatomi holds 256,283 shares of the Target Company’s Stock (ownership ratio: 0.36%) and 572 Share Acquisition Rights (number of underlying shares of the Target Company’s Stock: 57,200 shares, ownership ratio: 0.08%).

(Note 1) The Offeror indirectly holds fractional shares through the cumulative stock investment plan. As these fractional shares are held in the name of a securities company, the number of shares of the Target Company’s Stock held by the Offeror does not include these fractional shares.

(Note 2) “Ownership ratio” means the ratio (rounded to the second decimal place; the same applies hereinafter to the calculation of ownership ratios) to the number of shares (70,497,220 shares) obtained by subtracting the number of treasury shares held by the Target Company (4,762,875 shares) as of November 30, 2025, as stated in the “Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending February 28, 2026 [Japanese GAAP]” (the “Target Company’s Third Quarter Financial Results”) announced by the Target Company on January 6, 2026 (this number of treasury shares does not include the number of shares of the Target Company’s Stock (298,500 shares) held by the Exclusive Trust for Hisamitsu Pharmaceutical Employee Shareholding Association as trust property under the Target Company’s “Trust-type Employee Shareholding Incentive Plan (E-Ship)” and the cross-held shares (30,450 shares) held by MARUTO SANGYO CO., LTD., an equity-method affiliate of the Target Company, as of November 30, 2025, reported by the Target Company; the same applies hereinafter to the number of treasury shares held by the Target Company), from the total number of issued shares (75,164,895 shares) of the Target Company as of the same date, as stated in the Target Company’s Third Quarter Financial Results, and adding the number of shares of the Target Company’s Stock (95,200 shares) underlying the Share Acquisition Rights (952 rights (Note 3)) reported by the Target Company as remaining as of December 25, 2025.

(Note 3) The breakdown of the Share Acquisition Rights reported by the Target Company as remaining as of December 25, 2025 is as follows. For all series of Share Acquisition Rights, the number of shares of the

Target Company's Stock underlying each Share Acquisition Right is 100 shares. The First Series Share Acquisition Rights through the Eleventh Series Share Acquisition Rights are defined in "(II) Share acquisition rights" in "(2) Class of share certificates, etc. to be purchased" below.

Name	Number of share acquisition rights	Number of underlying shares of the Target Company's Stock
First Series Share Acquisition Rights	115 rights	11,500 shares
Second Series Share Acquisition Rights	33 rights	3,300 shares
Third Series Share Acquisition Rights	44 rights	4,400 shares
Fourth Series Share Acquisition Rights	29 rights	2,900 shares
Fifth Series Share Acquisition Rights	79 rights	7,900 shares
Sixth Series Share Acquisition Rights	42 rights	4,200 shares
Seventh Series Share Acquisition Rights	51 rights	5,100 shares
Eighth Series Share Acquisition Rights	101 rights	10,100 shares
Ninth Series Share Acquisition Rights	176 rights	17,600 shares
Tenth Series Share Acquisition Rights	141 rights	14,100 shares
Eleventh Series Share Acquisition Rights	141 rights	14,100 shares
Total	952 rights	95,200 shares

As part of a transaction (the "Transaction") for the purpose of taking the Target Company's Stock private through the acquisition of all of the Target Company's Stock (including any shares of the Target Company's Stock issuable upon exercise of the Share Acquisition Rights, but excluding the treasury shares held by the Target Company and the Non-tendered Shares (as defined below)), the Share Acquisition Rights, and the ADRs, the Offeror, on January 6, 2026, decided to implement the Tender Offer. The Transaction constitutes a so-called management buyout (MBO) (Note 4), and Mr. Kazuhide Nakatomi, Representative Director and President of the Target Company, plans to continue managing the Target Company after the successful completion of the Transaction.

(Note 4) "Management buyout (MBO)" generally refers to a transaction in which a target company's management team acquires the target company's stock by contributing all or part of the acquisition funds with the premise of continuing the target company's business.

