



May 13, 2024

To whom it may concern:

Company Name: I'rom Group Co., Ltd.
Representative: Toyotaka Mori, President and Representative
Director

(Code: 2372 Prime Market of the Tokyo Stock Exchange)

Contact: Shuichi Kojima, Executive Officer
Responsible for CEO Office Center

(Tel: +81 3-3264-3148)

Company Name: BXJB II Holding KK

Representative: Atsuhiko Sakamoto, Representative Director

**Notice Regarding Planned Commencement of Tender Offer
For Shares of I'rom Group Co., Ltd. (Code:2372) by BXJB II Holding KK**

We hereby inform you that, today, BXJB II Holding KK issued the press release attached hereto, which is titled “Notice Regarding Planned Commencement of Tender Offer For Shares of I'rom Group Co., Ltd. (Code: 2372)”.

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This material is publicly released, in accordance with Article 30, Paragraph 1, Item 4 of the Enforcement Order of the Financial Instruments and Exchange Act, pursuant to a request by BXJB II Holding KK (the Tender Offeror) for I'rom Group Co., Ltd. (the Target Company of the Tender Offer).

(Attachment)

“Notice Regarding Planned Commencement of Tender Offer For Shares of I'rom Group Co., Ltd. (Code: 2372)”
dated May 13, 2024

May 13, 2024

To whom it may concern:

Company Name: BXJB II Holding KK
Representative: Atsuhiko Sakamoto, Representative Director

Notice Regarding Planned Commencement of Tender Offer
For Shares of I'rom Group Co., Ltd. (Code: 2372)

On May 13, 2024, BXJB II Holding KK (the “**Tender Offeror**” or “**we**”) decided to acquire common shares of I'rom Group Co., Ltd. (the “**Target Company Shares**”) (Prime Market (the “**Tokyo Stock Exchange Prime Market**”) of the Tokyo Stock Exchange, Inc. (the “**Tokyo Stock Exchange**”), Code: 2372; the “**Target Company**”) through a tender offer (the “**Tender Offer**”) undertaken under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “**Act**”). We therefore make the following announcement.

With respect to the Tender Offer, based on our consideration to date, it is anticipated that a certain period of time will be necessary to complete the relevant procedures and take other actions in relation to the obtaining of approvals, etc. under Australian competition law (the “**Clearance**”) (Note 1). Therefore, it is intended that the Tender Offer will be implemented promptly after the completion of the obtaining of the Clearance and the satisfaction (or waiver by the Tender Offeror) of certain other conditions (Note 2) (the “**Conditions Precedent**”) that are set forth in the Tender Offer Agreement (as defined in “(1) Overview of the Tender Offer” of “1. Purpose of the Purchase, etc.” below; the same applies hereinafter). As of the date hereof, taking into consideration the discussions held with local legal advisors in relation to these procedures, etc., since it is expected to take a minimum of four (4) weeks from today to obtain the Clearance, the Tender Offeror is aiming to commence the Tender Offer around mid-June in 2024. However, as it is difficult to accurately estimate the amount of time that will be necessary to complete the review procedures by the Australian authorities responsible for the Clearance process, the Tender Offeror will promptly make an announcement once the details of the schedule have been fixed. We will also promptly make an announcement if the expected timing of the commencement of the Tender Offer is changed.

(Note 1) Blackstone (as defined in “(1) Overview of the Tender Offer” of “1. Purpose of the Purchase, etc.” below; the same applies hereinafter) may, voluntarily, prior to the acquisition of the Target Company Shares through the Transaction (as defined in “(1) Overview of the Tender Offer” of “1. Purpose of the Purchase, etc.” below; the same applies hereinafter) (the “**Share Acquisition**”), request the Australian Competition and Consumer Commission to conduct a preliminary pre-review of the Share Acquisition. Blackstone has requested a voluntary pre-review of the Share Acquisition in private form on April 6, 2024 (local time), which request has been accepted as of the same date.

(Note 2) (1) The representations and warranties given by Mr. Mori (as defined in “(1) Overview of the Tender Offer” of “1. Purpose of the Purchase, etc.” below; the same applies hereinafter) (Note 3) are true and accurate in material respects; (2) Mr. Mori and Mr. Mori's Asset Management Company (as defined in “(1) Overview of the Tender Offer” of “1. Purpose of the Purchase, etc.” below) have performed or complied with in material respects the obligations that are required to be performed or complied with in relation to the Tender Offer by or until the tender offer commencement date (Note 4) in accordance with the Tender Offer Agreement; (3) upon the implementation of the Tender Offer, the board of directors of the Target Company (at a meeting attended by 13 directors; these 13 directors comprise of all 14 directors of the Target Company, less Mr. Mori, who has a conflicting interest) have resolved to issue an opinion stating that they approve the Tender Offer and that they recommend to the shareholders of the Target Company to tender their shares in the Tender Offer (the “**Opinion of Support**”), and such opinion has been publicly announced; (4) there has been no material adverse effect on the business, assets, liabilities, financial condition, operational performance, cash flow or future revenue plan of the Target Company's Group (as defined in “① Background, purpose and decision-making process of the Tender Offer” of “(2) Background, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” of “1. Purpose of the Purchase, etc.” below; the same applies hereinafter);

(5) there has been no event that would have allowed the withdrawal of the Tender Offer if the Tender Offer had been commenced; (6) there is no pending claim, suit or proceeding that seeks to restrict or prohibit any of the Transaction (as defined in “(1) Overview of the Tender Offer” of “1. Purpose of the Purchase, etc.” below; the same applies hereinafter), and that there is no any laws and regulations or order, decision or judgement of any judicial or administrative organization, etc. that restricts or prohibits any of the Transactions; (7) there is no unpublished material fact (as prescribed in Article 166, Paragraph 2 of the Act) regarding the Target Company’s business, or fact of tender offer, etc. (as prescribed in Article 167, Paragraph 2 of the Act) that has not been announced (as prescribed in Article 166, Paragraph 4 or 167, Paragraph 4 of the Act) by the Target Company; (8) the Tender Offeror has received a commitment letter from each of Mizuho Bank, Ltd., Mitsubishi UFJ Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited, which confirms their respective undertaking to provide the funds required for the implementation of the Transaction; such commitment letters have not been withdrawn by the commencement date of the Tender Offer; further, in the case where completion of the Tender Offer is taking place, each of the conditions prescribed in these commitment letters has been satisfied and it is reasonably anticipated that the provision of these funds will be implemented; (9) the Tender Offeror has received from Blackstone Capital Partners Asia II L.P. (“**BX Asia Fund**”) a certificate of financing confirming its undertaking to the Tender Offeror that it will, directly or indirectly, invest part of the funds that will be used to settle the Tender Offer; such letter of undertaking has not been withdrawn by the commencement date of the Tender Offer; further, in the case where completion of the Tender Offer is taking place, each of the conditions prescribed in the certificate of financing has been satisfied and it is reasonably anticipated that the provision of these funds will be implemented; (10) in countries or regions where domestic or foreign competition laws or other regulatory permits or licenses are required for the Tender Offer, such permits or licenses have been obtained and implemented, and (if there is a waiting period) the waiting period has expired (including receipt of notification that a cease and desist order will not be issued) (Note 5); it is reasonably expected that no measures or procedures will be taken by judicial or administrative authorities in the relevant country or region to prevent the execution of the Transaction; (11) the Special Committee (as defined in “② Background to the decision of the Target Company to support the Tender Offer and reasons therefor” of “(2) Background, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” of “1. Purpose of the Purchase, etc.” below) has made a recommendation to the board of directors of the Target Company to the effect that it is appropriate to express its Opinion of Support, and such recommendation has not been withdrawn; and (12) no shareholder proposal has been made by any shareholder of the Target Company regarding the distribution of dividends out of the Target Company’s retained earnings.

(Note 3) For details of the representations and warranties given by Mr. Mori under the Tender Offer Agreement, please refer to “(6) Material Agreements Related to the Tender Offer” of “1. Purpose of the Purchase, etc.” below.

(Note 4) For details of Mr. Mori’s obligations under the Tender Offer Agreement, please refer to “(6) Material Agreements Related to the Tender Offer” in “1. Purpose of the Purchase, etc.” below.

(Note 5) In addition to the completion of the obtaining of the Clearance, the following shall also be included: (1) the expiration of the interim measure period and the acquisition prohibition period under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade of Japan (Act No. 54 of 1947, as amended; “**Antimonopoly Act**”), without receiving from the Fair Trade Commission any prior notification regarding a cease and desist order, or any request for a report, etc. under Article 10, Paragraph 9 of the Antimonopoly Act; and (2) the expiration of the waiting period under the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended).

1. Purpose of the Purchase, etc.

(1) Overview of the Tender Offer

The Tender Offeror is a joint-stock company established on April 22, 2024, for the purpose of acquiring the Target Company Shares through the Tender Offer. The main purpose of the Tender Offeror is to own the Target Company

Shares and to control and manage the business activities of the Target Company. All of the outstanding shares of the Tender Offeror are held by BXJB I Holding KK (the “**Tender Offeror’s Parent Company**”), all of whose issued and outstanding shares are indirectly held by funds managed, advised or operated by Blackstone Inc. (including its affiliates and other affiliated entities, hereinafter referred to as “**Blackstone**”). As of the date hereof, Blackstone, the Tender Offeror’s Parent Company, and the Tender Offeror do not own any Target Company Shares.

Today, the Tender Offeror determined to conduct the Tender Offer as a part of a transaction (the “**Transaction**”) which aims to privatize the Target Company Shares by acquiring all of the Target Company Shares listed on the Tokyo Stock Exchange Prime Market (excluding treasury shares held by the Target Company), subject to the satisfaction (or waiver by the Tender Offeror) of the Conditions Precedent. The Transaction corresponds to a so-called management buyout (MBO) (Note 1), and it is anticipated that Mr. Mori, who is a representative director and president and also the largest shareholder of the Target Company (as of May 13, 2024) (number of shares held: 4,779,450 shares (ownership ratio (Note 2): 39.48%)), will continue to manage the Target Company after the Transaction is completed. However, the title of Mr. Mori after the Transaction has not been determined as of the date hereof.

(Note 1) A “management buyout (MBO)” generally refers to a transaction in which the management of the target company acquires shares of the target company by investing all or part of the acquisition funds on the assumption that the target company’s business will continue.

(Note 2) “Ownership ratio” means any ownership ratio relative to 12,107,372 shares (the “**Total Number of Issued Shares After Deduction of Treasury Shares**”), which are the number of shares calculated by deducting the number of treasury shares held by the Target Company as of March 31, 2024 (230,993 shares) set forth in the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Based on Japanese GAAP)” (the “**Target Company’s Financial Results**”), as announced by the Target Company on May 13, 2024, from the total number of issued shares of the Target Company as of March 31, 2024 (12,338,365 shares) set forth in the Target Company’s Financial Results (ownership ratios are rounded to two decimal places; the same applies hereinafter in the calculation of ownership ratio unless otherwise stated). However, due to changes after March 31, 2024 and other reasons, the ownership ratio calculated based on the latest information available at the time of commencement of the Tender Offer may differ from the above figures; the same applies hereinafter.

The Transaction consists of (i) the Tender Offer, (ii) a transaction in which, after completion of settlement of the Tender Offer, APPLeCROSS. Ltd., an asset management company held by Mr. Mori and its relatives (“**Mr. Mori’s Asset Management Company**”), will acquire common shares of the Tender Offeror’s Parent Company (the “**Tender Offeror’s Parent Company Shares**”) by re-investing in the Tender Offeror’s Parent Company with a portion of the consideration received by Mr. Mori for tendering the Tendered Agreed Shares (defined below), and (such transaction is hereinafter referred to as “**Reinvestment I**”), (iii) Squeeze-Out Procedures (defined below), (iv) Share Transfer (defined below) and (v) a transaction in which Mr. Mori’s Asset Management Company will acquire the Tender Offeror’s Parent Company Shares by re-investing in the Tender Offeror’s Parent Company with assuming the payment claims against the Tender Offeror that Mr. Mori will acquire through the Share Transfer (such transaction is hereinafter referred to as “**Reinvestment II**”, and collectively with the Reinvestment I, the “**Reinvestment**”) (Note 3), and finally, it is intended that the number of voting rights pertaining to the Tender Offeror’s Parent Company Shares held by Mr. Mori’s Asset Management Company and the number of voting rights pertaining to the Tender Offeror’s Parent Company Shares held by Blackstone shall be in the ratio of 45.0 to 55.0, with the shareholders of the Target Company being the Tender Offeror only and all the issued shares of the Tender Offeror held by the Tender Offeror’s Parent Company.

(Note 3) Since Mr. Mori’s continued engagement in the management of the Target Company will contribute to the development of the entire business of the Target Company’s Group, the Reinvestment shall be implemented for the purpose of having Mr. Mori involved in the Target Company after the execution of the Transaction through re-investment in the Tender Offeror’s Parent Company, and it was considered independently from Mr. Mori’s acceptance of tendering the Tender Offer. In addition, the valuation of the Target Company Shares (held indirectly by the Tender Offeror’s Parent Company through the Tender Offeror), which is the premise for determining the amount of payment per share of the common shares of the Tender Offeror’s Parent Company, is expected to be substantially the same as the tender offer price in the Tender Offer (the “**Tender Offer Price**”), and shall not be lower than such amount. Therefore, the terms and conditions, including the amount paid in, for the subscription of the common shares of the Tender Offeror’s Parent Company by Mr. Mori’s Asset Management Company are not considered to be

substantially more favorable than the Tender Offer Price. Thus, we believe that the act of allocating the common shares of the Tender Offeror's Parent Company to Mr. Mori's Asset Management Company is not against the purpose of the regulation on uniformity of the tender offer price (Article 27-2, Paragraph 3 of the Act).

On May 13, 2024, the Tender Offeror and the Tender Offeror's Parent Company and BXJB Holdings (CYM) L.P. ("**BX Fund**") (Note 4), have entered into an agreement with Mr. Mori and Mr. Mori's Asset Management Company which provides (i) that among the Target Company Shares held by Mr. Mori, 3,124,250 shares (ownership ratio: 25.80%; hereinafter referred to as "**Tendered Agreed Shares**") will be tendered in the Tender Offer, and the remaining 1,655,200 shares (ownership ratio: 13.67%; hereinafter referred to as "**Non-Tendered Agreed Shares**") will not be tendered in the Tender Offer due to a security interest therein, (ii) that Mr. Mori will endeavor to have Ms. Rie Mori (825,000 shares, ownership ratio: 6.81%) and Mr. Ryusuke Mori (75,000 shares, ownership ratio: 0.62%), who are relatives of Mr. Mori, tender their shares in the Tender Offer, (iii) that the security interest that has been established on the Non-Tendered Agreed Shares shall be released, and (iv) that the Squeeze-Out Procedures (defined below), the Reinvestment II, the Share Transfer (defined below), and the Reinvestment I shall be implemented (the "**Tender Offer Agreement**"). For details of the Tender Offer Agreement, please refer to the section titled "a. The Tender Offer Agreement" of "(6) Material Agreements Related to the Tender Offer" below.

