



May 16, 2024

Company Name: House Foods Group Inc.
Representative: Hiroshi Urakami, President
(Securities Code: 2810, TSE Prime Market)
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Notice of Acquisition of Company's Own Shares and Tender Offer for Company's Own Shares

House Foods Group Inc. (the "Company") announces that the Company has resolved, by a written resolution on May 16, 2024 in lieu of a resolution of the Board of Directors' meeting pursuant to Article 370 of the Companies Act (Act No. 86 of 2005, as amended; the "Companies Act") and the Company's Articles of Incorporation, to acquire the Company's own shares and to conduct a tender offer for the Company's own shares (the "Tender Offer") as the specific method of acquisition in accordance with Article 156, Paragraph 1 of the Companies Act applied by replacing terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act and the Company's Articles of Incorporation.

1. Purpose of the Tender Offer, etc.

Based on a clear financial and capital policy, the Company invests in businesses with an eye on the future, while at the same time emphasizing the return of profits to shareholders, and regards the sustainable enhancement of corporate value and the expansion of shareholder return as important management measures. Based on this policy, the Articles of Incorporation stipulate that the Company may acquire its own shares through market transactions, etc. by a resolution of the Board of Directors pursuant to Article 165, Paragraph 2 of the Companies Act in order to enable the execution of a flexible capital policy in response to changes in economic conditions. The Company's Seventh Medium-Term Business Plan (FY2021-FY2023) (the "Seventh Medium-term Business Plan") announced on May 11, 2021 calls for a total of 70 billion yen in business investments and a total of 12 billion yen in purchases of treasury shares funded by the partial sales of cross-shareholdings held by the Group (the Company, its consolidated subsidiaries and affiliates), and efforts are underway to achieve this plan.

Specifically, the Company has acquired 200,000 shares (ownership ratio at the time of acquisition in 2021 (Note 1): 0.19%) of the Company's common stock for 701,000,000 yen through the Trading Network Off-Auction Own Share Repurchase Trading System operated by Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange") (ToSTNeT-3) on May 12, 2021 and a total of 975,000 shares (ownership ratio at the time of acquisition in 2021: 0.96%) of the Company's common stock for 3,298,566,485 yen through purchase on the market of the Tokyo Stock Exchange during the period from May 13, 2021 to October 12, 2021, based on a resolution of the Board of Directors' meeting held on May 11, 2021. Furthermore, it has acquired 900,000 shares (ownership ratio at the time of acquisition in 2022 (Note 2): 0.90%) of the Company's common stock for 2,695,500,000 yen through the Tokyo Stock Exchange Trading Network Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) on May 12, 2022 and a total of 1,150,600 shares (ownership ratio at the time of acquisition in 2022: 1.15%) of the Company's common stock for 3,304,371,188 yen by purchase on the market of the Tokyo Stock Exchange during the period from May 13, 2022 to September 7, 2022, based on a resolution of the Board of Directors' meeting held on May 11, 2022; the Company also acquired a total of 666,400 shares of common stock of the Company (ownership ratio at the time of acquisition in 2023 (Note 3): 0.68%) for 3,001 yen per share of common stock (total acquisition price: 1,999,866,400 yen) through a tender offer for the purchase of its own stock from November 15, 2023 to December 13, 2023, based on a written resolution dated November 14, 2023 in lieu of a resolution by the Board of Directors

pursuant to Article 370 of the Companies Act and the Company's Articles of Incorporation. As a result of the above, the actual amount of treasury shares purchased is 11,999,304,073 yen in relation to the planned purchases of treasury shares of 12 billion yen under the Seventh Medium-Term Business Plan.

(Note 1) "Ownership ratio at the time of acquisition in 2021" is the ratio (rounded down to two decimal places) of the shares acquired to 100,747,804 shares, which is the Company's total number of shares outstanding (100,750,620 shares) as of March 31, 2021 stated in the Company's Annual Securities Report for the 75th business term submitted on June 25, 2021 excluding treasury shares (2,816 shares) held by the Company as of said date. The same applies below.

(Note 2) "Ownership ratio at the time of acquisition in 2022" is the ratio (rounded down to two decimal places) of the shares acquired to 99,580,661 shares, which is the Company's total number of shares outstanding (100,750,620 shares) as of March 31, 2022 stated in the Company's Annual Securities Report for the 76th business term submitted on June 28, 2022 excluding treasury shares (1,169,959 shares) held by the Company as of said date. The same applies below.