In implementing the Tender Offer, the Offeror entered into non-tender agreements (the "Non-tender Agreement") on January 6, 2026 with each of (a) Mr. Kazuhide Nakatomi (number of shares held: 313,483 shares, ownership ratio: 0.44%), (b) TKY CO.,INC. ("TKY"), the Target Company's ninth largest shareholder (number of shares held: 1,846,800 shares, ownership ratio: 2.62%), (c) NAKATOMI ASSET MANAGEMENT CO.,INC. (the "Nakatomi Asset Management") (number of shares held: 586,600 shares, ownership ratio: 0.83%), (d) SSTM CO.,INC. ("SSTM") (number of shares held: 513,000 shares, ownership ratio: 0.73%), (e) STM CO.,INC. ("STM") (number of shares held: 429,600 shares, ownership ratio: 0.61%), and (f) TM CO.,LTD. ("TM"; Mr. Kazuhide Nakatomi, TKY, Nakatomi Asset Management, SSTM, STM, and TM are hereinafter referred to collectively as the "Non-tender Agreement Shareholders") (number of shares held: 285,500 shares, ownership ratio: 0.40%) (Note 5), under which the Non-tender Agreement Shareholders have agreed in writing that: (I) the Non-tender Agreement Shareholders will not tender a total of 3,917,742 shares of the Target Company's Stock held by them (ownership ratio: 5.56%; the "Non-tender Agreement Shares") in the Tender Offer; (II) if the Tender Offer is successfully completed, the Non-tender Agreement Shareholders will vote in favor of each resolution related to a series of procedures (the "Squeeze-out Procedure") to make the Offeror and the Non-tendering Shareholders (as defined below; the same applies hereinafter) the only shareholders of the Target Company at an extraordinary general shareholders' meeting (the "Extraordinary General Shareholders' Meeting"),

which will include in its agenda a proposal for the implementation of the share consolidation of the Target Company's Stock (the "Share Consolidation") and a proposal to partially amend the articles of incorporation to abolish the provisions regarding share units, subject to the effectuation of the Share Consolidation, promptly after the completion of the settlement of the Tender Offer; and (III) if requested by the Offeror prior to the effectuation of the Share Consolidation to be conducted as part of the Squeeze-out Procedure, Mr. Kazuhide Nakatomi and the other Non-tender Agreement Shareholders will enter into a loan agreement for the Target Company's Stock and conduct the Asset Management Company Share Lending Transaction (Note 6) (Note 7) (these matters agreed upon are collectively referred to as the "Non-tender Agreement Commitments"). In addition, Mr. Kazuhide Nakatomi and the Offeror have agreed in writing that, if requested by the Offeror prior to the effectuation of the Share Consolidation, Mr. Kazuhide Nakatomi and the Offeror will enter into a loan agreement for the Target Company's Stock, under which Mr. Kazuhide Nakatomi would borrow a part of the shares of the Target Company's Stock held by the Offeror as lender, effective prior to the effectuation of the Share Consolidation (Note 8). TKY, Nakatomi Asset Management, and TM are asset management companies of Mr. Kazuhide Nakatomi's relatives, with Ms. Yasuko Nakatomi (spouse of Mr. Kazuhide Nakatomi) serving as representative director, and SSTM and STM are asset management companies of Mr. Kazuhide Nakatomi's relatives, with Mr. Kazuhide Nakatomi serving as representative director.

(Note 5) Mr. Kazuhide Nakatomi, TKY, Nakatomi Asset Management, STM, and TM indirectly hold fractional shares through the cumulative stock investment plan. As these fractional shares are held in the name of a securities company, the number of shares of the Target Company's Stock held by Mr. Kazuhide Nakatomi, TKY, Nakatomi Asset Management, STM, and TM does not include these fractional shares. The same applies hereinafter to the number of shares held by Mr. Kazuhide Nakatomi, TKY, Nakatomi Asset Management, STM, and TM.

(Note 6) "Asset Management Company Share Lending Transaction" refers to the transaction in which Mr. Kazuhide Nakatomi and other Non-tendering Shareholders enter into a loan agreement for the shares of the Target Company's Stock and Mr. Kazuhide Nakatomi would borrow all or part of the shares of the Target Company's Stock held by the Non-tendering Shareholders as lenders, effective prior to the effectuation of the Share Consolidation.