(Note 4) BXJB Holdings (CYM) L.P. is an exempted limited partnership incorporated under the laws of the Cayman Islands, all of whose issued shares are indirectly held by funds managed, advised or operated by Blackstone.

In the Tender Offer, the Tender Offeror sets the minimum number of shares to be purchased to 6,416,400 shares (Note 5) (ownership ratio 53.00%), and will not purchase all of the shares, etc. tendered in the Tender Offer (the "**Tendered Shares, Etc.**") if the total number of the Tendered Shares, Etc. is less than the minimum number of shares to be purchased (6,416,400 shares). On the other hand, since the Tender Offer is intended to acquire all of the Target Company Shares (excluding treasury stocks held by the Target Company and Non-Tendered Agreed Shares), no maximum limit is set for the number of shares to be purchased. If the total number of Tendered Shares, Etc. is the minimum number of shares to be purchased or more, the Tender Offer will purchase all of the Tendered Shares, Etc. The minimum number of shares to be purchased (6,416,400 shares) is the number of shares obtained by multiplying the number of voting rights pertaining to the Total Number of Issued Shares After Deduction of Treasury Shares (121,073 units) by two-thirds (80,716 units; rounded to the nearest whole number) multiplied further by the number of shares per unit (100 shares) (8,071,600 shares), less the number of Non-Tendered Agreed Shares (1,655,200 shares) (6,416,400 shares). In the event the Tender Offeror is unable to acquire all of the Target Company Shares (excluding the treasury shares held by the Target Company and Non-Tendered Agreed Shares) in the Tender Offer, after the completion of the Tender Offer, the Tender Offeror will request the Target Company to implement a series of procedures (the "**Squeeze-Out Procedures**") to make the Tender Offeror and Mr. Mori the only shareholders of the Target Company, as described in "(4) Policy on Organizational Restructuring after the Tender Offer (Matters concerning so-called Two-Step Acquisition)", and when implementing the consolidation of the Target Company Shares (the "**Share Consolidation**") in accordance with Article 180 of the Companies Act as part of the Squeeze-Out Procedures, a special resolution at a general meeting of shareholders as stipulated in Article 309, Paragraph 2 of the Companies Act is required. This is the reason for setting the minimum number of shares to be purchased to ensure that after the Tender Offer, the Tender Offeror and Mr. Mori will hold two-thirds of the voting rights of all shareholders of the Target Company or more.

(Note 5) The minimum number of shares to be purchased is a provisional number based on the information as of today, and the actual minimum number of shares to be purchased in the Tender Offer may differ from the above figure due to changes in the number of treasury shares held by the Target Company after the said date and other reasons. The final minimum number of shares to be purchased will be determined prior to the commencement of the Tender Offer, based on the latest information available as of the commencement of the Tender Offer.

As part of the Transaction, after release of the security interest established on the Non-Tendered Agreed Shares and completion of the Squeeze-Out Procedures, the Tender Offeror will obtain approval from the Prime Minister for the Target Company's application for suspension of the obligation to file securities reports pursuant to the proviso of Article 24, Paragraph 1 of the Act, and thereafter Mr. Mori will transfer to the Tender Offeror the Target Company Shares held by him immediately after completion of the Squeeze-Out Procedures, less any fraction of less than one (1) share as a result of the Share Consolidation (the "**Share Transfer**") (Note 6).

In addition, the Tender Offeror intends, after the execution of the Transaction, to implement an absorption-type merger (the “**Merger**”) in which the Target Company is an absorbed company, and the Tender Offeror is a surviving company. Details such as the specific schedule of the Merger have yet to be determined as of the date hereof.

(Note 6) In the Tender Offer Agreement, it is agreed that the total transfer price of the Target Company Shares to be acquired by the Tender Offeror from Mr. Mori through the Share Transfer shall be the amount obtained by multiplying the number of the Non-Tendered Agreed Shares (1,655,200 shares (ownership ratio: 13.67%)) by the Tender Offer Price of 2,800 yen and deducting the fractional value (if any) to be delivered to Mr. Mori pursuant to Article 235, Paragraph 1 of the Companies Act in connection with the consolidation of the Target Company Shares which is scheduled to be implemented in the Squeeze-Out Procedure pursuant to Article 180 of the Companies Act.

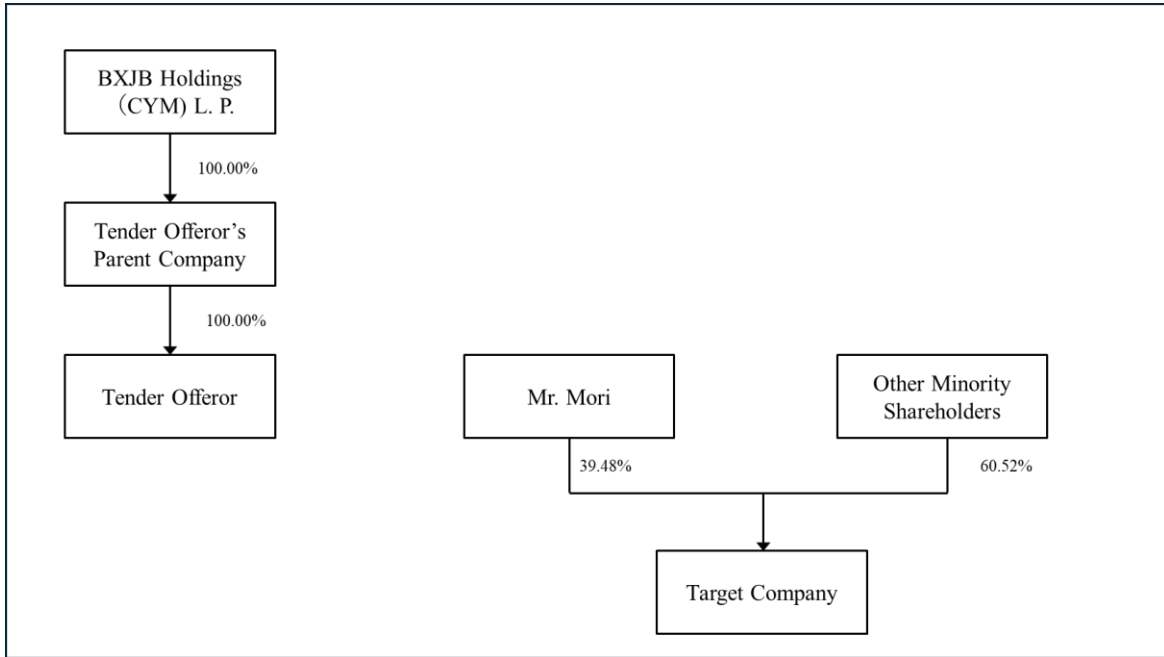
The Tender Offeror will pay the funds required for the Transaction including the Tender Offer by contribution received from the Tender Offeror Parent Company and by borrowing from Mizuho Bank, Ltd., MUFG Bank, Ltd. and Sumitomo Mitsui Trust Bank, Limited (the “**Bank Loan**”), by the business day immediately prior to the settlement date for the Tender Offer, subject to completion of the Tender Offer, etc. Detailed terms and conditions for the Bank Loan shall be set forth in the loan agreement after negotiation with Mizuho Bank, Ltd., MUFG Bank, Ltd. and Sumitomo Mitsui Trust Bank, Limited. In addition, in the Bank Loan, the Target Company Shares acquired by the Tender Offeror through the Transaction will be pledged as collateral, and certain assets of the Target Company will be pledged as collateral after completion of the Squeeze-Out Procedures.

According to the “Notice Concerning Implementation of MBO and Recommendation to Tender” (the “**Notice by Target Company**”) announced by the Target Company on May 13, 2024, the Target Company resolved at its board of directors’ meeting on May 13, 2024, in the opinion of the Target Company as of the same date, if the Tender Offer is commenced, to express the opinion in favor of the Tender Offer and recommend its shareholders to apply for the Tender Offer. For details on the decision-making process of the Target Company, please refer to the Notice by Target Company and the section titled “(Measures to Secure the Fairness of the Tender Offer, Such as Measures to Secure the Fairness of the Price of Tender Offer, etc. and Measures to Avoid Conflicts of Interest)” under “② Background of Calculation” of “(4) Basis of Calculation of the Tender Offer Price, Etc.” in “2. Outline of Tender Offer” below.

The Transaction is illustrated in graphic form as follows.

(a) Before the Tender Offer (Current Status)

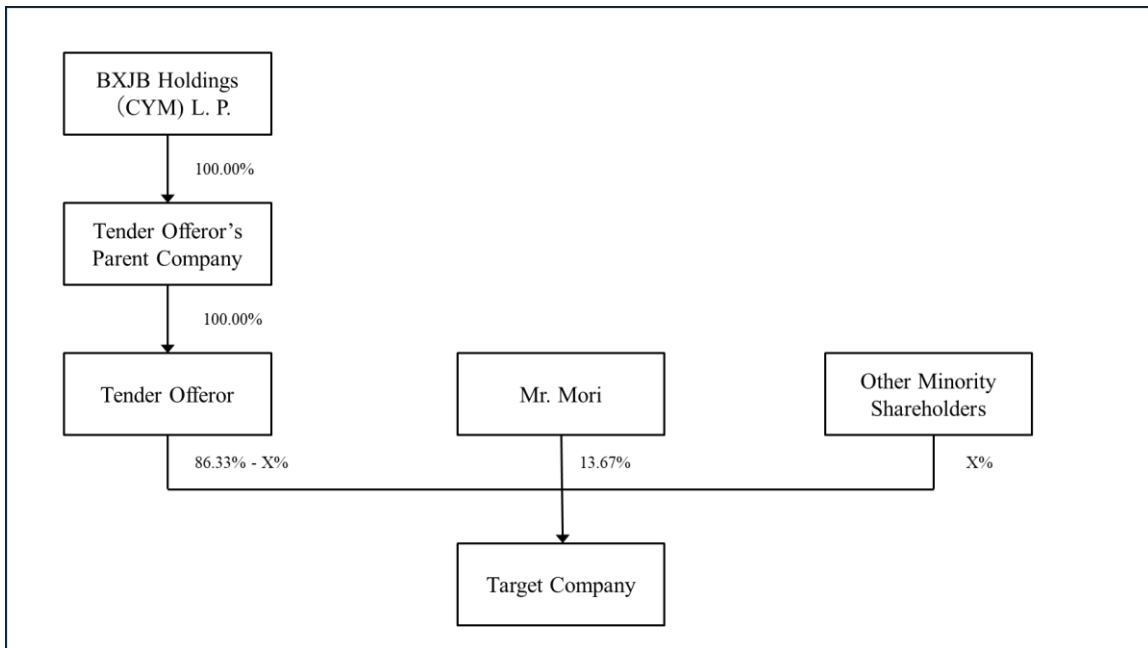
As of the date hereof, Mr. Mori, who is a representative director and president and also the largest shareholder of the Target Company, holds 4,779,450 shares of the Target Company Shares (ownership ratio: 39.48%), and other minority shareholders hold other Target Company Shares.



(b) After the Tender Offer

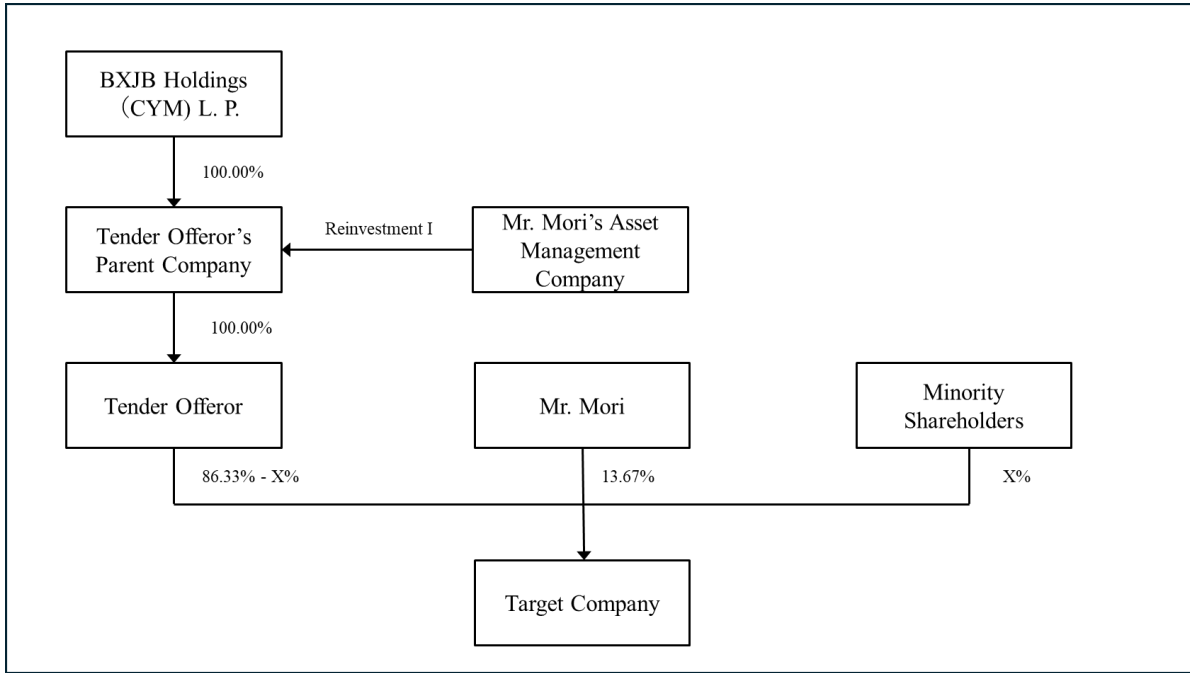
The Tender Offeror will implement the Tender Offer for all of the Target Company Shares (excluding treasury shares held by the Target Company and Non-Tendered Agreed Shares), and if the minimum limit of the Tender Offer (6,416,400 shares) is met and the Tender Offer is successful, the Tender Offeror will settle the Tender Offer.