(Note 3) "Ownership ratio at the time of acquisition in 2023" is the ratio (rounded down to two decimal places) of the shares held to 97,546,700 shares, which is the Company's total number of shares outstanding (100,750,620 shares) as of September 30, 2023 stated in the Company's Consolidated Financial Results (Japanese Accounting Standards) for the Six Months Ended September 30, 2023 submitted on November 7, 2023 excluding treasury shares (3,203,920 shares) held by the Company as of said date.

Based on the current business performance, the Company has always been considering future management and business strategies, and as it entered the final fiscal year of the Seventh Medium-Term Business Plan (FY2021-FY2023), from early April 2023 the Company started working on the specifics of the Eighth Medium-term Business Plan (FY2024-FY2026) ("Eighth Medium-term Business Plan"). In the Eighth Medium-term Business Plan, the Company's basic policy for shareholder return is to pay stable and continuous dividends of 46 yen or more per share of common stock, including interim and year-end dividends, with a target total return ratio of 40% or more. In addition, in early February 2024, the Company decided to purchase treasury shares (totaling 15 billion yen) through the partial sale of cross-shareholdings held by the Group as a means of achieving the target of total return ratio.

Under these circumstances, in mid-February 2024, the Company's largest and major shareholder (as of March 31, 2024) House Kosan Co., Ltd. ("House Kosan"; number of shares held in mid-February was 10,711,116 shares, representing an ownership ratio in mid-February (Note 4) of 10.98%; number of shares held as of today is 10,711,116 shares, representing an ownership ratio (Note 5) of 11.05%) expressed its intention to sell shares of the Company's common stock it held worth approximately 6 billion yen (the "Shares Intended to be Sold") for the purpose of generating cash. House Kosan is a company engaged in investment management of stocks and real estate, etc., in which the spouse of Hiroshi Urakami, Representative Director of the Company, serves as representative director and in which Hiroshi Urakami holds 82.25% of the voting rights and Setsuko Urakami, Hiroshi Urakami's mother and the Company's 7th largest shareholder (as of March 31, 2024), holds 17.75% of the voting rights. As of today, the Company's consolidated subsidiary House Foods Corporation leases real estate from House Kosan and transactions in FY2023 amounted to 58 million yen.

(Note 4) "Ownership ratio as of mid-February 2024" is the ratio (rounded down to two decimal places) of the shares held to 97,546,412 shares, which is the Company's total number of shares outstanding (100,750,620 shares) as of December 31, 2023 stated in the Company's Third Quarter Report for the 78th Business Term submitted on

February 14, 2023 excluding treasury shares (3,204,208 shares) held by the Company as of said date. The same applies below.

(Note 5) “Ownership ratio” is the ratio (rounded down to two decimal places) of the shares held to 96,879,820 shares, which is the Company’s total number of shares outstanding (100,750,620 shares) as of March 31, 2024 stated in the Company’s Consolidated Financial Results (Japanese Accounting Standards) for the FY2023 (Ended March 31, 2024) submitted on May 9, 2024 excluding treasury shares (3,870,800 shares) held by the Company as of said date. The same applies below.

In response to House Kosan’s intention to sell its shares, the Company comprehensively considered the possibility that the liquidity and market price of its common stock may be affected if a large number of shares were temporarily released to the market through the sale of a portion of its common stock held by House Kosan, and having also considered the Company’s financial condition and other factors, from late February 2024 the Company began specifically considering acquiring the Shares Intended to be Sold (which, based on a 3,253 yen closing price of the Company’s common stock on the prime market of the Tokyo Stock Exchange on January 31, 2024 are equivalent to 1,844,451 shares rounded down to the nearest whole share, and an ownership rate as of mid-February 2024 of 1.89%) as treasury shares.

As a result, in late February 2024, the Company decided that the acquisition of the Shares Intended to be Sold as treasury shares will contribute to improving the Company’s capital efficiency, including earnings per share (EPS) and return on equity (ROE), and will lead to a return of profits to shareholders. The Company has come to the conclusion that this is consistent with its policy of returning profits to shareholders through the acquisition of the Company’s own shares in its Eighth Medium-term Business Plan, the direction of which had been finalized as of the beginning of February 2024. The funds required for purchase of the treasury shares will be appropriated entirely from cash on hand; however, the Company’s consolidated liquidity on hand (cash and deposits) as of the end of December 2023, as stated in the Third Quarter Report, is approximately 67.1 billion yen (liquidity on hand ratio: 2.7 months) (Note 6) and even after the appropriation of approximately 6 billion yen to fund the purchase of treasury shares, the Company’s liquidity on hand is estimated to be approximately 61.1 billion yen (liquidity on hand ratio: 2.4 months), and the Company has determined that there will be no significant impact on its financial condition and dividend policy.