(Note 7) It is possible that, as of the effective date of the Share Consolidation conducted as part of the Squeeze-out Procedure, there are shareholders of the Target Company (other than the Offeror and the Non-tendering Shareholders) who hold a number of shares of the Target Company's Stock equal to or greater than the smallest number held among the Offeror and the Non-tendering Shareholders. To avoid this situation to the extent possible and enhance the stability of the Squeeze-out Procedure, if requested by the Offeror, Mr. Kazuhide Nakatomi and other Non-tendering Shareholders may enter into a loan agreement for the shares of the Target Company's Stock, under which Mr. Kazuhide Nakatomi would borrow all or part of the shares of the Target Company's Stock held by the Non-tendering Shareholders as lenders, effective prior to the effectuation of the Share Consolidation.

(Note 8) It is also possible that, even after the execution of the Asset Management Company Share Lending Transaction, as of the effective date of the Share Consolidation conducted as part of the Squeeze-out Procedure, there are shareholders of the Target Company (other than the Offeror and the Non-tendering Shareholders) who hold a number of shares of the Target Company's Stock equal to or greater than the smallest number held among the Offeror and the Non-tendering Shareholders. To avoid this situation to the extent possible and enhance the stability of the Squeeze-out Procedure, if requested by the Offeror, Mr. Kazuhide Nakatomi and the Offeror may enter into a loan agreement for the shares of the Target Company's Stock, under which Mr. Kazuhide Nakatomi would borrow a part of the shares of the Target Company's Stock held by the Offeror as lender, effective prior to the effectuation of the Share Consolidation.

Please refer to the table below for the number of shares and non-tendered shares held by each of the Non-tender Agreement Shareholders described above, and their ownership ratios.

	Name of shareholder	Number of shares held (shares) (ownership ratio (%))	Number of non-tendered shares (shares) (ownership ratio (%))
(a)	Mr. Kazuhide Nakatomi	313,483 shares (of which, shares of the Target Company's Stock underlying the 572 Share Acquisition Rights: 57,200 shares, and shares indirectly held through the Target Company's Executive Shareholding Association (as defined below): 5,741 shares) (0.44%)	256,242 shares (0.36%) (Note 9) (Note 10)
(b)	TKY	1,846,800 shares (2.62%)	1,846,800 shares (2.62%)
(c)	Nakatomi Asset Management	586,600 shares (0.83%)	586,600 shares (0.83%)
(d)	SSTM	513,000 shares (0.73%)	513,000 shares (0.73%)
(e)	STM	429,600 shares (0.61%)	429,600 shares (0.61%)
(f)	TM	285,500 shares (0.40%)	285,500 shares (0.40%)
	Total	3,974,983 shares (5.64%)	3,917,742 shares (5.56%)

(Note 9) The Share Acquisition Rights held by Mr. Kazuhide Nakatomi were issued as share-compensation type share acquisition rights to the Target Company's directors (excluding outside directors). The conditions for exercising the Share Acquisition Rights stipulate that their holders may, during the exercise period of the Share Acquisition Rights and from the day following the date of losing their status as the Target Company's director, exercise the Share Acquisition Rights allocated based on such lost status. Since the Offeror cannot exercise these Share Acquisition Rights even if it acquires them, they are not subject to the Non-tender Agreement Commitments.

(Note 10) The "Number of shares held" by Mr. Kazuhide Nakatomi includes shares indirectly held through the Target Company's executive shareholding association (the "Target Company's Executive Shareholding Association"). Mr. Kazuhide Nakatomi plans to withdraw 5,700 shares out of the shares of the Target Company's Stock (5,741 shares) that are held through the Target Company's Executive Shareholding Association and that are practically withdrawable during the tender offer period of the Tender Offer (the "Tender Offer Period"). Therefore, "Number of non-tendered shares" for Mr. Kazuhide Nakatomi includes these shares of the Target Company's Stock planned for withdrawal.