The Tender Offeror plans to receive funding from BX Asia Fund, directly or indirectly, through BX Fund and the Tender Offeror's Parent Company, by way of equity investment or loan to the Tender Offeror up to eighteen (18) billion yen.



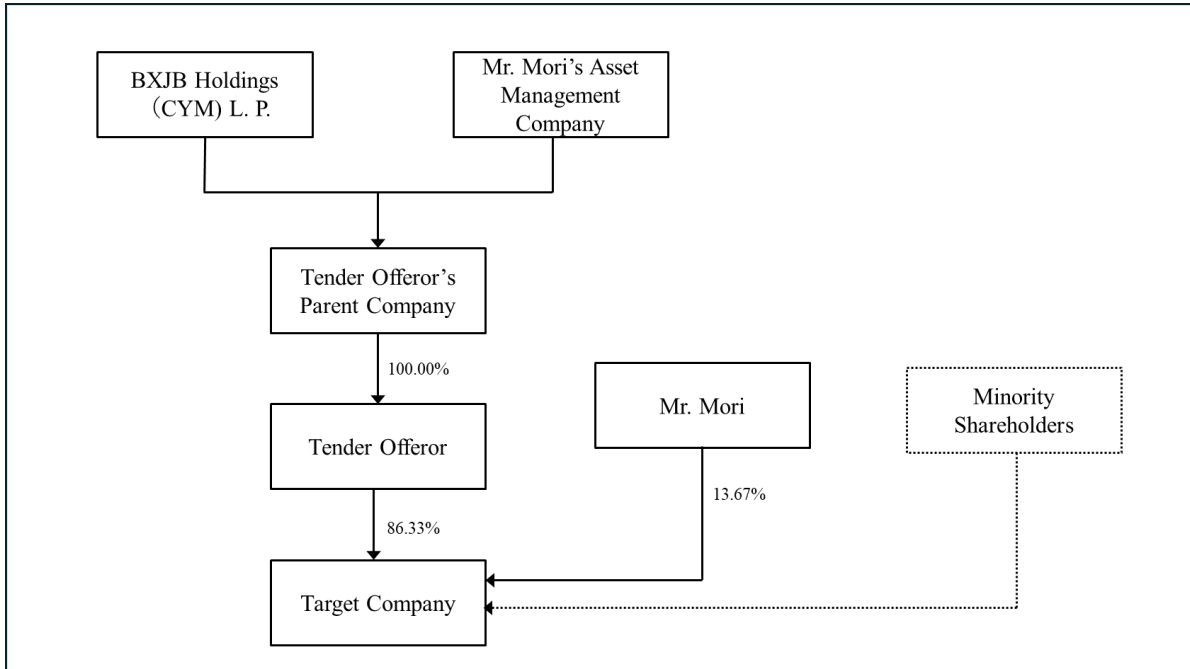
(c) Reinvestment I

After the completion of the settlement of the Tender Offer, Mr. Mori's Asset Management Company will acquire common shares of the Tender Offeror's Parent Company by re-investing in the Tender Offeror's Parent Company with a portion of the consideration received by Mr. Mori for tendering the Tendered Agreed Shares.



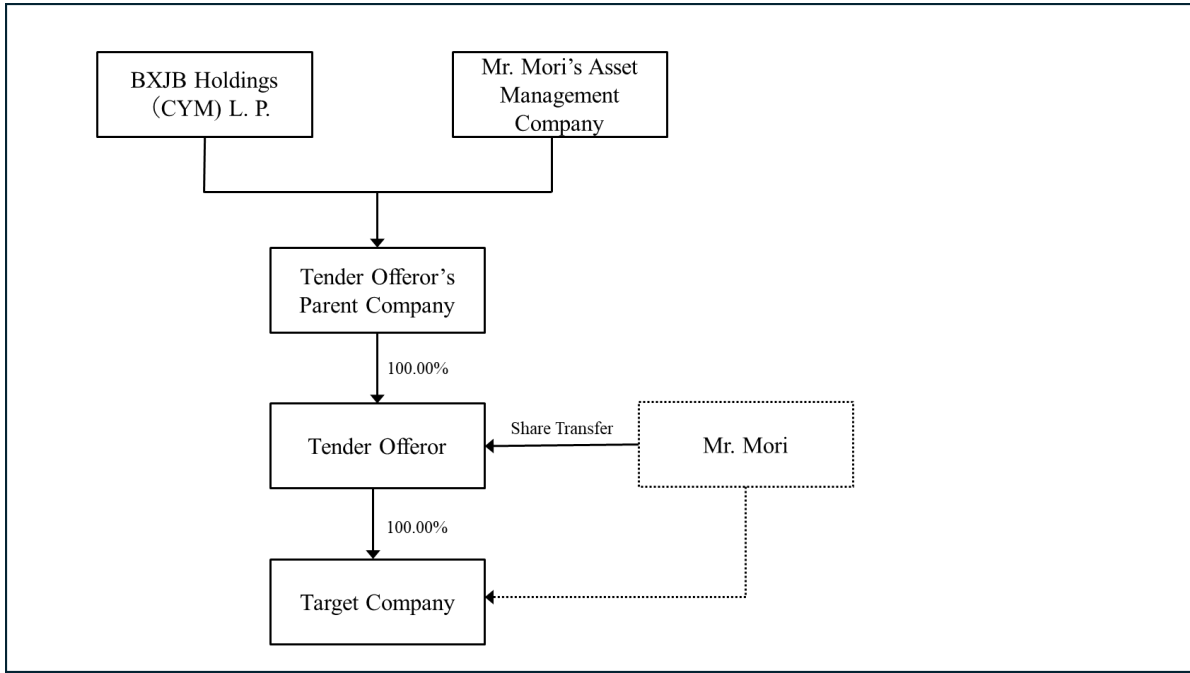
(d) Squeeze-Out Procedures

In the event the Tender Offeror is unable to acquire all of the Target Company Shares (excluding the treasury shares held by the Target Company and Non-Tendered Agreed Shares) in the Tender Offer, after the completion of the Tender Offer, the Tender Offeror will request the Target Company to implement the Squeeze-Out Procedures to make the Tender Offeror and Mr. Mori the only shareholders of the Target Company.



(e) Share Transfer

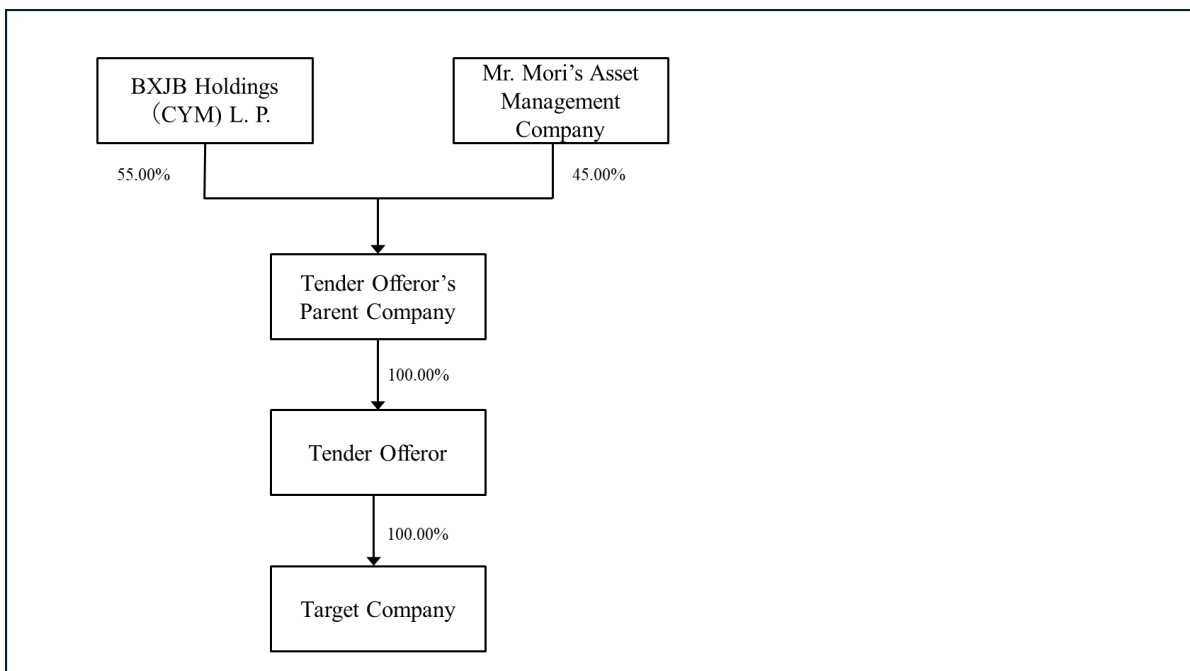
As part of the Transaction, after release of the security interest established on the Non-Tendered Agreed Shares and completion of the Squeeze-Out Procedures, the Tender Offeror will obtain approval from the Prime Minister for the Target Company's application for suspension of the obligation to file securities reports pursuant to the proviso of Article 24, Paragraph 1 of the Act, and thereafter Mr. Mori will transfer to the Tender Offeror the Target Company Shares held by him immediately after completion of the Squeeze-Out Procedures, less any fraction of less than one (1) share as a result of the Share Consolidation.



(f) Reinvestment II

Mr. Mori's Asset Management Company will acquire the Tender Offeror's Parent Company Shares by re-investing in the Tender Offeror's Parent Company with assuming the payment claims against the Tender Offeror that Mr. Mori will acquire through the Share Transfer. It is intended that the number of voting rights pertaining to the Tender Offeror's Parent Company Shares held by Mr. Mori's Asset Management Company and the number of voting rights pertaining to the Tender Offeror's Parent Company Shares held by Blackstone shall be in the ratio of 45.0 to 55.0 (Note7).

(Note 7) Although the Shareholders Agreement (defined in “③ Management policy after the Tender Offer” of “(2) Background, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” below) stipulates that the above voting right ratio shall include the number of voting rights held not only by BX Fund but also by funds, etc. that fall under Blackstone, since only BX Fund and Mr. Mori's Asset Management Company are scheduled to become shareholders of the Tender Offeror's Parent Company immediately after the Reinvestment II, only BX Fund is shown in the scheme diagram below.



(2) Background, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer

The background, purpose and decision-making process that led the Tender Offeror to decide to conduct the Tender Offer are as follows. The following descriptions pertaining to the Target Company are based on information published by the Target Company, the Notice by Target Company, and explanations received from the Target Company.

① Background, purpose and decision-making process of the Tender Offer

Blackstone was founded in 1985 and is the world's largest alternative investment management company. Blackstone manages assets with total equity of approximately 147 trillion yen as of December 31, 2023 (Note: 1 U.S. Dollar = 141.04 yen; the same applies hereinafter). Blackstone's investment management business includes private equity funds, real estate funds, hedge fund solutions, credit-related investments, and closed-end mutual funds. The private equity fund, which is the investor in the Transaction, manages approximately twenty (20) trillion yen globally at 126 portfolio companies. In addition, the Blackstone's private equity team has offices worldwide, including six (6) Asian bases in Tokyo, Singapore, Mumbai, Shanghai, Sydney, and Seoul. These offices are not divided into regional funds (North America, Europe, Asia, Japan, etc.), and acting as a single team enables Blackstone to collaborate closely and globally. Blackstone has identified healthcare as one of its most focused areas and has built a track record in these areas with leveraging its global scale and network. In Japan, since the opening of our Tokyo office in 2007, Blackstone have invested more than 2 trillion yen in business investment and real estate investment through April 12, 2024. Investment in companies in the healthcare field is a focus theme for the Japanese team, as evidenced by the capital participation to AYUMI Pharmaceutical Corporation ("**AYUMI Pharmaceutical**") in March 2019 and the acquisition of Takeda Consumer Healthcare Company Limited (currently Alinamin Pharmaceutical Co., Ltd.; hereinafter "**Alinamin**") in March 2021. It is also characterized by a number of large-scale and listed companies going private, including the acquisition of Japan Residential Investment Company, a London-listed company that invests in lease condominiums; the acquisition of the Japanese real estate portfolio of Astro Japan Property Group, an Australian listed company; and the acquisition of Croesus Retail Trust, a Singapore-listed company that invests in commercial facilities in Japan. In addition to the aforementioned examples of investments in AYUMI Pharmaceuticals and Alinamin, Blackstone is actively involved in building partnerships with domestic operating companies, such as commencement of collaboration with Daiwa House Industry Co., Ltd. in the logistics field and acquisition of logistics facilities in July 2020, acquisition of Isetan Mitsukoshi Real Estate Co., Ltd. in November 2020, acquisition of the hotel portfolio (eight properties) owned by Kintetsu Group Holdings Co., Ltd. in October 2021, and acquisition of Sony Payment Services Inc. with Sony Bank Inc. in January 2024.

The Target Company was founded in April 1997 as I'rom Co., Ltd. in Kanda Surugadai, Chiyoda-ku, Tokyo for the purpose of supporting clinical trial sites (the "**SMO Business**," as detailed in A) below). In October 2006, the SMO Business, one of the main businesses of the Target Company, was transferred to I'rom Co., Ltd., a consolidated subsidiary newly established by the Target Company through an incorporation-type company split, thereby realizing the transition to a holding company structure, and at the same time the Target Company changed its name to "I'rom Holdings Co., Ltd." Subsequently, in July 2015, the Target Company changed its name to "I'rom Group Co., Ltd." in order to clarify that it will be responsible for promoting group businesses and managing each of the group companies.

The Target Company Shares were listed on the Nasdaq Securities Exchange, Inc. in October 2003, and listed on the First Section of the Tokyo Stock Exchange in January 2005. The Target Company Shares are now listed on the Tokyo Stock Exchange Prime Market following the re-characterization of the market classification of the Tokyo Stock Exchange implemented in April 2022.

As of the date hereof, the Target Company's group consisted of the Target Company, 22 consolidated subsidiaries, and one affiliated company (the "**Target Company's Group**"). The Target Company's Group has set "For a future full of joy" as the brand promise, and in order to realize a better medical environment, as a comprehensive medical support company in the medical-related field, the Target Company's Group aims to realize a sustainable society by ensuring that all people remain healthy. The Target Company's Group also

pursues improving the sustainability of its business by leveraging the comprehensive strengths generated by synergies among group companies and businesses and is working to further contribute the development of medical care, thereby improving the health and quality of life of people. Through these efforts, the Target Company's Group is developing a variety of businesses described in "A) SMO Business" through "E) Drug Discovery Business" below.