In addition, with respect to the specific method of acquiring the Company’s own shares, the following factors were taken into consideration: 1) equality among shareholders, 2) transparency of the transaction, 3) the potential for purchasing the Company’s common stock at a certain discount from the market price, which would help prevent the Company’s assets from flowing out of the Company, and 4) that it would be preferable to grant shareholders other than House Kosan with an opportunity to tender their shares based on market price trends after providing them with a certain period of time to consider the offer. After thorough consideration, in early March 2024, the Company determined that the tender offer method was appropriate.

(Note 6) Cash and deposits as of December 31, 2023, as stated in the Third Quarter Report, divided by net sales per month (the figure obtained by dividing the consolidated sales for the nine months of FY2023 by nine) (rounded to one decimal place).

Moreover, in determining the price for the purchase in this public tender offer (“Tender Offer Price”), the Company considered that its common stock is listed on the financial instruments exchange, and the acquisition of treasury shares by listed companies can be dynamically purchased at stock price levels formed based on market supply and demand through market purchases via the financial instruments exchange, which are often used. Therefore, the Company decided that it is appropriate to base the Tender Offer Price on the market price of the Company’s common stock, emphasizing the clarity

and objectivity of the criteria. Then, from the viewpoint of respecting the interests of shareholders who do not tender their shares in the Tender Offer and continue to hold the Company's common stock, the Company determined that it would be desirable to purchase the common stock at a certain discount to the market price in order to stop assets flowing outside the Company as much as possible.

In mid-March 2024, the Company proceeded with the examination of the tender offer price and determined that a 10% discount rate would be appropriate for the purchase of treasury shares at a discounted price, considering similar tender offers involving the acquisition of shares from specific shareholders. This decision was based on an analysis of cases from January 1, 2022, to February 29, 2024 on the Tokyo Stock Exchange, where resolutions were made for tender offers for treasury shares. Among the 42 cases identified (the "Cases"), the most frequent scenario was where the discount rate was around 10% (9% to 11%) relative to the base stock price in 31 Cases. This rate was deemed appropriate even considering the volatility of the Company's common stock prices.

In addition, considering that the market price of the Company's common stock that forms the basis for the discount can fluctuate daily due to economic conditions and various other factors, the Company determined it was appropriate to consider the stock price movements over a certain period. Of the 42 Cases, the most frequent method involved calculating the base price using the closing price of the business day prior to the resolution for the public purchase at the Tokyo Stock Exchange, the simple average of closing prices for the past one month up to that date, or the simple average of closing prices for the past three months up to that date. In 36 cases, this approach was used, and it was judged appropriate to consider these as candidates. Furthermore, the Company believes that using the lowest of the aforementioned prices as the basis reduces the possibility that the market price during the period of the Tender Offer ("Tender Offer Period") will be lower than the Tender Offer Price, and that this will decrease the possibility of the total number of applications exceeding the planned number of purchases. The Company believes this will increase certainty that the sales of the Company's common stock by House Kosan will take place, which helps prevent the outflow of the Company's assets and potentially benefits shareholders who opt not to participate in the tender offer. Based on the above, the Company has determined that it is appropriate to base the Tender Offer Price on whichever is the lowest of the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution regarding the Tender Offer, the simple average of the closing prices of the Company's common stock for the past one month until that date, and the simple average of the closing prices of the Company's common stock for the past three months until that date.

Based on the above considerations, in late March 2024, the Company inquired with House Kosan about the possibility of tendering its common stock for sale at a price calculated by applying a discount rate of 10% to whichever is the lowest of the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution regarding the Tender Offer (May 16, 2024), the simple average closing price of the Company's common stock for the past one month until that date and the closing price of the Company's common stock for the past three months until that date. House Kosan responded that it would agree to tender its shares for the Tender Offer on April 30, 2024 under the aforementioned conditions. At the same time, the Company agreed with House Kosan that the number of shares to be tendered in the Tender Offer shall be the number of shares obtained by dividing the amount intended to be sold of 6 billion yen by the Tender Offer Price (rounding down any fraction of less than one share).

The Company received a response stating that the policy regarding the ownership or disposal of the Company's common stock held by House Kosan other than the shares agreed to be tendered in the Tender Offer has not yet been determined. On the other hand, if the total number of share certificates, etc. tendered in the tender Offer (the "Tendered Share Certificates, etc.") exceeds the maximum number of shares to be purchased, the Company shall not purchase the excess in whole or in part, resulting in purchase on a pro rata basis, in accordance with Article 27-13, Paragraph 5 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the "FIEA") applied under Article 27-22-2, Paragraph 2 of the FIEA as well as Article 21 of the Cabinet Office Order on Disclosure Required for Tender Offer for Listed Share Certificates by

Issuers (Ministry of Finance Order No. 95 of 1994, as amended; the “Cabinet Office Order”) and the Company will therefore be acquired to a portion of the Shares Intended to be Sold. However, the Company has received a response from House Kosan stating that it has not yet determined its policy regarding the ownership or disposal of the shares of common stock of the Company that the Company could not acquire through the Tender Offer even though they were tendered in the Tender Offer.