In implementing the Tender Offer, the Offeror entered into an agreement on tender and non-tender in tender offer on January 6, 2026 with NAKATOMI KOSAN CO.,INC. ("Nakatomi Kosan," and collectively with the Non-tender Agreement Shareholders, the "Non-tendering Shareholders") (number of shares held: 370,600 shares, ownership ratio: 0.53%) (Note 11), under which Nakatomi Kosan agreed in writing that: (I) Nakatomi Kosan will tender 244,200 shares out of its 370,600 shares of the Target Company's Stock (ownership ratio: 0.35%) in the Tender Offer and will not

tender the remaining 126,400 shares (ownership ratio: 0.18%; “Nakatomi Kosan’s Non-tendered Shares,” and collectively with the Non-tender Agreement Shares, the “Non-tendered Shares”; 4,044,142 shares, ownership ratio: 5.74%) in the Tender Offer; (II) if the Tender Offer is successfully completed, Nakatomi Kosan will exercise its voting rights represented by Nakatomi Kosan’s Non-tendered Shares in favor of each resolution related to the Squeeze-out Procedure at the Extraordinary General Shareholders’ Meeting; and (III) if requested by the Offeror prior to the effectuation of the Share Consolidation to be conducted as part of the Squeeze-out Procedure, Mr. Kazuhide Nakatomi and Nakatomi Kosan will enter into a loan agreement for Nakatomi Kosan’s Non-tendered Shares and conduct the Asset Management Company Share Lending Transaction. Nakatomi Kosan is an asset management company of Mr. Kazuhide Nakatomi’s relatives, with Mr. Kazuhide Nakatomi serving as representative director.

(Note 11) Nakatomi Kosan indirectly holds fractional shares through the cumulative stock investment plan. As these fractional shares are held in the name of a securities company, the number of shares of the Target Company’s Stock held by Nakatomi Kosan does not include these fractional shares. The same applies hereinafter to the number of shares held by Nakatomi Kosan.

In implementing the Tender Offer, the Offeror entered into tender agreements on January 6, 2026 with each of the Nakatomi Foundation (the “Nakatomi Foundation”) (number of shares held: 1,637,100 shares, ownership ratio: 2.32%), the Nakatomi Memorial Foundation (the “Nakatomi Memorial Foundation”) (number of shares held: 1,000,000 shares, ownership ratio: 1.42%), and the Nakatomi Sports Promotion Foundation (the “Nakatomi Sports Promotion Foundation”; the Nakatomi Foundation, the Nakatomi Memorial Foundation, and the Nakatomi Sports Promotion Foundation are hereinafter referred to collectively as the “Foundations”) (number of shares held: 21,000 shares, ownership ratio: 0.03%), under which the Foundations have agreed to: (I) tender all of their shares of the Target Company’s Stock (number of shares held: 2,658,100 shares, ownership ratio: 3.77%) in the Tender Offer; and (II) reinvest the full amount equivalent to the consideration received for tendering their shares in the Tender Offer (excluding the amount of any applicable taxes and expenses) into the Offeror and acquire shares of the Class A Preferred Stock (Note 12) of the Offeror, which are non-voting shares.

(Note 12) The shares of the Class A Preferred Stock to be acquired by the Foundations will be non-voting shares and will constitute class shares with provisions that entitle holders to receive dividends from surplus in priority to holders of the shares of the common stock, the shares of the Class B Preferred Stock, and other class shares. As for the content of these class shares, they will not include put options (the right of the holders of the Class A Preferred Stock to request the Offeror to acquire their shares of the Class A Preferred Stock in exchange for shares of the common stock, cash, or other consideration) and call provisions (the right of the Offeror to acquire the shares of the Class A Preferred Stock held by the holders of the Class A Preferred Stock in exchange for shares of the common stock, cash, or other consideration). The Nakatomi Foundation aims to maintain and enhance the health of the public by providing grants for scientific research related to health promotion, thereby contributing to the realization of a vibrant and prosperous economic society. The Nakatomi Memorial Foundation operates the Nakatomi Memorial Medicine Museum with the purpose of conveying the industrial culture surrounding medicine to future generations through the cultural heritage of medicine, and serving as a venue for lifelong learning and exploration of the future of medicine and health. The Nakatomi Sports Promotion Foundation provides grants for activities conducted by sports organizations, sports competitions, and the development of athletes and coaches with the aim of contributing to the sound physical and mental development and cultivation of rich humanity through the spread and promotion of sports and the improvement of competitiveness. Each of them is a public interest incorporated foundation authorized as a public interest entity under the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations (Act No. 49 of 2006, as amended), and the Transaction is based on the