The business activities of each of the main segments of the Target Company's Group are as follows.

A) SMO Business

"SMO" is an abbreviation of Site Management Organization and refers to an organization that undertakes a part of the operation related to the implementation of a clinical trial (Note 1) from a medical institution and provides on-behalf support. CRC (Note 2) provides support to physicians, medical staff, and patients in order to facilitate the progress of clinical trials at the medical institutions that conduct clinical trials. In collaboration with CRO (Note 3) business, the Target Company is involved in the planning of clinical trials for pharmaceuticals, from the selection stage of medical institutions and doctors who are responsible for trials, and has been comprehensively entrusted with support services for the implementation of clinical trials from Phase I to Phase IV (Note 4). Since ethical, scientific, and reliable clinical trials are required, they are conducted in accordance with strict standards such as GCP (Good Clinical Practice: Ministerial Ordinance on Standards for Conducting Clinical Trials on Pharmaceuticals), trial implementation protocol (Protocol) (Note 5) and SOP (Standard Operating Procedure).

(Note 1) "Clinical trials" are trials conducted in the course of drug development in order to assess the efficacy and safety of drugs in humans.

(Note 2) "CRC" is an abbreviation of Clinical Research Coordinator and refers to staff members who support the proper and smooth conduct of clinical trials at clinical trial institutions.

(Note 3) "CRO" is an abbreviation of Contract Research Organization and refers to an organization that undertakes part or all of the operation related to the implementation of clinical trials and post-marketing clinical trials, etc. at the development stage of pharmaceuticals and medical devices from pharmaceutical companies, etc., and provides on-behalf support.

(Note 4) This is a type of objective-specific trial to be conducted in the clinical development of pharmaceuticals. It is divided into the following phases: trials to confirm safety and pharmacokinetics in the body (Phase I); exploratory trials with the primary objective of exploring therapeutic effects in patients (Phase II); confirmatory trials with the primary objective of demonstrating or confirming therapeutic benefits (Phase III); and trials to collect further information on efficacy and safety through therapeutic use after pharmaceutical approval (Phase IV).

(Note 5) "Trial implementation protocol" is a document that describes the requirements (e.g., objectives, design, methods and statistical considerations of the trials) that sponsors of clinical trials such as clinical trial institutions and pharmaceutical companies must comply with in order to conduct clinical trials.

B) CRO Business

The Target Company's Group is conducting early clinical trials at clinical trial institutions in Japan and Australia to support global development of domestic and overseas pharmaceutical companies. Furthermore, in addition to supporting company-initiated clinical trials in Japan, the company also provides support for physician-initiated clinical trials and clinical studies of regenerative medicine and refractory diseases, mainly for academia such as universities and research institutes.

C) Advanced Medical Business

The Target Company's Group is engaged in research and development and commercialization in the field of regenerative medicine based on the development of vaccines and gene therapy products and technology

related to iPS cells (Note 6) using high-performance and safe vector technology (Note 7). The Target Company's Group is also engaged in contract manufacturing of clinical vectors, gene therapy products, regenerative medicine products, etc. as a contract pharmaceutical manufacturing facility. In addition, the Target Company's Group is also providing services related to the development, manufacture and sales and contract manufacturing of cosmetics and other products by using advanced medical technology.

(Note 6) "iPS cells" is an abbreviation for induced Pluripotent Stem cell and is generally interpreted as "artificial pluripotent stem cells." These cells are established by introducing specific genes into somatic cells and are capable of differentiating into any tissue or cell of an animal such as a human.

(Note 7) "Vector" refers to a substance that acts to effectively introduce genes into target cells and "vector technology" refers to technology for generating vectors.

D) Medical Support Business

The Target Company's Group is mainly engaged in establishment and leasing of clinic malls (Note 8), medical consulting and other services related thereto, the overall and comprehensive support of medical management, and EC business (Electronic Commerce or E-Commerce) that sells over-the-counter drugs, quasi-drugs, etc.

(Note 8) "Clinic mall" refers to a complex medical facility with a collection of clinics with different clinical subjects on the same floor.

E) Drug Discovery Business

The Target Company's Group is co-developing important biosimilars (Note 9) and other pharmaceuticals with high efficacy based on license agreements with domestic and foreign pharmaceutical companies and other parties.

(Note 9) "Biosimilars" refer to pharmaceuticals that are developed by different manufacturers and distributors as pharmaceuticals that have the same quality, safety, and efficacy as biologics that have already been approved in Japan as pharmaceuticals with new active ingredients.

The business environment surrounding the Target Company's Group is changing every day, and the needs for clinical trials are diversifying due to the increase in and the globalization of the development of new technologies such as regenerative medicine, the shortening of development periods, and changes in development methods. The issues such as "drug lag (Note 10)" and "drug loss (Note 11)" are also becoming more apparent, and there is a need to resolve issues in the pharmaceutical development environment in Japan and to respond promptly and appropriately to drastic changes in the environment. Specifically, the development of pharmaceuticals is increasing in the field of diseases such as cancer and refractory diseases, and the development of pharmaceuticals such as gene therapy and regenerative medicine is proceeding as a treatment for such diseases. In addition, in the drug development for refractory diseases and regenerative medicine, clinical trials for patients tend to be conducted from an early stage, and therefore, higher quality and multifaceted roles are required at the facilities where early clinical trials are conducted. Drug discovery technologies in drug development are diversifying from low-molecular-weight drugs to biopharmaceuticals, gene therapy, regenerative medicine, etc., and the market for biopharmaceuticals is expanding, gene therapy formulations are being developed, and iPS cells are being used in clinical trials.

(Note 10) "Drug lag" refers to the delayed development or approval in Japan of a therapeutic drug that can be used in Western countries.

(Note 11) "Drug loss" refers to a situation in which a therapeutic drug that can be used in Western countries cannot be developed or approved in Japan.

In this business environment, the Target Company's Group is promoting the expansion of the SMO Business and the CRO Business, which are its core businesses since its foundation. In addition, as a group strategy, funds generated by the SMO Business and the CRO Business are used to develop pharmaceuticals in the advanced medical business and advanced medical technologies, and to invest in capex using the expertise of the medical support business. By doing so, the Target Company's Group is strengthening the business

foundation of each business, improving the quality of products and services that can respond to the demands of the diversified and sophisticated market, and strengthening research and development capabilities. Specifically, in the SMO Business, the Target Company's Group has expanded its alliances with core hospitals, such as specialized medical centers and university hospitals, and has established a system that enables commissioning testing in all disease fields. In addition, the Target Company's Group is promoting the commission of testing in the primary field, such as lifestyle-related diseases, which is larger in size per trial than in the cancer and refractory diseases trials. In the CRO Business, in addition to providing early-stage support for pharmaceutical companies in the Asia-Oceania region, including Europe, the United States, and Japan, at clinical trial institutions owned in both Japan and Australia, the Target Company's Group is continuously working to expand commissioning operations and strengthen the field of statistical analysis. By commissioning several new trials, including physician-led clinical trials, the Target Company's Group is also working to strengthen its business foundation. In the advanced medical business, the Target Company's Group is promoting research and development of vaccines and biosimilars using funds generated by the SMO Business and the CRO Business based on the group strategy described above. In addition, the licensing business of an iPS Cell Production Kit "CytoTune-iPS" (Note 12) is expanding. The Target Company's Group has executed new licensing agreements with several companies, and has been working to create new business opportunities using the Sendai Virus Vector (Note 13) as its core technology through the licensing business by, for example, exercising the right to sub-license the technology based on the executed licensing agreements.

(Note 12) "iPS Cell Production Kit 'CytoTune-iPS'" are iPS cell induction kits developed by fusing the factors involved in the production of iPS cells developed by Professor Shinya Yamanaka of Kyoto University and the Sendai Virus Vector technologies of the Target Group's Company.

(Note 13) "Sendai Virus Vector" is a vector developed independently by the Target Company. With RNA as the backbone, the Target Company's Group has proven that it is highly safe through clinical studies and animal experiments. In addition, the Target Company's Group has proven that it is highly reliable and proven results for use in gene-based therapeutic products and in the field of regenerative medicine.

Mr. Mori believes that in the aforementioned drastic changes in the industry environment, the pharmaceutical and medical device development industries surrounding the Target Company's Group are becoming more globalized and the development period is becoming shorter, and the need for clinical trials continues to diversify due to changes in the development methods. The demand for the SMO Business at medical institutions is expanding, and securing human resources is becoming an issue in the SMO Business. In addition, it is expected that the number of trials with high difficulty in the rare diseases and cancer fields will increase, and he anticipates that human resource training will continue to be a key issue in the future. In the CRO Business, he understands that the Target Company's Group is in a phase which requires it to restructure from the traditional business category on the back of a similar trend.

In addition to this situation, pharmaceutical development led by the United States is becoming the mainstream and major global pharmaceutical companies are becoming increasingly involved in Japan as a place for pharmaceutical development. In this environment, Mr. Mori has believed that it is important to build a competitive global system and win projects in order to further increase the corporate value of the Target Company's Group. Specifically, Mr. Mori believes that the corporate value of the Target Company's Group will be increased by promoting a hybrid type of comprehensive clinical development support in the CRO Business, which is based on the SMO Business and provides services domestically and internationally by utilizing the know-how cultivated in the SMO Business, by achieving growth through the expansion of its global business base through the acquisition of CRO Businesses in Japan and overseas and by evolving into a healthcare platform overseas, especially in Asia.

Based on this thinking, at around early September 2021, Mr. Mori began searching for a method to improve the corporate value of the Target Company's Group not only on its own, but also through alliances with strategic partners in order to further accelerate the business transformation that the Target Company's Group has implemented and considered, and to enable long term and sustainable business restructuring.

While Mr. Mori is considering various strategic options, including how to utilize outside management resources, including alliances with strategic partners, Blackstone has been investigating and considering investment destinations in Japan for some time. Blackstone, via Daiwa Securities Co. Ltd. ("Daiwa

Securities”), held an interview with Mr. Mori in late January 2022 to exchange opinions on a wide range of management measures for the Target Company’s Group. During this interview, Blackstone provided an overview of Blackstone’s general management support to invested companies, explained Blackstone’s investment performance in the medical and pharmaceutical industries globally and in Japan, and exchanged views with Mr. Mori on the initial direction of management strategy of the Target Company’s Group.

Subsequently, Mr. Mori recognized that Blackstone had deep knowledge of businesses of the Target Company’s Group, and determined that it would be useful to continue to exchange opinions with Blackstone. Accordingly, Mr. Mori and Blackstone decided to continue discussions on the direction of the policy measures the Target Company’s Group and on various capital policies, including privatization. From late January 2022 to late February 2024, Mr. Mori and Blackstone conducted multiple exchanges of opinions on the business environment of the medical and pharmaceutical industries to which the Target Company’s Group belongs, the direction of management measures based on the relevant environment, and the content and optimal capital structure as management support for the Target Company’s Group expected by Blackstone.

Through the discussions, Mr. Mori has had a common view with Blackstone that further external support is important to diversify the business while continuing to grow the existing businesses of the Target Company’s Group, and highly appreciated Blackstone, which has a network throughout the world, and has a track record of diverse investments in the medical and pharmaceutical businesses both domestically and overseas. He believes that utilizing Blackstone’s global knowledge, experience and network in other industries will enable the Target Company’s Group to acquire and cultivate high-quality human resources, and will also build a competitive global management system that can compete with competitors and major global companies, enabling the Target Company’s Group to evolve into a global healthcare platform. In addition, he felt a high level of commitment from Blackstone members. Therefore, in late February 2024, Mr. Mori decided that Blackstone was the trustworthy and appropriate partner of the Target Company’s Group.

In parallel with the discussions with Blackstone, Mr. Mori met several times with other private equity funds via Daiwa Securities from late January 2022 to early August 2022, and received proposals regarding the direction of the management policy of the Target Company’s Group and its capital policy, including privatization. However, taking into consideration the content of the proposal, their understanding of the businesses of the Target Company’s Group, and their investment track record to date, he determined that Blackstone, which has defined healthcare fields as one of the most focused areas and has one of the world’s largest life science funds (“**BXLS**”) that provides funds for the research and development stage in the pharmaceuticals as well as investing in companies, was more appropriate as a partner that supports the Target Company’s Group’s future business to grow.

On the other hand, Blackstone highly evaluated the history of the Target Company’s Group supporting medical institutions for more than twenty (20) years in clinical trials, which form the foundation of the medical and pharmaceutical industries since the dawn of the SMO industry, its top-level business foundation in Japan, its industry-leading technology development capabilities, and its corporate culture that continues to focus on providing value to doctors and nurses at the forefront of the medical field. Blackstone believes that in order for the Target Company’s Group to achieve further growth and increase its corporate value over the medium to long term, it is necessary to implement various measures, including expansion of overseas business and discontinuous growth through M&A. In order to promptly implement a series of measures, it is beneficial to utilize human resources and management know-how from outside the company, instead of limiting the use of internal management resources. Against this backdrop, Blackstone determined that by going private and making Blackstone a partner, and utilizing Blackstone’s knowledge and network to promote management reform, the Target Company’s Group can, for example, further expand the SMO Business through optimal resource allocation and advanced sales strategies, and expand the CRO contracting opportunities by utilizing Blackstone’s network, achieve new growth that the Target Company’s Group could not achieve on its own, and evolve into a healthcare service platform with a larger scale of business. Blackstone believes that it is specifically capable of providing the following value:

(a) Support for the Continued Growth of Target Company’s Group

Blackstone recognizes that in the industry to which the Target Company’s Group belongs, the number of trials with high difficulty such as cancer and rare diseases is increasing, clinical trials are becoming more complicated, small-scale trials with fewer cases are becoming increasingly difficult, and patient recruitment

is becoming increasingly difficult. Accordingly, the number of multinational clinical trials that efficiently recruit patients is increasing, and the diversity of quantity and quality of human resources required is advancing. As the number of multinational clinical trials is expected to increase in the future, Blackstone believes it is important to acquire projects efficiently. Blackstone will utilize its deep knowledge in the healthcare field and its domestic and overseas networks, promote the construction of a globally competitive sales system for the SMO Business and CRO Business of the Target Company's Group, and provide support for achieving long term and sustainable growth.