After the above consideration and discussion with House Kosan, the Company resolved, by a written resolution on May 16, 2024 in lieu of a resolution of the Board of Directors’ meeting pursuant to Article 370 of the Companies Act and the Company’s Articles of Incorporation, to acquire the Company’s own shares and to conduct the Tender Offer as the specific method of acquisition in accordance with Article 156, Paragraph 1 of the Companies Act applied by replacing terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act and the Company’s Articles of Incorporation, and also to set the Tender Offer Price at 2,664 yen (rounded to the nearest yen, with the same rounding applying hereafter in the calculation of the Tender Offer Price), decided based on a 10% discount applied to 2,960 yen, the closing price on May 15, 2024, the last business day before the board resolution related to the Tender Offer on the Tokyo Stock Exchange Prime Market.

Note that the Tender Offer Price of 2,664 yen is a discount of 10.00% (rounded to two decimal places, with the same rounding rule applied hereafter in discount calculations) on 2,960 yen, the closing price of the Company’s common stock on the Tokyo Stock Exchange Prime Market on May 15, 2024, which is the last business day before the board resolution date of the public tender offer; a discount of 13.25% on 3,071 yen (rounded to the nearest yen, with the same rounding applying hereafter in the calculation of the simple average closing price), which was the simple average closing price of the Company’s common stock over the one month from April 16, 2024, to May 15, 2024; a discount of 13.95% on 3,096 yen, which was the simple average closing price over the three months from February 16, 2024, to May 15, 2024; and a discount of 15.46% on 3,151 yen, which was the simple average closing price over the six months from November 16, 2023, to May 15, 2024.

With respect to the number of shares to be purchased in the Tender Offer, in most of the Cases (25 out of 42), the number of shares to be purchased was set at approximately 10% (between 9% and 11%) above the number of shares expected to be tendered, and from the viewpoint of providing an opportunity for shareholders other than House Kosan to tender their shares, the Company has decided to set 2,477,420 shares (ownership ratio: 2.55%), which is 10% above 2,252,200 shares, which is the number of shares House Kosan has agreed to tender (number of shares (with any fraction of less than one share rounded down) (ownership ratio: 2.32%) obtained when 6 billion yen, which is the amount intended to be sold, is divided by 2,664 yen, which is the Tender Offer Price) as the number of shares to be acquired.

Moreover, the Company’s consolidated liquidity on hand (cash and deposits) as of March 31, 2024, as stated in its full-year financial results for FY2023, is approximately 80.8 billion yen (liquidity on hand ratio: 3.2 months) (Note 7), and even after the use of approximately 6 billion yen to fund the purchase of treasury shares, the Company’s liquidity on hand is expected to remain at approximately 74.8 billion yen (liquidity on hand ratio: 3.0 months) and in light of the most recent circumstances, the Company believes that there will be no significant impact on its financial condition or dividend policy.

(Note 7) Cash and deposits as of March 31, 2024, as stated in the full-year financial results for FY2023, divided by net sales per month (the figure obtained by dividing the consolidated sales of FY2023 by 12) (rounded to one decimal place).

Hiroshi Urakami, President and Representative Director of the Company, is a shareholder holding 82.25% of the voting rights of House Kosan and is concurrently serving as a director of the House Kosan, and therefore has a special interest in the Tender Offer. Therefore, he participated in the prior discussions between the Company and House Kosan only from the standpoint of House Kosan and did not participate in the deliberations and resolutions of the Company’s Board of Directors regarding the Tender Offer.

The Company has received a report from House Kosan that it has pledged 10,711,116 shares of the Company's common stock (ownership ratio: 11.05%) that it holds to financial institutions as collateral, and that it has released the security interest in 2,535,500 shares (ownership ratio: 2.61%) of the shares on May 20, 2024.

In addition, all of the Company's own shares to be acquired through the Tender Offer will be cancelled promptly after the completion of the Tender Offer. The details of this cancellation of the Company's own shares will be announced as soon as they are determined.

2. Details of the Board of Directors' resolution regarding acquisition of the Company's own shares

(1) Contents of resolution

Type of Share Certificates, etc.	Total number	Total acquisition value
Common stock	2,477,600 shares (maximum)	6,600,326,400 yen (maximum)

(Note 1) Total number of shares outstanding: 100,750,620 shares (as of May 16, 2024)

(Note 2) The total number of shares to be acquired as a percentage of the total number of shares outstanding is 2.45% (rounded to two decimal places). Further, the total number of shares to be acquired represents a 2.55% ownership stake.