continued operation of the Foundations as they are currently operated. Therefore, to ensure a capital structure where, even after the implementation of the Transaction, the Foundations will indirectly hold the shares of the Target Company's Stock through investment in the Offeror, while the Offeror will hold all shares of the Target Company's Stock (excluding the treasury shares held by the Target Company) and the Non-tendering Shareholders will hold all voting rights in the Offeror, the Offeror and the Foundations have reached an agreement on reinvestment. In this regard, (I) although holders of the shares of the Class A Preferred Stock will be entitled to receive dividends from surplus in priority to holders of the shares of the common stock, the shares of the Class B Preferred Stock, and other class shares, the actual payment of such dividends are planned to be determined on a case-by-case basis after the implementation of the Transaction, taking into account the Target Company's management and financial conditions, market conditions, and other factors, and (II) the value of the Target Company's Stock, which is the basis for determining the subscription price per share of the Class A Preferred Stock, is planned to be set at the same price as the purchase price per share of the Target Company's Stock in the Tender Offer (the "Tender Offer Price") (6,082 yen) (provided, however, that if the Share Consolidation is implemented as part of the Squeeze-out Procedure, formal adjustments are planned to be made based on the consolidation ratio of the Target Company's Stock in the Share Consolidation) and there are no plans to issue shares at a discounted price, and thus the subscription price per share of the Class A Preferred Stock to be paid by the Foundations to the Offeror is not considered to be set under substantially more favorable terms than the Tender Offer Price. Considering these facts, the Offeror believes that the intent of the principle of uniformity of tender offer prices (Article 27-2, Paragraph 3 of the Act) will not be violated.

In implementing the Tender Offer, the Offeror entered into tender agreements on January 6, 2026 with each of MUFG Bank, Ltd. (number of shares held: 3,452,600 shares, ownership ratio: 4.90%), The Bank of Fukuoka, Ltd. (number of shares held: 3,321,872 shares, ownership ratio: 4.71%), The Nishi-Nippon City Bank, Ltd. (number of shares held: 4,370,000 shares, ownership ratio: 6.20%), and The Bank of Saga Ltd. (number of shares held: 2,356,000 shares, ownership ratio: 3.34%), under which the relevant financial institutions have agreed to tender all of the shares of the Target Company's Stock (number of shares held: 13,500,472 shares, ownership ratio: 19.15%) held by them or, in the case of shares contributed to a retirement benefit trust, by a third party as registered holder of such shares.

The overview of the Tender Offer is as follows.

(1) Name of Target Company

Hisamitsu Pharmaceutical Co., Inc.

(2) Class of share certificates, etc. to be purchased

(I) Shares of common stock

(II) Share acquisition rights

- (a) The share acquisition rights issued pursuant to the resolution of the meeting of the Target Company's board of directors held on July 10, 2015 (the "First Series Share Acquisition Rights") (exercise period: July 28, 2015 to July 27, 2065)
- (b) The share acquisition rights issued pursuant to the resolution of the meeting of the Target Company's board of directors held on July 8, 2016 (the "Second Series Share Acquisition Rights") (exercise period: July 26, 2016 to July 25, 2066)
- (c) The share acquisition rights issued pursuant to the resolution of the meeting of the Target Company's board of directors held on July 7, 2017 (the "Third Series Share Acquisition Rights") (exercise period:

July 26, 2017 to July 25, 2067)