Specifically, Blackstone has BXLS under the umbrella through which Blackstone provides development funding for late-stage clinical trials (Phase II and Phase III) before their launch, and has an extensive experience and network. However, in the cancer field, clinical trials are mainly multinational clinical trials, and in order to efficiently acquire projects, Blackstone plans to introduce a wide range of investment projects by BXLS, including cancer and rare diseases, to Target Company's Group, to develop customers using BXLS human resources and networks, and to consider business alliances with Blackstone's portfolio companies.

(b) Exploring Discontinuous Growth Opportunities through M&A

Through discussions with Mr. Mori, Blackstone recognizes that with the increasing ratio of international clinical trials and the increasing involvement of major global CROs in Japan, discontinuous growth through M&A in Japan and overseas is necessary for the Target Company's Group to achieve future medium to long term growth and increase corporate value. Blackstone intends to provide one-stop M&A support, from searching for acquisition opportunities to assisting in the execution of acquisitions, not only in Japan but also overseas, utilizing Blackstone's global M&A experience and network to enable the Target Company's Group to compete with major global CROs.

(c) Initiatives to Strengthen Organizational Capabilities

In order to realize (a) and (b) above, Blackstone will promote initiatives to strengthen the organizational capabilities of the Target Company's Group. Specifically, Blackstone intends to use data analytics (Note 14) to reduce the turnover rate by implementing measures to prevent employees from leaving work, such as relocation, for employees who are judged to be at increased risk of leaving work by AI. In addition, by utilizing Blackstone's network to invite outside management personnel and promote the use of outside advisors, Blackstone intends to expand the Target Company's expertise and business experience in its business areas and potential customer network, thereby leading to further growth. Furthermore, from the perspective of supporting the growth of the Target Company's Group and encouraging them to increase their motivation to participate in management, Blackstone is considering establishing an incentive plan commensurate with the growth of performance and corporate value. As of the date hereof, the specific content of the incentive plan has not been determined.

Through the above measures, Blackstone intends to further strengthen the organizational capabilities of the Target Company's Group.

(Note 14) "Data analytics" refers to a process that uses methods and tools such as statistical, machine learning, and predictive modeling to investigate, return, analyze data, identify trends and patterns, identify important insights, and enhance decision-making.

In late February 2024, Blackstone appointed Daiwa Securities as a financial advisor independent of Blackstone, the Tender Offeror, the Tender Offeror's Parent Company, Mr. Mori and the Target Company ("**Tender Offer-Related Parties**"), and Nagashima Ohno & Tsunematsu as a legal advisor independent of the Tender Offer-Related Parties. On February 27, 2024, Blackstone expressed to the Target Company its initial intention to become a tender offeror and privatize the Target Company Shares through a tender offer, and submitted a proposal (the "**Initial Proposal**") to request cooperation in conducting due diligence in order to receive the necessary information for a formal proposal to be made in the future. On the same day, Blackstone received a communication from the Target Company stating that it would consider the content of the proposal and that it would cooperate in the due diligence, after establishing the necessary framework. In the Initial Proposal, Blackstone also mentioned that it is considering the possibility of a so-called management buyout (MBO) in which Mr. Mori would be the tender offeror in addition to Blackstone.

Subsequently, Blackstone began due diligence on the Target Company in early March 2024, comprehensively analyzing and examining the Target Company's business and financial condition, and held discussions not only with Mr. Mori but also with the Target Company toward the realization of the Tender Offer.

In the course of discussions between Blackstone and Mr. Mori regarding the direction of the management measures and various capital policies of the Target Company's Group, including privatization, Blackstone highly appreciated Mr. Mori's management abilities and experience, and Blackstone believes that Mr. Mori is the best person to manage the Target Company's Group, and Blackstone and Mr. Mori have come to a common understanding that a management buyout (MBO), in which Mr. Mori would continue to lead the management of the Target Company's Group as a shareholder as well as a member of the management team, with the support of Blackstone's deep knowledge, track record, and extensive network in the healthcare field, would be the most effective means to ensure the stable continuation of the business of the Target Company's Group and to enhance the Target Company's Group's medium to long term sustainable growth and corporate value. Therefore, on March 25, 2024, Mr. Mori and Blackstone submitted a letter of intent ("**Letter of Intent**") to the Target Company, stating that an acquisition company in which Mr. Mori and Blackstone will invest will be a tender offeror and privatize the Target Company Shares through a tender offer, and on the same day, received a notice from the Target Company that they would consider the proposal.

Subsequently, Blackstone conducted due diligence on the Target Company until mid-April 2024, and discussed with Mr. Mori, taking into account the results of the due diligence. On April 17, 2024, Mr. Mori and Blackstone made a proposal to the Target Company that the Tender Offer Price shall be 2,400 yen per share. This Tender Offer Price is a premium of 33.19% (rounded to two decimal places; the same applies hereinafter in the calculation of premiums) on 1,802 yen, which is the closing price of the Target Company Shares on the Tokyo Stock Exchange Prime Market on April 16, 2024, a premium of 28.96% on 1,861 yen (rounded to the nearest whole number; the same applies hereinafter in the calculation of the simple average of the closing price), which is the simple average of the closing price of the Target Company Shares for the past one (1) month up to April 16, 2024, a premium of 26.58% on 1,896 yen, which is the simple average of the closing price of the Target Company Shares for the past three (3) months up to April 16, 2024, and a premium of 26.18% on 1,902 yen, which is the simple average of the closing price of the Target Company Shares for the past six (6) months up to April 16, 2024. Subsequently, on April 19, 2024, Blackstone received a written response from the Target Company requesting an increase in the Tender Offer Price on the grounds that the proposed Tender Offer Price of 2,400 yen was insufficient in relation to the intrinsic value of the Target Company as considered based on its business and financial information, and that the Tender Offer Price was below the premium level in similar cases, as well as requesting that the consideration for setting a majority-of-minority condition. In response to such request from the Target Company, on May 1, 2024, Mr. Mori and Blackstone made a proposal to the Target Company to set the Tender Offer Price at 2,700 yen per share. This Tender Offer Price is a premium of 49.01% on 1,812 yen, which is the closing price of the Target Company Shares on the Tokyo Stock Exchange Prime Market on April 30, 2024, a premium of 48.84% on 1,814 yen, which is the simple average of the closing price of the Target Company Shares for the past one (1) month up to April 30, 2024, a premium of 45.32% on 1,858 yen, which is the simple average of the closing price of the Target Company Shares for the past three (3) months up to April 30, 2024, and a premium of 41.21% on 1,912 yen, which is the simple average of the closing price of the Target Company Shares for the past six (6) months up to April 30, 2024. In addition, Blackstone responded that they do not plan to set the minimum number of shares to be purchased in the Tender Offer to the number of shares subject to the majority-of-minority condition, and that it is assumed that dividends (including the year-end dividend for the fiscal year ending March 31, 2024) with a record date before the settlement commencement date of the Tender Offer will not be implemented, based on the grounds that the majority-of-minority condition may make the consummation of the Tender Offer unstable and may not be in the interests of the minority shareholders of the Target Company who wish to tender their shares in the Tender Offer, and that they believe that sufficient consideration has been given to the interests of minority shareholders through the implementation of sufficient other measures to ensure fairness, including the establishment of a special committee and the establishment of a tender offer period of at least thirty (30) business days, which is longer than the twenty (20) business days required by law. Subsequently, on May 2, 2024, Blackstone received a written response from the Target Company requesting that they consider raising the Tender Offer Price in further consideration of the intrinsic value that the Target Company's public shareholders are expected to enjoy through long-term ownership of the Target Company Shares and the achievement of its business plan, on the grounds that the proposed Tender Offer Price of 2,700 yen cannot be evaluated as sufficient for the Target Company's minority shareholders in comparison with the results of the calculation by KPMG FAS Co., Ltd. ("**KPMG**"; for the process of selection,

please refer to “② Background to the decision of the Target Company to support the Tender Offer and reasons therefor” below), that it is assumed that no dividend (including the year-end dividend for the fiscal year ending March 31, 2024) will be implemented, and that the majority-of-minority condition will not be set. In response to such request from the Target Company, on May 7, 2024, Mr. Mori and Blackstone proposed to the Target Company that the Tender Offer Price shall be 2,800 yen. This Tender Offer Price is a premium of 54.44% on 1,813 yen, which is the closing price of the Target Company Shares on the Tokyo Stock Exchange Prime Market on May 2, 2024, a premium of 54.61% on 1,811 yen, which is the simple average of the closing price of the Target Company Shares for the past one (1) month up to May 2, 2024, a premium of 51.52% on 1,848 yen, which is the simple average of the closing price of the Target Company Shares for the past three (3) months up to May 2, 2024, and a premium of 46.21% on 1,915 yen, which is the simple average of the closing price of the Target Company Shares for the past six (6) months up to May 2, 2024. In addition, Blackstone responded to the Target Company that the proposed Tender Offer Price of 2,800 yen takes into account the realization of the Target Company’s growth beyond its stand-alone operations, that it offers a fair sale price to the Target Company’s shareholders, even taking into account the previously scheduled year-end dividend, and that it is difficult to raise the Tender Offer Price further as a result of the final review. Subsequently, on May 9, 2024, Blackstone received a response from the Target Company that while the Target Company recognized that the intrinsic value of the Target Company was evaluated to a certain extent in the proposed Tender Offer Price of 2,800 yen and that the price was a market level compared to similar transactions in terms of the premium level to the current market share price of the Target Company, it was concerned that the intrinsic value of the Target Company might not be evaluated to the maximum extent. Therefore, the Target Company explained its recognition of the Target Company’s intrinsic value and requested an explanation of Mr. Mori’s and Blackstone’s recognition of the Target Company’s intrinsic value, as well as requesting proposals on any other matters that have not yet been proposed. In response to such request from the Target Company, on May 10, 2024, Mr. Mori and Blackstone explained to the Target Company their thoughts on how they see each segment of the Target Company’s business plan, and stated that it would be difficult to raise the proposed price further and that although the Tender Offer requires the completion of obtaining the Clearance, as it is expected to take a certain period of time to complete the procedures and responses related to the Clearance, they plan to conduct the Tender Offer promptly after the completion of obtaining the Clearance.

Subsequently, on May 10, 2024, Blackstone received a written response from the Target Company, stating that in the opinion of the Target Company as of the time of such response, the Tender Offer Price of 2,800 yen was acceptable, subject to the final decision being made through a resolution of the Target Company’s board of directors after considering the report of the Special Committee.

After the above discussion and negotiation, on May 13, 2024, the Tender Offeror decided to conduct the Tender Offer with the Tender Offer Price of 2,800 yen as part of the Transaction, subject to the fulfillment (or waiver by the Offeror) of the Conditions Precedent, including the completion of obtaining the Clearance.

② Background to the decision of the Target Company to support the Tender Offer and reasons therefor

According to the Notice by the Target Company, as described in “① Background, purpose and decision-making process of the Tender Offer” above, on February 27, 2024, the Target Company received a request for discussion and negotiation with respect to the Transaction from Blackstone and the Initial Proposal. The Target Company responded on the same day that it would be open to discussion and negotiation for the Transaction. As described in the section titled “(Measures to Secure the Fairness of the Tender Offer, Such as Measures to Secure the Fairness of the Price of Tender Offer, etc. and Measures to Avoid Conflicts of Interest)” under “② Background of Calculation” of “(4) Basis of Calculation of the Tender Offer Price, Etc.” in “2. Outline of Tender Offer” below, given that the Tender Offer is part of the Transaction for a management buyout (MBO) and there exists structural conflicts of interest, on March 11, 2024, the Target Company appointed City-Yuwa Partners as a legal advisor independent of the Tender Offer-Related Parties and KPMG as a financial advisor and a third-party valuation institution independent of the Tender Offer-Related Parties in order to ensure the fairness of the Transaction.

In addition, given the existence of a structural conflicts of interest between Mr. Mori and the Target Company or general shareholders of the Target Company, on March 11, 2024, the Target Company established a special committee (the “**Special Committee**”) to review the proposal for the Transaction as described in the Initial

Proposal from the perspective of ensuring the fairness throughout the process in which the merits of the Transaction and the appropriateness of its terms are reviewed and judged. For the composition of the members of the Special Committee, the powers granted to it, and its specific activities, please refer to the section titled “③ The Target Company’s Establishment of an Independent Special Committee and Procurement of a Report from such Special Committee” in “(Measures to Secure the Fairness of the Tender Offer, Such as Measures to Secure the Fairness of the Price of Tender Offer, etc. and Measures to Avoid Conflicts of Interest)” under “② Background of Calculation” of “(4) Basis of Calculation of the Tender Offer Price, Etc.” in “2. Outline of Tender Offer” below.

Under the aforementioned system, taking into account the outline of the Tender Offer including the purpose of the Transaction as set forth in the Initial Proposal, the impact of the Transaction on the Target Company, the details of the management policy after the Transaction and the current share price trend, as well as consulting and reviewing the negotiation policy with the Special Committee in advance, the Target Company has considered the appropriateness of the Transaction after multiple rounds of discussions with Mr. Mori and Blackstone, with receiving opinions, instructions, requests, etc. by the Special Committee at important stages of negotiations, such as receiving opinions and instructions regarding the specific proposed amount and reasons for the proposal when receiving a proposal from the Tender Offeror regarding the terms of the Transaction, as well as receiving advice from City-Yuwa Partners and KPMG.