(Note 3) The period during which the acquisition may be made runs from May 17, 2024 to July 31, 2024.

(2) Listed share certificates, etc. pertaining to the Company's own shares already acquired based on such resolution
Not applicable.

3. Outline of the Tender Offer, etc.

(1) Schedule, etc.

(i) Date of resolution by the Board of Directors	Thursday, May 16, 2024
(ii) Date of public notice of commencement of the Tender Offer	Friday, May 17, 2024 Electronic public notice will be made and a notice to that effect will be published in the Nihon Keizai Shimbun. (electronic public notice address: https://disclosure2.edinet-fsa.go.jp/)
(iii) Date of filing of the Tender Offer Registration Statement	Friday, May 17, 2024
(iv) Tender offer period	From Friday, May 17, 2024 to Thursday, June 13, 2024 (20 business days)

(2) Tender Offer Price

2,664 yen per share of common stock

(3) Basis of Calculation of Tender Offer Price, etc.

(i) Basis of Calculation

In determining the Tender Offer Price, the Company considered that its common stock is listed on the financial instruments exchange, and that acquisitions of treasury shares by listed companies can dynamically respond to stock price levels formed based on market supply and demand, often carried out through market purchases via the financial instruments exchange. Therefore, the Company decided that the market price of the Company's common stock should be the basis for the tender offer price, emphasizing the clarity and objectivity of the criteria. Then, from the viewpoint of respecting the interests of shareholders who do not tender their shares in the Tender Offer and continue to hold the Company's common stock, the Company determined that it would be desirable to purchase the common stock at a

certain discount to the market price in order to stop assets flowing outside the Company as much as possible.

In mid-March 2024, the Company proceeded to consider the Tender Offer Price and determined that, with respect to the discount rate to the market price of the Company's common stock, the largest number of cases studied, 31 out of 42, set the discount rate to the underlying stock price at approximately 10% (9% to 11%), and the Company has determined that a discount rate of 10% is appropriate in light of the volatility of the Company's common stock price.

In addition, considering that the market price of the Company's common stock that forms the basis for the discount can fluctuate daily due to economic conditions and various other factors, the Company determined it was appropriate to consider the stock price movements over a certain period. Of the 42 cases, the most frequent method involved calculating the base price using the closing price of the business day prior to the resolution for the public purchase at the Tokyo Stock Exchange, the simple average of closing prices for the past one month up to that date, or the simple average of closing prices for the past three months up to that date. In 36 cases, this approach was used, and it was judged appropriate to consider these as candidates. Furthermore, the Company believes that using the lowest of the aforementioned prices as the basis reduces the possibility that the market price during the Tender Offer Period will be lower than the Tender Offer Price, and that this will decrease the possibility of the total number of applications exceeding the planned number of purchases. The Company believes this will increase certainty that the sales of the Company's common stock by House Kosan will take place, which helps prevent the outflow of the Company's assets and potentially benefits shareholders who opt not to participate in the tender offer. Based on the above, the Company has determined that it is appropriate to base the Tender Offer Price on whichever is the lowest of the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution regarding the Tender Offer, the simple average of the closing prices of the Company's common stock for the past one month until that date, and the simple average of the closing prices of the Company's common stock for the past three months until that date.

After the above consideration and discussion with House Kosan, the Company resolved, by a written resolution on May 16, 2024 in lieu of a resolution of the Board of Directors' meeting pursuant to Article 370 of the Companies Act and the Company's Articles of Incorporation, to acquire the Company's own shares and to conduct the Tender Offer as the specific method of acquisition in accordance with Article 156, Paragraph 1 of the Companies Act applied by replacing terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act and the Company's Articles of Incorporation, and also to set the Tender Offer Price at 2,664 yen, decided based on a 10% discount applied to 2,960 yen, the closing price on May 15, 2024, the last business day before the board resolution related to the Tender Offer on the Tokyo Stock Exchange Prime Market.

Note that the Tender Offer Price of 2,664 yen is a discount of 10.00% on 2,960 yen, the closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market on May 15, 2024, which is the last business day before the board resolution date of the public tender offer; a discount of 13.25% on 3,071 yen, which was the simple average closing price of the Company's common stock over the one month from April 16, 2024, to May 15, 2024; a discount of 13.95% on 3,096 yen, which was the simple average closing price over the three months from February 16, 2024, to May 15, 2024; and a discount of 15.46% on 3,151 yen, which was the simple average closing price over the six months from November 16, 2023, to May 15, 2024.