- (d) The share acquisition rights issued pursuant to the resolution of the meeting of the Target Company's board of directors held on July 6, 2018 (the "Fourth Series Share Acquisition Rights") (exercise period: July 25, 2018 to July 24, 2068)
- (e) The share acquisition rights issued pursuant to the resolution of the meeting of the Target Company's board of directors held on July 10, 2019 (the "Fifth Series Share Acquisition Rights") (exercise period: July 27, 2019 to July 26, 2069)
- (f) The share acquisition rights issued pursuant to the resolution of the meeting of the Target Company's board of directors held on July 9, 2020 (the "Sixth Series Share Acquisition Rights") (exercise period: July 29, 2020 to July 28, 2070)
- (g) The share acquisition rights issued pursuant to the resolution of the meeting of the Target Company's board of directors held on July 8, 2021 (the "Seventh Series Share Acquisition Rights") (exercise period: July 27, 2021 to July 26, 2071)
- (h) The share acquisition rights issued pursuant to the resolution of the meeting of the Target Company's board of directors held on July 7, 2022 (the "Eighth Series Share Acquisition Rights") (exercise period: July 26, 2022 to July 25, 2072)
- (i) The share acquisition rights issued pursuant to the resolution of the meeting of the Target Company's board of directors held on July 13, 2023 (the "Ninth Series Share Acquisition Rights") (exercise period: August 1, 2023 to July 31, 2073)
- (j) The share acquisition rights issued pursuant to the resolution of the meeting of the Target Company's board of directors held on July 11, 2024 (the "Tenth Series Share Acquisition Rights") (exercise period: July 30, 2024 to July 29, 2074)
- (k) The share acquisition rights issued pursuant to the resolution of the meeting of the Target Company's board of directors held on July 10, 2025 (the "Eleventh Series Share Acquisition Rights"; the First Series Share Acquisition Rights through the Eleventh Series Share Acquisition Rights are hereinafter referred to collectively as the "Share Acquisition Rights") (exercise period: July 29, 2025 to July 28, 2075)

(III) Depository receipt for share certificates

The American Depository Shares (the "ADS") deposited with Citibank, N.A. (the "Depository Bank") and represented by the American Depository Receipts (the "ADR") issued in the United States by the Depository Bank, which correspond to the Target Company's Stock

(Note) According to the registration statement (Form F-6EF) for the ADRs (the "ADR Registration Statement") filed with the U.S. Securities and Exchange Commission on May 11, 2016 by the Depository Bank, while the ADRs have been issued for the Target Company's Stock, the Target Company was not involved in their issuance. ADRs are included in the types of share certificates, etc. to be purchased because, in the Tender Offer, the Offeror aims to acquire all of the Target Company's Stock and, in accordance with the provisions of Article 27-2, Paragraph 5 of the Act and Article 8, Paragraph 5, Item 3 of the Order for Enforcement of the Financial Instruments and Exchange Act (Government Ordinance No. 321 of 1965, as amended) (the "Order"), it is necessary to solicit offers for sales with respect to all share certificates, etc. issued by the Target Company. On the other hand, as the ADRs are securities issued in the United States and there are no financial instruments business operators that can practically handle them as tender offer agent in order for the Offeror, which is a resident of Japan, to acquire them through the Tender Offer conducted outside the United States, it has been found to be difficult for the Offeror to acquire the ADRs themselves in the Tender Offer. Therefore, in the Tender Offer, the Offeror will only accept tenders for the shares of the Target Company's Stock and the Share Acquisition Rights and, instead of

accepting tenders for the ADRs themselves, it will accept tenders for the shares of the Target Company's Stock corresponding to the ADSs represented by the ADRs. Accordingly, holders of the ADRs who wish to tender their ADRs in the Tender Offer must first deliver their ADRs to the Depository Bank and receive issuance of the shares of the Target Company's Stock corresponding to the ADSs represented by such ADRs before applying for the Tender Offer. According to the ADR Registration Statement, one ADS is equivalent to one-fourth of one share of the Target Company's Stock.

(3) Period of purchase

From January 7, 2026 (Wednesday) to February 19, 2026 (Thursday) (30 business days)

(4) Price for purchases

(I) 6,082 yen per common stock

(II) Share acquisition rights

(a) 1 yen per First Series Share Acquisition Right

(b) 1 yen per Second Series Share Acquisition Right

(c) 1 yen per Third Series Share Acquisition Right

(d) 1 yen per Fourth Series Share Acquisition Right

(e) 1 yen per Fifth Series Share Acquisition Right

(f) 1 yen per Sixth Series Share Acquisition Right

(g) 1 yen per Seventh Series Share Acquisition Right

(h) 1 yen per Eighth Series Share Acquisition Right

(i) 1 yen per Ninth Series Share Acquisition Right

(j) 1 yen per Tenth Series Share Acquisition Right

(k) 1 yen per Eleventh Series Share Acquisition Right

(III) Depository receipt for share certificates (ADRs)

6,082 yen per share of the Target Company's Stock corresponding to the ADSs represented by the ADRs

(Note) Under the ADR Registration Statement, one ADS is equivalent to one-quarter of a share of the Target Company's Stock. In the Tender Offer, tenders of the ADRs themselves will not be accepted, but only tenders of the Target Company's Stock corresponding to the ADSs represented by such ADRs will be accepted. Accordingly, the price stated above is the purchase price per share of the Target Company's Stock that would be received upon delivery of the ADRs to the Depository Bank.