Specifically, after receiving a proposal from Mr. Mori and Blackstone on April 17, 2024, to the effect that the Tender Offer Price shall be 2,400 yen per share, on April 19, 2024, based on the opinions of the Special Committee, as well as the advice of City-Yuwa Partners and KPMG, the Target Company requested to Mr. Mori and Blackstone the increase in the Tender Offer Price as well as the majority-of-minority condition on the grounds that the proposed Tender Offer Price of 2,400 yen was insufficient in relation to the intrinsic value of the Target Company as considered based on its business and financial information, and that the Tender Offer Price was below the premium level in other recent MBO cases. Subsequently, on May 1, 2024, Mr. Mori and Blackstone made a proposal to the Target Company to set the Tender Offer Price at 2,700 yen per share. In addition, Blackstone responded that it does not plan to set the minimum number of shares to be purchased in the Tender Offer to the number of shares subject to the majority-of-minority condition, and that it is assumed that dividends (including the year-end dividend for the fiscal year ending March 31, 2024) with a record date before the settlement commencement date of the Tender Offer will not be implemented, based on the grounds that the majority-of-minority condition may make the consummation of the Tender Offer unstable and may not be in the interests of the minority shareholders of the Target Company who wish to tender their shares in the Tender Offer, and that they believe that sufficient consideration has been given to the interests of minority shareholders through the implementation of sufficient other measures to ensure fairness, including the establishment of a special committee and the establishment of a tender offer period of at least thirty (30) business days, which is longer than the twenty (20) business days required by law. On May 2, 2024, based on the content of the report received from KPMG on the results of the trial calculation concerning the value of the Target Company Shares and the opinion of the Special Committee, the Target Company requested that Mr. Mori and Blackstone raise the Tender Offer Price on the grounds that the proposed Tender Offer Price of 2,700 yen cannot be evaluated as sufficient for the Target Company’s minority shareholders, and that in the event that the majority-of-minority condition is not set, offering the terms of the transaction, including a higher Tender Offer Price, to the minority shareholders of the Target Company will ensure the stability of the closing of the Tender Offer. In response to such request from the Target Company, on May 7, 2024, Mr. Mori and Blackstone proposed to the Target Company that the Tender Offer Price shall be 2,800 yen, and responded that it is difficult to raise the Tender Offer Price further as a result of the final review. Subsequently, on May 9, 2024, Target Company responded to Mr. Mori and Blackstone that while the Target Company recognized that the intrinsic value of the Target Company was evaluated to a certain extent in the proposed Tender Offer Price of 2,800 yen and that the price was at market level compared to similar transactions in terms of the premium level to the current market share price of the Target Company, it was concerned that the intrinsic value of the Target Company might not be evaluated to the maximum extent. Therefore, the Target Company explained its recognition of the Target Company’s intrinsic value and requested an explanation of Mr. Mori’s and Blackstone’s recognition of the Target Company’s intrinsic value, as well as requesting proposals on any other matters that have not yet been proposed. In response to such request from the Target Company, on May 10, 2024, Mr. Mori and Blackstone explained to the Target Company their thoughts on how they see each segment of the Target Company’s business plan, and stated that since there is no doubt about the future potential of the Target Company and the growth potential of its

business, and it is difficult to further increase the offer price, and that given that the proposal is based on an understanding of the Target Company's recognition of its intrinsic value as explained by the Target Company on May 9, 2024, they would maintain the Tender Offer Price at 2,800 yen, and that although the Tender Offer requires the completion of obtaining the Clearance, as it is expected to take a certain period of time to complete the procedures and responses related to the Clearance, they plan to conduct the Tender Offer promptly after the completion of obtaining the Clearance. Subsequently, on May 10, 2024, the Target Company responded that in the opinion of the Target Company as of the time of such response, the Tender Offer Price of 2,800 yen is acceptable, subject to the final decision being made through a resolution of the Target Company's board of directors after considering the report of the Special Committee.

Furthermore, the Target Company has received from City-Yuwa Partners, its legal advisor, necessary legal advice on the method and process of decision-making by the Target Company's board of directors, including various procedures regarding the Transaction, and other points to be noted, as well as a report dated May 10, 2024 from the Special Committee (the "Report"). For the summary of the Report and specific activities of the Special Committee, please refer to the section titled "③ The Target Company's Establishment of an Independent Special Committee and Procurement of a Report from such Special Committee" in "(Measures to Secure the Fairness of the Tender Offer, Such as Measures to Secure the Fairness of the Price of Tender Offer, etc. and Measures to Avoid Conflicts of Interest)" under "② Background of Calculation" of "(4) Basis of Calculation of the Tender Offer Price, Etc." in "2. Outline of Tender Offer" below.

Based on the legal advice received from City-Yuwa Partners and the Share Valuation Report (defined below) obtained from KPMG on May 10, 2024, the Target Company carefully discussed and considered whether the Target Company's corporate value can be improved through the Transaction, while fully respecting the content of the Report submitted by the Special Committee, and whether the terms and conditions of the Transaction, including the Tender Offer Price, are appropriate. As explained in this "b. Background to the decision of the Target Company to support the Tender Offer and reasons therefor," the Target Company recognizes that the business environment surrounding the Target Company's Group is changing on a daily basis, that the needs for clinical trials are diversifying due to the increase in and the globalization of development of new technologies such as regenerative medicine, the shortening of development periods, and changes in development methods, that issues such as "drug lag" and "drug loss" are becoming more apparent, and that it is required to respond promptly and appropriately to solutions of issues in the pharmaceutical development environment in Japan and to drastic changes in the environment. In this business environment, specifically, the Target Company's Group has identified the following management issues and are working on measures to address each management issue.

a) Improvement of profitability

The Target Company's Group is focusing on in-house development, contract manufacturing, and development support in the field of advanced medicine, such as gene therapy and regenerative medicine, in order to contribute to the development of new pharmaceuticals and medical technology. However, it will take a considerable amount of time to secure stable earnings in the advanced medicine business and drug discovery business, and the Target Company's Group believes that improving profitability in the SMO Business, CRO Business and medical support business is a challenge. In the SMO Business, the Target Company's Group is striving to acquire projects targeting areas with high development needs, and to improve revenues and profits by setting appropriate contract unit prices and allocating human resources appropriately according to the nature of the support provided. In the CRO Business, the Target Company's Group is working to expand contracts for early-stage clinical trials overseas and in Japan, and is stepping up efforts to expand contracts for new clinical trials in academia and for regenerative medicine and other products. In the medical support business, the Target Company's Group is working to improve the profitability of the facilities it operates in the clinic mall business. In the advanced medical business, in addition to securing earnings by selling iPS Cell Production Kits and promoting the licensing business related to patent licensing of the technology for producing iPS cells, the Target Company's Group is working to expand earnings and profits through the EC business, which sells cosmetics using iPS cell culture supernatant solution as an ingredient and over-the-counter drugs and quasi-drugs. Furthermore, the Target Company's Group is striving to create new pharmaceuticals and regenerative medicine products, such as gene therapeutic drugs and gene editing technologies, using the Target Company's Group's superior gene transfer technology, and is aiming for early out-licensing of its main pipeline products.

b) Financing

The Target Company's Group is making ongoing investments in human resources, research and development, and other areas. The Target Company's Group believes that these investments are necessary for its future growth, and is considering the possibility of securing development funds through joint research with pharmaceutical companies, etc. and raising funds through financial institutions and capital markets, etc., as necessary.

c) Development of internal control system

The Target Company's Group has long been working to enhance corporate governance by strengthening the supervisory function of directors and improving management transparency, and has been improving its internal control system to increase the transparency and speed of decision making. The Target Company's Group is expanding its business through M&A and other means, and the Target Company's Group believes that it is important to share its philosophy, vision, etc. with the newly grouped affiliated companies, etc., and to achieve substantial management integration, including integration of human resources, organization, infrastructure, etc., as soon as possible. Under such circumstances, the Target Company's Group has established the Affiliated Company Management Regulations to ensure the appropriateness of operations of affiliated companies, etc. In addition, the Target Company's Group is striving to maintain an internal environment to accurately understand and manage the management of affiliated companies by regularly requesting reports on operations, business performance, and other important matters, and by ensuring a system that requires prior approval from the Target Company for matters that may have a significant impact on operations or business performance.

d) Securing quality of work

The Target Company's Group believes that the environment surrounding drug development is changing rapidly, and that the needs for clinical trials are diversifying due to the increasing development of new technologies such as regenerative medicine, globalization of development, shortening of development periods, and changes in development methods, and that, along with such changes, related laws and regulations concerning quality such as ethics, science, and reliability are also becoming more complex and strict. Since its establishment, the Target Company's Group has been emphasizing the construction and management of processes to ensure quality. By visualizing processes, constantly verifying and improving them, and unifying work procedures within the group, the Target Company's Group is striving to standardize quality at a high level and to support prompt implementation of tests.

e) Securing human resources

It is necessary to secure human resources suitable for the growth of each business, such as CRC/SMA (Note 15) in the SMO Business, CRA (Note 16) and DM (Note 17) in the CRO Business, and personnel for research and development, vector manufacturing, cell culture processing, etc. in the advanced medical business, and the Target Company's Group considers recruitment and human resources development as important issues and is addressing them.

(Note 15) "SMA" is an abbreviation for "Site Management Associate" and refers to staff who provide full administrative support for clinical trials at SMOs.

(Note 16) "CRA" is an abbreviation of "Clinical Research Associate" and refers to staff who monitor whether clinical trials and clinical research for drug development are being conducted appropriately at CROs.

(Note 17) "DM" is an abbreviation of "Data Manager" and refers to staff who perform data quality control duties for clinical trials and clinical research at CROs.

As explained in "① Background, purpose and decision-making process of the Tender Offer" above, in the process of discussions and negotiations, the Tender Offeror recognizes that in order for the Target Company

to realize the increase of its corporate value over the medium to long term, it is necessary to establish a competitive global framework through various measures, including expansion of overseas business and discontinuous growth through M&A. Based on this recognition, the Tender Offeror communicated to the Target Company that the Tender Offeror believed that by utilizing Blackstone's knowledge and network to promote management reform, the Target Company's Group can further expand the SMO Business through optimal resource allocation and advanced sales strategies and expand the CRO contracting opportunities by utilizing Blackstone's network, achieve new growth that the Target Company's Group could not achieve on its own, and evolve into a healthcare service platform with a larger scale of business. The Target Company also recognizes that these measures are those that it should actively promote to further increase its corporate value over the medium to long term.

Based on the above, the Target Company has determined that the Transaction will contribute to the enhancement of the medium to long term corporate value of the Target Company's Group.

If the Target Company is privatized, it will no longer be able to raise funds through equity financing from the capital markets. In addition, it is considered that this may have an impact on recruiting outstanding human resources and expanding the number of business partners by improving the social credibility and reputation enjoyed by the Target Company as a listed company. However, in light of the current financial conditions of the Target Company and the recent low interest rate environment in indirect financing, the need for large-scale financing through the use of equity financing is not expected in the next few years. Furthermore, the Target Company believes that the disadvantages of privatization are limited due to the following reasons: recruiting outstanding human resources and expanding the number of business partners by improving the social credibility and reputation of the Target Company are some of the benefits to be gained through business activities; while it is conceivable that the privatization of the Target Company could have an impact on recruiting human resources, such impact is not expected to be such big due to the brand power and reputation that the Target Company has built up to date; and listing maintenance costs, which continued to increase in order to comply with the Corporate Governance Code, etc., resources and expenses related to disclosure under the Act and audit compliance and management resources related to shareholder relations will be able to be allocated to resolve other management issues.

For this reason, the Target Company determined at its board of directors' meeting on May 13, 2024 that the merits of privatization exceeded its disadvantages.

During these discussions and considerations, the Target Company determined that the Tender Offer Price is a reasonable price that ensures the benefits to be enjoyed by the general shareholders of the Target Company, and the Tender Offer provides the general shareholders of the Target Company with a reasonable opportunity to sell their shares at a price with an appropriate premium, based on the reasons that (a) the Tender Offer Price exceeds the maximum price in the range of the results of the calculation based on the market share price average method and is within the range of the results of the calculation based on the discounted cash flow method (the "DCF Method") in the results of KPMG's calculation of the Target Company Shares as described in the section titled "① Procurement by the Target Company of a Share Valuation Report from an Independent Third-Party Valuation Institution" in "(Measures to Secure the Fairness of the Tender Offer, Such as Measures to Secure the Fairness of the Price of Tender Offer, etc. and Measures to Avoid Conflicts of Interest)" under "② Background of Calculation" of "(4) Basis of Calculation of the Tender Offer Price, Etc." in "2. Outline of Tender Offer" below, (b) the Tender Offer Price can be evaluated as a reasonable premium, because a premium of 51.35% on 1,850 yen, which is the closing price of the Target Company Shares on the Tokyo Stock Exchange Prime Market on May 10, 2024, the business day immediately preceding the announcement of the Tender Offer, a premium of 54.61% on 1,811 yen, which is the simple average of the closing price of the Target Company Shares for the past one (1) month, a premium of 52.42% on 1,837 yen, which is the simple average of the closing price of the Target Company Shares for the past three (3) months, and a premium of 46.44% on 1,912 yen, which is the simple average of the closing price of the Target Company Shares for the past six (6) months, are respectively added, and these premium standards exceed the median price of the premium standards in the other MBO deals in recent years (fifty-six (56) MBO deals for the purpose of privatization for which tender offers were completed by April 15, 2024 and which were announced after June 28, 2019, when the Ministry of Economy, Trade and Industry published its "Guidelines on Fair M&A Practices - Toward Enhancing Corporate Value and Securing Shareholder Benefits", excluding deals where a tender offer was not implemented or not completed and where the target company neither supported nor

recommended the tender), which consist of a premium of 42.44% on the closing price on the business day immediately preceding the announcement, a premium of 45.18% on the simple average of the closing price for the past one (1) month up to the business day immediately preceding the announcement, a premium of 45.52% on the simple average of the closing price for the past three (3) months up to the business day immediately preceding the announcement, and a premium of 48.57% on the simple average of the closing price for the past six (6) months up to the business day immediately preceding the announcement (rounded to two decimal places), (c) it is conceivable that the interests of general shareholders are taken into consideration, such as measures taken to eliminate conflicts of interest as described in the section titled “(Measures to Secure the Fairness of the Tender Offer, Such as Measures to Secure the Fairness of the Price of Tender Offer, etc. and Measures to Avoid Conflicts of Interest)” under “② Background of Calculation” of “(4) Basis of Calculation of the Tender Offer Price, Etc.” in “2. Outline of Tender Offer” below, (d) the Tender Offer Price was determined after multiple rounds of discussions and negotiations between the Target Company and Blackstone and Mr. Mori, equivalent to discussions and negotiations in an arm’s length transaction, after measures were taken to eliminate the aforementioned conflicts of interest, and more specifically, based on the content of the results of KPMG’s calculation regarding the value of the Target Company Shares and legal advice from City-Yuwa Partners on the method and process of decision-making regarding the Transaction and other points to be noted, as well as the opinions, instructions, requests, etc. by the Special Committee, and after in-good-faith and continuous discussions and negotiations with Blackstone and Mr. Mori, the Tender Offer Price has been increased by 400 yen (16.7%) (rounded to two decimal places) per share over the initially proposed price (2,400 yen per share), and (e) as explained in the section titled “③ The Target Company’s Establishment of an Independent Special Committee and Procurement of a Report from such Special Committee” in “(Measures to Secure the Fairness of the Tender Offer, Such as Measures to Secure the Fairness of the Price of Tender Offer, etc. and Measures to Avoid Conflicts of Interest)” under “② Background of Calculation” of “(4) Basis of Calculation of the Tender Offer Price, Etc.” in “2. Outline of Tender Offer” below, the Tender Offer Price has been determined to be reasonable in the Report obtained from the Special Committee.