(ii) Background of Calculation

In determining the Tender Offer Price, the Company considered that its common stock is listed on the financial instruments exchange, and that acquisitions of treasury shares by listed companies can dynamically respond to stock price levels formed based on market supply and demand, often carried out through market purchases via the financial instruments exchange. Therefore, the Company decided that the market price of the Company's common stock should be the basis for the tender offer price, emphasizing the clarity and objectivity of the criteria. Then, from the viewpoint

of respecting the interests of shareholders who do not tender their shares in the Tender Offer and continue to hold the Company's common stock, the Company determined that it would be desirable to purchase the common stock at a certain discount to the market price in order to stop assets flowing outside the Company as much as possible.

In mid-March 2024, the Company proceeded to consider the Tender Offer Price and determined that, with respect to the discount rate to the market price of the Company's common stock, the largest number of cases studied, 31 out of 42, set the discount rate to the underlying stock price at approximately 10% (9% to 11%), and the Company has determined that a discount rate of 10% is appropriate in light of the volatility of the Company's common stock price.

In addition, considering that the market price of the Company's common stock that forms the basis for the discount can fluctuate daily due to economic conditions and various other factors, the Company determined it was appropriate to consider the stock price movements over a certain period. Of the 42 cases, the most frequent method involved calculating the base price using the closing price of the business day prior to the resolution for the public purchase at the Tokyo Stock Exchange, the simple average of closing prices for the past one month up to that date, or the simple average of closing prices for the past three months up to that date. In 36 cases, this approach was used, and it was judged appropriate to consider these as candidates. Furthermore, the Company believes that using the lowest of the aforementioned prices as the basis reduces the possibility that the market price during the Tender Offer Period will be lower than the Tender Offer Price, and that this will decrease the possibility of the total number of applications exceeding the planned number of purchases. The Company believes this will increase certainty that the sales of the Company's common stock by House Kosan will take place, which helps prevent the outflow of the Company's assets and potentially benefits shareholders who opt not to participate in the tender offer. Based on the above, the Company has determined that it is appropriate to base the Tender Offer Price on whichever is the lowest of the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution regarding the Tender Offer, the simple average of the closing prices of the Company's common stock for the past one month until that date, and the simple average of the closing prices of the Company's common stock for the past three months until that date.

Based on the above considerations, in late March 2024, the Company inquired with House Kosan about the possibility of tendering its common stock for sale at a price calculated by applying a discount rate of 10% to whichever is the lowest of the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution regarding the Tender Offer (May 16, 2024), the simple average closing price of the Company's common stock for the past one month until that date and the closing price of the Company's common stock for the past three months until that date. House Kosan responded that it would agree to tender its shares for the Tender Offer on April 30, 2024 under the aforementioned conditions. At the same time, the Company agreed with House Kosan that the number of shares to be tendered in the Tender Offer shall be the number of shares obtained by dividing the amount intended to be sold of 6 billion yen by the Tender Offer Price (rounding down any fraction of less than one share).

After the above consideration and discussion with House Kosan, the Company resolved, by a written resolution on May 16, 2024 in lieu of a resolution of the Board of Directors' meeting pursuant to Article 370 of the Companies Act and the Company's Articles of Incorporation, to acquire the Company's own shares and to conduct the Tender Offer as the specific method of acquisition in accordance with Article 156, Paragraph 1 of the Companies Act applied by replacing terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act and the Company's Articles of Incorporation, and also to set the Tender Offer Price at 2,664 yen, decided based on a 10% discount applied to 2,960 yen, the closing price on May 15, 2024, the last business day before the board resolution related to the Tender Offer on the Tokyo Stock Exchange Prime Market.

(4) Number of Share Certificates, etc. to be Purchased

Type of Share Certificates, etc.	Number of shares to be purchased	Expected number of excess shares	Total
Common stock	2,477,420 shares	- shares	2,477,420 shares

(Note 1) If the total number of tendered share certificates, etc. does not exceed the number of shares to be purchased (2,477,420 shares), all of the tendered share certificates, etc. will be purchased. If the total number of tendered share certificates, etc., exceeds the number of shares to be purchased (2,477,420 shares), the Company shall not purchase all or part of the excess portion, and shall carry out the delivery or other settlement for the purchase, etc. of shares certificates, etc. in accordance with Article 27-13, Paragraph 5 of the FIEA applied under Article 27-22-2, Paragraph 2 of the FIEA as well as Article 21 of the Cabinet Office Order.

(Note 2) Shares constituting less than one unit are also subject to the Tender Offer. In the event that shareholders exercise their right to request purchase of shares constituting less than one unit in accordance with the Companies Act, the Company may purchase its own shares during the Tender Offer Period in accordance with the procedures prescribed by law.