(5) Number of share certificates, etc. to be purchased

Class of share certificates, etc.	Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
Common stock	64,681,878 shares	41,119,400 shares	- shares
Total	64,681,878 shares	41,119,400 shares	- shares

(6) Commencement date of settlement

February 27, 2026 (Friday)

(7) Tender offer agent

SMBC Nikko Securities Inc. 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

For specific details regarding the Tender Offer, please refer to the Tender Offer Registration Statement to be filed by the Offeror on January 7, 2026.

[Restrictions on Solicitation]

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

[U.S. Regulations]

The Tender Offer will be conducted in compliance with the procedures and information disclosure standards provided under Japanese law, and those procedures and standards are not always the same as those applicable in the United States. In particular, neither Section 13(e) nor Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended; the same applies hereinafter) or the rules under these sections apply to the Tender Offer; therefore, the Tender Offer is not conducted in accordance with those procedures or standards. The financial information contained in this press release is based on the accounting standards applicable in Japan. Such accounting standards may be substantially different from accounting principles generally accepted in the United States or other countries. In addition, because the Offeror is a corporation incorporated outside the United States and all or some of its officers are non-U.S. residents, it may be difficult to exercise rights or demands against them which may be asserted under U.S. securities laws. It also may be impossible to bring an action against a corporation that is based outside of the United States or its officers in a court outside of the United States on the grounds of a violation of U.S. securities laws. Furthermore, there is no guarantee that a corporation that is based outside of the United States or its subsidiaries or affiliates may be compelled to submit themselves to the jurisdiction of a U.S. court.

Unless otherwise specified, all procedures regarding the Tender Offer will be conducted in Japanese. All or part of the documents regarding the Tender Offer will be prepared in English; however, if there is any discrepancy between the documents in English and those in Japanese, the documents in Japanese shall prevail.

[Forward-looking Statements]

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. The actual results may be significantly different from the details expressly or implicitly indicated in the forward-looking statements, due to known or unknown risks, uncertainties, or other factors. The Offeror or its affiliates cannot promise that the outcome expressly or implicitly indicated as the forward-looking statements will be achieved. The forward-looking statements included in this press release were prepared based on the information held by the Offeror as of the date of this press release, and unless obligated by laws or regulations, the Offeror and its affiliates shall not be obligated to amend or revise the statements to reflect future incidents or situations.

There is a possibility that, in the ordinary course of business, the Offeror, financial advisors of the Offeror and the Target Company, and the tender offer agent (including their affiliates) may, to the extent permitted by the laws and regulations relating to financial instruments transactions and other applicable laws and regulations of Japan and in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934, on their own or their customers' account, purchase or take action toward purchasing shares of the Target Company's Stock listed on the Prime Market of the TSE outside the Tender Offer prior to or during the Tender Offer Period. Such purchases may be conducted at the market price through market transactions, or at the price determined through negotiations conducted outside the market. If any information concerning such purchases is disclosed in Japan, such information will also be disclosed via the English website (or by other public disclosure methods) of the persons who have conducted such purchases.

If shareholders of the Target Company exercise their right to demand the purchase of shares constituting less than one unit pursuant to the Companies Act (Act No. 86 of 2005, as amended), the Target Company may purchase their shares during the Tender Offer Period in accordance with the procedures prescribed by laws and regulations.

[Other Countries]

Some countries or regions may impose legal restrictions on the announcement, issue, or distribution of this press release. In such cases, please take note of such restrictions and comply therewith. The announcement, issue, or distribution of this press release shall not constitute a solicitation of an offer to sell or an offer to buy share certificates, etc. relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.