Based on the above, the Target Company has determined that the Transaction contributes to improving the corporate value of the Target Company and that the terms and conditions pertaining to the Transaction, including the Tender Offer Price, are reasonable. Therefore, at its board of directors’ meeting on May 13, 2024, in the opinion of the Target Company as of the same date, if the Tender Offer is commenced, to express the opinion in favor of the Tender Offer and recommend its shareholders to apply for the Tender Offer.

As stated above, the Tender Offeror intends to promptly implement the Tender Offer upon fulfillment (or waiver by the Tender Offeror) of the Conditions Precedent. As of the date hereof, the Tender Offeror aims to commence the Tender Offer by around mid-June 2024. However, as it is difficult to accurately forecast the time required for the review procedures by the Australian authorities responsible for the Clearance process, the Tender Offeror will announce the details of the Tender Offer schedule as soon as they are determined. In addition, if the expected timing of the commencement of the Tender Offer is changed, the Tender Offeror will promptly announce such change.

For this reason, the Target Company’s board of directors also resolved that, at the time the Tender Offer commences, the Target Company shall request the Special Committee established by the Target Company to consider whether there is any change in the opinion of the Special Committee in the Report submitted by the Special Committee to the board of directors of the Target Company dated May 10, 2024, and if there is no change in the previous opinion, to state that opinion to the Target Company’s board of directors, and if there is a change, to state the opinion after the change, and that based on such opinion, the Target Company will reiterate its opinion on the Tender Offer at the time of its commencement.

For details of the resolution of the Target Company’s board of directors’ meeting, please refer to the section titled “④ Unanimous Approval by All of the Non-Interested Directors (including directors who are Audit & Supervisory Committee members) of the Target Company” in “(Measures to Secure the Fairness of the Tender Offer, Such as Measures to Secure the Fairness of the Price of Tender Offer, etc. and Measures to Avoid Conflicts of Interest)” under “② Background of Calculation” of “(4) Basis of Calculation of the Tender Offer Price, Etc.” in “2. Outline of Tender Offer” below.

Since Mr. Mori plans to continue to manage the Target Company after the completion of the Tender Offer and is considering making a direct or indirect investment in the Tender Offeror, he did not participate in any

deliberations or resolutions at the above board of directors' meeting as a special interested director, nor did he participate in any discussions or negotiations with the Tender Offeror on behalf of the Target Company, because there is a conflict of interest with the Target Company regarding the Transaction.

③ Management policy after the Tender Offer

The Transaction is a so-called management buyout (MBO), and Mr. Mori's Asset Management Company intends to acquire a part of the Tender Offeror's Parent Company Shares through the Reinvestment and Mr. Mori plans to continue managing the Target Company's Group after the completion of the Tender Offer. He intends to promote the management measures described in "① Background, purpose and decision-making process of the Tender Offer" above. Although the details of the management framework, including executive composition of the Target Company, after the Tender Offer will be determined after the completion of the Transaction through discussions with BX Fund, Mr. Mori and Mr. Mori's Asset Management Company entered into a shareholders agreement dated as of May 13, 2024 ("**Shareholders Agreement**"), which includes details concerning the management of the Tender Offeror's Parent Company, the Tender Offeror and the Target Company after the Transaction and the handling of the Tender Offeror's Parent Company Shares, and agreed that the number of directors of the Target Company after the completion of the Transaction will be five (5) (two (2) for the representative director and president), of which BX Fund shall appoint three (3) persons, including one (1) representative director and president, and Mr. Mori and Mr. Mori's Asset Management Company shall appoint two (2) persons, including one (1) representative director and president.

For the details of the Shareholders Agreement, please refer to the section titled "b. The Shareholders Agreement" in "(6) Material Agreements Related to the Tender Offer" below. While the Tender Offeror intends to carry out the Merger after the implementation of the Transaction and the Reinvestment, the timing of the Merger has not been determined as of the date hereof. The Tender Offeror's policy is to maintain the current management framework, including the officers of the Target Company, and it is planned that they will continue to perform his/her duties after the Transaction. However, the Tender Offeror and the officers of the Target Company other than Mr. Mori have not agreed on the appointment of the officers after the Transaction and on the treatment of the officers after the Transaction, and the specific treatment of the officers after the Transaction has not been determined as of the date hereof.

Blackstone plans to combine Blackstone's domestic and overseas healthcare network and various management support resources to support the growth of the Target Company's Group.

(3) Measures to Secure the Fairness of the Tender Offer, Such as Measures to Secure the Fairness of the Price of Tender Offer, etc. and Measures to Avoid Conflicts of Interest

The Tender Offer is to be made as part of the Transaction which falls under the so-called management buyout (MBO) and in light of the existence of structural conflicts of interest, etc., the following measures a. to f. are taken in order to secure fairness of the Transaction, including the Tender Offer, from the perspective of eliminating arbitrariness and avoiding conflicts of interest in the decision-making process that leads to the decision to implement the Tender Offer. Therefore, the Tender Offeror and the Target Company believe that due consideration has been given to the interests of minority shareholders.

Please note that the descriptions of the measures implemented by the Target Company among the following descriptions are based on the press releases of the Target Company and the explanation received from the Target Company.

- a. Procurement by the Target Company of a Share Valuation Report from an Independent Third-Party Valuation Institution
- b. Procurement by the Target Company of Advice from an Independent Law Firm
- c. The Target Company's Establishment of an Independent Special Committee and Procurement of a Report from such Special Committee

- d. Unanimous Approval by All of the Non-Interested Directors (including directors who are Audit & Supervisory Committee members) of the Target Company
- e. Establishment by the Target Company of an Independent Examination Framework
- f. Securing Objective Conditions to Ensure the Fairness of the Tender Offer

For details of the above, please refer to “(Measures to Secure the Fairness of the Tender Offer, Such as Measures to Secure the Fairness of the Price of Tender Offer, etc. and Measures to Avoid Conflicts of Interest)” of “② Background of Calculation” in “(4) Basis of Calculation of the Tender Offer Price, Etc.” in “2. Outline of Tender Offer”.

(4) Policy on Organizational Restructuring after the Tender Offer (Matters concerning so-called Two-Step Acquisition)

As described in “(1) Overview of the Tender Offer” above, in the event that the Tender Offeror is unable to acquire all of the Target Company Shares (excluding the treasury shares owned by the Target Company and the Non-Tendered Agreed Shares) in the Tender Offer, the Tender Offeror intends to implement the Squeeze-Out Procedure by the following methods after the conclusion of the Tender Offer.

Promptly after the completion of the settlement of the Tender Offer, the Tender Offeror intends to request holding an extraordinary shareholders’ meeting (hereinafter referred to as the “**Extraordinary Shareholders’ Meeting**”) that includes the resolution of implementation of the Share Consolidation and partial amendment of the articles of incorporation to the effect that the number of shares per unit shall be abolished on the condition that the Share Consolidation takes effect. The Tender Offeror considers it desirable to hold the Extraordinary Shareholders’ Meeting as soon as possible from the viewpoint of enhancing the corporate value of the Target Company. Therefore, the Tender Offeror intends to request the Target Company to make a public notice of establishment of record date during the tender offer period for the Tender Offer (the “**Tender Offer Period**”) so that a date soon after the commencement of the settlement of the Tender Offer will become the record date of the Extraordinary Shareholders’ Meeting. The date of the Extraordinary Shareholders’ Meeting has not been determined. The Tender Offeror and Mr. Mori are going to vote in favor of the above resolutions at the Extraordinary Shareholders’ Meeting.

In the event that the resolution of the Share Consolidation is approved at the Extraordinary Shareholders’ Meeting, the shareholders of the Target Company will have the number of shares of the Target Company according to the ratio of the Share Consolidation approved at the Extraordinary Shareholders’ Meeting as of the date when the Share Consolidation becomes effective. If a fraction of less than one (1) share is generated in the number of shares as a result of the Share Consolidation, money will be delivered to the shareholders of the Target Company for whom a fraction of less than one (1) share is generated, by selling to the Target Company or the Tender Offeror the Target Company Shares equivalent to the total of such fraction (in the case of a fraction of less than one (1) share in the total, such fraction shall be rounded off; the same shall apply hereinafter) in accordance with Article 235 of the Companies Act and other procedures set forth in relevant laws and regulations. With respect to the sale price of the Target Company Shares equivalent to the total number of such fractions, the Tender Offeror intends to request the Target Company to apply to the court for permission of private sale after setting the amount of money to be delivered to the shareholders of the Target Company who did not tender their shares in the Tender Offer (excluding the Tender Offeror and Mr. Mori) as a result of such sale to be the same as the price obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by each such shareholder.

Although the Share Consolidation ratio has not yet been determined as of today, the Tender Offeror is planning to request that the number of shares held by the shareholders of the Target Company who did not tender their shares in the Tender Offer (excluding the Tender Offeror and Mr. Mori) be a fraction of less than one (1) share so that only the Tender Offeror and Mr. Mori will own all of the Target Company Shares (excluding the treasury shares held by the Target Company). Specific procedures for the Share Consolidation will be announced promptly by the Target Company upon decision after due consultation between the Tender Offeror and the Target Company.

As for the provisions that intend to protect the rights of the general shareholders of the Target Company in relation to the Share Consolidation, the Companies Act stipulates that if the Share Consolidation is made and it results in a fraction of less than one (1) share, the shareholders of the Target Company who did not tender their shares in the Tender Offer (excluding Tender Offeror, Mr. Mori, and the Target Company) may request the Target Company to purchase at a fair price all of their shares which are less than one (1) share, and may file a petition for the court to determine the price of the Target Company Shares, in accordance with the provisions of Article 182-4 and Article 182-5 of the Companies Act and other relevant laws and regulations.

As mentioned above, as a result of the Share Consolidation, the number of shares held by the shareholders of the Target Company who did not tender their shares in the Tender Offer (excluding the Tender Offeror, Mr. Mori and the subject parties) is expected to be a fraction of less than one (1) share. Therefore, the shareholders of the Target Company who oppose to the Share Consolidation are expected to be able to file the above petition. In the event the above petition is filed, the purchase price shall be finally determined by the court.

The above procedures would depend on the status of revisions, enforcement, and interpretation of relevant laws and regulations, and implementation of the procedures may take time or the method of implementation may change. Provided, however, that even in such case, if the Tender Offer is successful, a method that would deliver money to the shareholders of the Target Company who did not tender their shares in the Tender Offer (excluding the Tender Offeror, Mr. Mori, and the Target Company) would be adopted. In such case, the amount of money to be delivered to such shareholders of the Target Company will be calculated to be the same as the price obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by such shareholders of the Target Company.

After consultation, the Target Company will promptly announce the specific procedures and the timing of implementation of the above procedures.

The Tender Offer does not solicit the approval of the shareholders of the Target Company at the Extraordinary Shareholders' Meeting. In addition, the shareholders of the Target Company should consult with tax experts on their own responsibility with regard to tendering shares in the Tender Offer or the tax treatment in each of the above procedures.

(5) Likelihood of Delisting and the Grounds therefor

The Target Company Shares are listed on the Tokyo Stock Exchange Prime Market as of today. As the Tender Offeror does not set the maximum number of shares to be purchased in the Tender Offer, depending on the results of the Tender Offer, the Target Company Shares may be delisted after certain procedures in accordance with the delisting standards of the Tokyo Stock Exchange. Even if the standards are not met at the time of the conclusion of the Tender Offer, the Tender Offeror intends to implement the Squeeze-Out Procedures as described in “(4) Policy on Organizational Restructuring after the Tender Offer (Matters concerning so-called Two-Step Acquisition)” above after the conclusion of the Tender Offer. In such case, the Target Company Shares will be delisted through the procedure in accordance with the delisting standards of the Tokyo Stock Exchange. After delisting, the Target Company Shares cannot be traded on the Tokyo Stock Exchange Prime Market.

(6) Material Agreements Related to the Tender Offer

a. The Tender Offer Agreement

The Tender Offeror, together with the Tender Offeror's Parent Company and the BX Fund entered into the Tender Offer Agreement with Mr. Mori and Mr. Mori's Asset Management Company as of May 13, 2024, which contains the following (Note 1). There is no agreement regarding the Tender Offer between the Tender Offeror, Mr. Mori and Mr. Mori's Asset Management Company except for the Tender Offer Agreement and b. the Shareholders Agreement below, and there is no consideration provided by the Tender Offeror to Mr. Mori and Mr. Mori's Asset Management Company in connection with the Tender Offer other than the money obtained by tendering their shares in the Tender Offer.

(i) Mr. Mori shall tender his shares in the Tender Offer in relation to the Tendered Agreed Shares (3,124,250 shares, ownership ratio: 25.80%) among the Target Shares held by him;

- (ii) Mr. Mori shall not tender his shares the Tender Offer for any of the Non-Tendered Agreed Shares (1,655,200 shares, ownership ratio: 13.67%) among the Target Company Shares held by him;
- (iii) Mr. Mori shall make efforts to have his relatives, Ms. Toshie Mori (825,000 shares, ownership: 6.81%), and Mr. Ryusuke Mori (75,000 shares, ownership: 0.62%), tender their shares in the Tender Offer;
- (iv) After having the Target Shares become private by implementing the Transaction which consists of the Tender Offer, the Reinvestment I, the Squeeze Out Procedures, the Share Transfer, and the Reinvestment II, the Target Company shall become a wholly-owned subsidiary of the Tender Offeror's Parent Company and the Tender Offeror, and the BX Fund and Mr. Mori's Asset Management Company shall become the shareholders of the Tender Offeror's Parent Company at a voting rights ratio of 55.0 to 45.0 respectively; and
- (v) Mr. Mori shall, by the day after the second business day of the commencement of settlement of the Tender Offer, fully repay the secured debt of the security interest established on the Non-Tendered Agreed Shares and extinguish such security interest.