(5) Funds required for purchase, etc.

6,651,946,880 yen

(Note) The amount of funds required for the purchase, etc. is the total estimated amount of the purchase price (6,599,846,880 yen), purchase commission, and other expenses such as public notice regarding the Tender Offer and printing costs for the Tender Offer Explanatory Statement and other necessary documents.

(6) Method of Settlement

(i) Name and location of the head office of the financial instruments business operator or bank, etc. in charge of settlement of purchases

Nomura Securities Co., Ltd. 1-13-1 Nihonbashi, Chuo-ku, Tokyo

(ii) Settlement commencement date

Friday, July 5, 2024

(iii) Method of settlement

Without delay after the end of the Tender Offer Period, a notice of purchase, etc. through the Tender Offer will be sent to the addresses of those who accept the offer to purchase shares certificates, etc. or apply for sale, etc. under the Tender Offer (the “Tendering Shareholder(s), etc.”). For shareholders who are residents of a foreign country and do not have a transaction-capable account with a tender agent, including corporate shareholders (“non-resident shareholders”), the notice will be sent to their standing proxies.

Purchases will be made in cash. Tendering shareholders may receive the proceeds of the Tender Offer, less any applicable withholding tax (Note), by remittance or other means instructed by the Tendering Shareholders without delay after the commencement date of settlement (remittance fees may apply.)

(Note) Taxation on shares purchased through the Tender Offer

* For specific questions regarding taxation, please consult a tax accountant or other specialist and make your own decision.

(1). The tax treatment for individual shareholders who tender their shares in the Tender Offer is as follows.

(i) When the Tendering Shareholders, etc. are residents of Japan or non-residents who have a permanent establishment

If the amount of money to be received from tendering shares in the Tender Offer exceeds the amount of the Company's capital stock, etc. corresponding to the shares underlying the delivery (i.e., if the purchase price per share exceeds the amount of capital stock, etc. per share of the Company), such excess amount shall be deemed to be a dividend and taxed as such. In addition, the remainder of the money to be received from tendering shares in the Tender Offer after deduction of the amount deemed to be a dividend will be classed as income from the transfer of shares and other securities. If there is no amount deemed to be a dividend (i.e., if the purchase price per share is less than or equal to the amount of capital stock per share of the Company), the full amount of the money to be received will be classed as income from transfer.

With respect to the amount deemed to be a dividend, an amount equivalent to 20.315% will be withheld. (The tax rate of 20.315% comprising the income tax and the special income tax for reconstruction (the "Special Income Tax for Reconstruction") pursuant to the Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake (Act No. 117 of 2011, as amended) of 15.315% and the 5% inhabitants tax.) (Special collection of 5% inhabitants tax will not be made for non-residents holding permanent establishments in Japan.) Provided, however, that if individual shareholders correspond to a large shareholder, etc. (the "Large Shareholder, etc.") specified in Article 4-6-2, Item 38 of the Order for Enforcement of the Act on Special Measures Concerning Taxation) (Cabinet Order No. 43 of 1957, including subsequent revisions), the amount equivalent to 20.42% (income tax and Special Income Tax for Reconstruction only) will be withheld at source. In addition, if the combined shareholding ratio of a Tendering Shareholder, etc. that will receive payment of an amount deemed to be a dividend and a corporation that falls under the category of a family company under the Corporation Tax Act when such Tendering Shareholder, etc. is the shareholder on which the judgment is based is 3% or more of the total number of shares, etc. issued and outstanding, then such amount deemed to be a dividend is subject to aggregate taxation.

As a general rule, the amount after remaining after deduction of the acquisition expenses for the shares from income from transfer is subject to separate self-assessment taxation.

In addition, in the case where shares, etc. held in a tax-exempt account (the "tax-exempt account") as defined in Article 37-14 (Non-Taxation of Transfer Income, etc. on Listed Shares with Small Amounts of Dividend Income Held in Tax-Exempt Accounts) of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; including subsequent revisions) are tendered in the Tender Offer, if the financial instruments business operator, etc. with which such tax-exempt account is opened is Nomura Securities Co., Ltd., transfer income, etc. arising from the Tender Offer will be exempt from tax, as a general rule. The above treatment may differ if the tax-exempt account is opened at a financial instruments business operator, etc. other than Nomura Securities Co., Ltd.

(ii) When the Tendering Shareholder, etc. is a non-resident who does not have a permanent establishment in Japan

An amount of 15.315% (income tax and Special Income Tax for Reconstruction only) will be withheld at source on the amount deemed to be a dividend. In the case of a Large Shareholder, etc., an amount of 20.42% (income tax and Special Income Tax for Reconstruction only) will be withheld at source. As a general rule, income arising from such transfer will not be taxed.

(2). If the amount of money to be received by a corporate shareholder from tendering shares in the Tender Offer exceeds the amount of the Company's capital stock, etc. corresponding to the shares underlying the delivery, such excess amount shall be deemed to be a dividend. In principle an amount of 15.315% (income tax and Special Income Tax for Reconstruction only) will be withheld at source on the portion deemed to be a dividend.

Any amount deemed to be a dividend to be paid by the Company to Tendering Shareholders, etc. (limited to corporations having their head office or principal office in Japan (domestic corporations)) who directly own more than one-third of the total number of issued shares, etc. of the Company as of the record date for the payment of such dividend, etc. will be exempt from income tax and Special Income Tax for Reconstruction and will not be taxed at source.

Non-resident shareholders, etc. who wish to receive income tax reduction or exemption on such deemed dividend amount in accordance with applicable tax treaties are requested to submit a tax treaty notification form to the Tender Offer Agent together with the Tender Offer Application Form when applying for the Tender Offer.

(7) Other

- (i) The Tender Offer will not be conducted, directly or indirectly, in or targeted at the United States, nor through the U.S. postal mail services or other interstate or international commercial methods or means (including, but not limited to, telephone, telex, facsimile, e-mail, and Internet communication), nor through any stock exchange facilities in the United States. No tender of shares in the Tender Offer may be made through any of the aforementioned methods or means, through such stock exchange facilities, or from the United States. In addition, neither the Tender Office Statement nor other relevant documents for the Tender Offer will, or may, be sent or distributed in, to, or from the United States by the postal mail services or other means. No tender of shares in the Tender Offer that violates, directly or indirectly, any of the aforementioned restrictions will be accepted. When tendering shares in the Tender Offer, Tendering Shareholders, etc. (or their standing proxies in the case of Non-resident Shareholders, etc.) may be required to make the following representations and warranties to the Tender Offer Agent. The Tendering Shareholder, etc. is not located in the United States at either the time of application or at the time of sending the Tender Offer Application. No information (including copies thereof) relating to the Tender Offer has been received or sent, directly or indirectly, in, to, or from the United States. There has been no direct or indirect use of the U.S. postal mail services or other interstate or international commercial methods or means (including, but not limited to, telephone, telex, facsimile, e-mail, and Internet communication) or any stock exchange facilities in the United States in connection with the Tender Offer or the signing and delivery of the Tender Offer Application. The Tendering Shareholder, etc. is not a person acting as another person's agent or fiduciary or designee without discretionary authority (unless such other person is giving all instructions with respect to the purchase from outside the United States).
- (ii) The Company received a response from House Kosan to the effect that it agrees to tender 2,252,200 shares (ownership ratio: 2.32%), which is a portion of the shares of common stock of the Company held by House Kosan, in the Tender Offer. In addition, the Company has received a response from House Kosan stating that it has not yet determined its policy regarding the ownership or disposition of 8,458,916 shares (ownership ratio: 8.73%) of the Company's common stock that House Kosan holds in addition to the shares agreed to be tendered in the event that a portion of the shares agreed to be tendered in the Tender Offer are not purchased as a result of the pro rata purchase method. For details, please refer to "1. Purpose of the Tender Offer, etc." above.
- (iii) The Company published the "Consolidated Financial Results (Japanese Accounting Standards) for the FY2023 (Ended March 31, 2024)" on May 9, 2024. The summary of the announcement is as follows. The contents of this announcement have not been reviewed by an auditing firm in accordance with the provisions of Article 193-2, Paragraph 1 of the Law. Please refer to the relevant announcement for details.

(i) Profit and loss (Consolidated)

(Million yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 - March 31, 2024)
Net sales	299,600
Cost of sales	190,644
Selling, general and administrative expenses	89,486
Non-operating income	2,781
Non-operating expenses	1,165
Profit attributable to owners of parent	17,580

(ii) Per share information (consolidated)

(Yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 - March 31, 2024)
Profit per share	180.53
Dividend per share	47.00
Net assets per share	3,016.19

(iii) Consolidated forecasts for the fiscal year ending March 31, 2025 and consolidated results for the fiscal year ended March 31, 2024

(Million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Consolidated forecasts for the fiscal year ending March 31, 2025	320,000	21,000	22,000	13,300
Consolidated results for the fiscal year ended March 31, 2024	299,600	19,470	21,085	17,580

(Reference) Holding status of treasury shares as of March 31, 2024

Total number of shares outstanding (excluding treasury shares) 96,879,820 shares

Number of treasury shares 3,870,800 shares