(Note 1) In the Tender Offer Agreement, the Tender Offeror, the Target Company and the BX Fund have made representations and warranties on (i) lawful incorporation, valid existence and legal capacity, (ii) full performance of the execution and performance of the Tender Offer Agreement, (iii) enforceability of the Tender Offer Agreement, (iv) no violations of laws and regulations in the execution and performance of the Tender Offer Agreement, (v) procurement and performance of the licenses and permits for the execution and performance of the Shareholders Agreement, (vi) no causes for bankruptcy, and (vii) no relationships with antisocial forces. Mr. Mori and Mr. Mori's Asset Management Company have made representations and warranties on (i) having the right, authority and capacity for the lawful and valid execution and performance of the Tender Offer Agreement, (ii) enforceability of the Tender Offer Agreement, (iii) no violations of laws and regulations in the execution and performance of the Tender Offer Agreement, (iv) procurement and performance of the licenses and permits that are necessary for the execution and performance of the Tender Offer Agreement, (v) Mr. Mori's and Mr. Mori's relatives' rights in the issued shares of Mr. Mori's Asset Management Company, (vi) no causes for bankruptcy, (vii) compliance with anti-corruption related laws, and (viii) no relationships with antisocial forces. In addition, Mr. Mori and Mr. Mori's Asset Management Company have made representations and warranties on the Target Company Group regarding (i) lawful incorporation, valid existence and legal capacity, (ii) absence of violation of laws and regulations in the execution and performance of the Tender Offer Agreement, (iii) procurement and performance of the licenses and permits for the execution and performance of the Tender Offer Agreement, (iv) no causes for bankruptcy, (v) no relationships with antisocial forces, (vi) matters related to the rights to the Target Company Shares, (vii) subsidiaries and affiliate companies that belong to the Target Company Group, (viii) absence of violations of laws and regulations and absence of litigations, (ix) no material non-public information and (x) compliance with anti-corruption related laws.

b. The Shareholders Agreement

With respect to the management of the Tender Offeror's Parent Company, the Tender Offeror and the Target Company, and treatment of the Tender Offeror's Parent Company's shares, the BX Fund entered into the Shareholders Agreement with Mr. Mori and Mr. Mori's Asset Management Company as of May 13, 2024, that contains the following (Note 2):

- (i) the number of directors of the Tender Offeror's Parent Company and the Tender Offeror (excluding the Tender Offeror after the effective date of the Merger) shall be 1, and the BX Fund shall appoint such directors;
- (ii) the number of directors of the Target Company after the completion of the Transaction shall be 5 (the number of presidents and representative directors shall be 2) and Mr. Mori and Mr. Mori's Asset Management Company shall appoint 2 directors (including 1 president and representative director) and the BX Fund shall appoint 3 directors (including 1 president and representative director);

- (iii) the number of auditors of the Target Company after the completion of the Transaction shall be 3 or less, and all of the auditors shall be appointed by the BX Fund;
- (iv) Mr. Mori's Asset Management Company may not directly or indirectly transfer, succeed, create a security interest in, or otherwise dispose of all or part of the Tender Offeror's Parent Company Shares held by him without the prior written consent of the BX Fund;
- (v) if the BX Fund intends to transfer to a third party (the "Share Transferee") all or part of the Tender Offeror's Parent Company Shares (but only in the case of a transfer of shares that would result in the transfer of more than 10% of the total number of voting rights), the BX Fund may request Mr. Mori's Asset Management Company to sell all or part of the Tender Offeror's Parent Company Shares held by Mr. Mori's Asset Management Company to the Share Transferee or to another third party designated by the BX Fund on the same terms as those on which the BX Fund sells the Tender Offeror's Parent Company Shares; and
- (vi) if the BX Fund intends to transfer to the Share Transferee all or part of the Tender Offeror's Parent Company Shares, Mr. Mori's Asset Management Company may request the BX Fund to sell all or part of the Tender Offeror's Parent Company Shares held by Mr. Mori's Asset Management Company to the Share Transferee on the same terms on which the BX Funds sells its Tender Offeror's Parent Company Shares to the Share Transferee.

(Note 2) In the Shareholders Agreement, the BX Fund has made representations and warrants on (i) lawful incorporation, valid existence and legal capacity, (ii) full performance of the execution and performance of the Shareholders Agreement, (iii) enforceability of the Shareholders Agreement, (iv) no violations of laws and regulations in the execution and performance of the Shareholders Agreement, (v) procurement and performance of the licenses and permits that are necessary for the execution and performance of the Shareholders Agreement, (vi) no causes for bankruptcy, and (vii) no relationships with antisocial forces. Mr. Mori and Mr. Mori's Asset Management Company have made representations and warranties on (i) lawful incorporation, valid existence and legal capacity of Mr. Mori's Asset Management Company, (ii) full performance of the execution and performance of the Shareholders Agreement (as to Mr. Mori, right, authority and capacity for the lawful and valid execution and performance of the Shareholders Agreement), (iii) enforceability of the Shareholders Agreement, (iv) no violations of laws and regulations in the execution and performance of the Shareholders Agreement, (v) procurement and performance of the licenses and permits that are necessary for the execution and performance of the Shareholders Agreement, (vi) Mr. Mori's and Mr. Mori's relatives' rights in the issued shares of Mr. Mori's Asset Management Company, (vii) no causes for bankruptcy, (viii) compliance with anti-corruption related laws, (ix) no relationships with antisocial forces, and (x) no events of default for Mr. Mori, Mr. Mori's Asset Management Company, the Target Company, directors nominated by Mr. Mori, directors of Mr. Mori's Management Company or the Target Company, shareholders or equity holders of Mr. Mori's Asset Management Company.

2. Outline of Tender Offer

(1) Outline of the Target

① Name	Irom Group Co., Ltd.
② Address	2-10-2, Fujimi, Chiyoda-ku, Tokyo
③ Title and Name of Representative	Toyotaka Mori, President and Representative Director
④ Business Outline	SMO Business, CRO Business, Advanced Medical Business, Medical Support Business
⑤ Amount of Stated Capital	3,899 million yen (as of September 30, 2023)
⑥ Date of Incorporation	April 9, 1997

⑦ Major shareholders and shareholding ratios (as of September 30, 2023) (Note)		Toyotaka Mori	39.47%
		Rie Mori	6.81%
		Master Trust Bank of Japan Ltd. (Trust Account)	4.93%
		Central Tanshi Co., Ltd.	1.02%
		Japan Custody Bank, Ltd. (Trust Account)	0.98%
		Taichi Yabu	0.66%
		Ryusuke Mori	0.62%
		Ryoichi Muramatsu	0.50%
		Shigeru Yamazawa	0.49%
	Takeshi Suzuki	0.46%	
⑧ Relationship between the Offeror and the Target			
	Capital Relationship	Not applicable.	
	Personnel Relationship	Not applicable.	
	Business Relationship	Not applicable.	
	Status as Related	Not applicable.	

(Note) Information in “⑦ Major shareholders and shareholding ratios” is taken from “Status of major shareholders” in the Second Quarter Quarterly Report for the 27th fiscal year which the Target Company filed as of November 7, 2023.

(2) Schedule

It is contemplated that the Tender Offer will be implemented upon satisfaction (or waiver by the Tender Offeror) of the Conditions Precedent. The Tender Offeror intends to promptly implement the Tender Offer upon satisfaction (or waiver by the Tender Offeror) of the Conditions Precedent. As of today, the Tender Offeror aims to commence the Tender Offer around mid-June 2024. However, since it is difficult to accurately predict the time required for the review procedures by the Australian authorities responsible for the Clearance process, the Tender Offeror will announce the detailed schedule of the Tender Offer once it has been determined. In the event of any change in the expected timing of the commencement of the Tender Offer, we will promptly announce such change.

The Tender Offer Period is scheduled to be thirty (30) business days, in principle.

(3) Tender Offer Price

2,800 yen per share of common stock.

(4) Basis of Calculation of the Tender Offer Price, Etc.

① Basis of Calculation

In order to determine the Tender Offer Price, the Tender Offeror conducted a multifaceted and comprehensive analysis of the business and financial conditions of the Target Company, based on the results of the due diligence conducted from early March 2024 to early April 2024 on the financial data published by the Target Company and on the Target Company. In addition, in light of the fact that the Target Company Shares are traded on a stock exchange, the Tender Offeror referred to the closing price (1,850 yen) of the Target Company Shares in the Tokyo Stock Exchange Prime

Market on May 10, 2024, which is the business day immediately prior to the date of publication of the Tender Offer (May 13, 2024), and the simple average of closing prices for the past month, the past three (3) months and the past six (6) months (1,811 yen, 1,837 yen and 1,912 yen). We have not obtained a share valuation report or a fairness opinion from a third-party valuation institution because we have determined the Tender Offer Price by comprehensively considering whether the Tender Offer is in favor of the Target Company and the prospect of the success of the Tender Offer and because the Tender Offer Price was determined through consultation and negotiation with the Target Company.

The Tender Offer Price 2,800 yen is the price that reflects (i) a premium of 51.35% of 1,850 yen, the closing price of the Target Company Shares on the Tokyo Stock Exchange Prime Market on May 10, 2024, which is the business day immediately prior to the announcement date of the Tender Offer, (ii) a premium of 54.61% of 1,811 yen, the simple average of the closing price for the past one (1) month up to that date, (iii) a premium of 52.42% of 1,837 yen, the simple average of the closing price for the past three (3) months up to that date, and (iv) a premium of 46.44% of 1,912 yen, the closing price for the past six (6) months up to that date, respectively.

② Background of Calculation

As described above in “① Background, purpose and decision-making process of the Tender Offer” in “(2) Background, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” in “1. Purpose of the Purchase, etc.”, after Blackstone and Mr. Mori determined that it would be optimal to carry out the Transaction as partners based on a series of exchange of opinions Blackstone started due diligence on the Target Company in early March 2024, thereby comprehensively analyzing and examining the Target Company's business and financial conditions. Blackstone held discussions not only with Mr. Mori but also with the Target Company to have discussions toward the materialization of the Tender Offer, and on March 25, 2024, Blackstone submitted a letter of intent to the Target Company. In response, as described above in “(2) Background, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” in “① Background, purpose and decision-making process of the Tender Offer” in “1. Purpose of the Purchase, etc.” above, the Target Company appointed City-Yuwa Partners as its legal advisor independent from the Tender Offeror and KPMG as its financial advisor and third-party valuation institution independent from the Tender Offeror on March 11, 2024 to secure the fairness of the Transaction, including Tender Offer, such as fairness of the Tender Offer Price and requested KPMG to conduct a valuation of the share value of the Target Company Shares. Since the Transaction, including the Tender Offer, falls under the so-called management buyout (MBO) and there are structural conflicts of interest, in order to protect the general shareholders of the Target Company, as a part of measures to secure fairness of the Transaction from the perspective of securing the fairness of the Tender Offer Price in the Transaction, eliminating arbitrariness in the process of decision making for the implementation of the Transaction and conflicts of interest, the board of directors decided on March 11, 2024, to establish the Special Committee independent from the Tender Offeror-Related Parties and the Target Company consisting of four (4) outside directors of the Target Company. For the composition of the members of the Special Committee, the authority granted to it, and the specific activities of the Special Committee, please refer to “③ The Target Company's Establishment of an Independent Special Committee and Procurement of a Report from such Special Committee” in “(Measures to Secure the Fairness of the Tender Offer, Such as Measures to Secure the Fairness of the Price of Tender Offer, etc. and Measures to Avoid Conflicts of Interest)” below. The Tender Offeror-Related Parties and the Target Company then commenced specific discussions and deliberations regarding the Transaction. The Tender Offeror-Related Parties have continued discussions with the Target Company and the Special Committee regarding the significance and purpose of the Transaction and the synergies expected to emerge from the Transaction. In addition, Blackstone conducted due diligence on the Target Company from early March to mid-April 2023. Since April 17, 2023, Mr. Mori and Blackstone had multiple times of discussion and negotiations with respect to the Tender Offer Price as stated in “① Background, purpose and decision-making process of the Tender Offer” in “(2) Background, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” in “1. Purpose of the Purchase, Etc.” above.

As a result of these discussions and negotiations, on May 11, 2024, the Tender Offeror received a written response from the Target Company accepting the Tender Offer Price of 2,800 yen. The Tender Offeror decided to conduct the Tender Offer with the Tender Offer Price of 2,800 yen per share of the Target Company Shares as part of the Transaction, subject to the satisfaction of the Conditions Precedent, such as completion of the Clearance (or the waiver thereof by the Tender Offeror).

(Measures to Secure the Fairness of the Tender Offer, Such as Measures to Secure the Fairness of the Price of Tender Offer, etc. and Measures to Avoid Conflicts of Interest)

In light of the facts such as the Tender Offer is conducted as part of the Transaction that falls under so-called management buyout (MBO) and thus structural conflict of interests exist, in order to ensure fairness of the Transaction, including the Tender Offer, from the perspective of ensuring fairness of the Tender Offer Price, eliminating arbitrariness in the process of deciding the implementation of the Tender Offer and preventing conflict of interests, the following measures i. to vi. have been taken. Therefore, the Tender Offeror and the Target Company believe that due consideration has been given to the interests of minority shareholders of the Target Company. Among the following, measures taken by the Target Company are based on the press release of the Target Company and the explanation received from the Target Company.

① Procurement by the Target Company of a Share Valuation Report from an Independent Third-Party Valuation Institution

According to the press release of the Target Company, in expressing its opinion on the Transaction, including the Tender Offer, the Target Company requested KPMG, the financial advisor of the Target Company, to calculate the value of the Target Company Shares as a third-party valuation institution independent from the Tender Offer-Related Parties, in order to secure the fairness of the Transaction, including the Tender Offer, such as fairness of the Tender Offer Price. The Target Company obtained a share valuation report (hereinafter referred to as the “**Share Valuation Report**”) as of May 10, 2024. KPMG does not fall under the category of a related party of the Tender Offer-Related Parties and does not have a material interest in the Tender Offer while the fees to be paid to KPMG in connection with the Transaction includes a contingent fee payable upon the conclusion of the Transaction, etc. Taking into consideration the general practices in similar transactions and the pros and cons of the fee system which would incur a reasonable monetary burden to the Target Company in the event of a failure of consummating the Transaction, the Target Company determined that independence will not be denied due to the inclusion of the contingent fee to be paid on the conditions of conclusion of the Transaction, and the Target Company decided to appoint KPMG as its financial advisor and its third-party valuation institution with the fee system described above.

The Special Committee confirmed at its first Special Committee meeting that since the financial advisor and the third-party valuation institution appointed by the Target Company does not have issues in independence and expertise, the Special Committee approved them as the Target Company’s financial advisor and third-party valuation institution, and that the Special Committee may receive expert advice as necessary from them.

KPMG examined the calculation method to be adopted in calculating the share value of the Target Company Shares from several methods for calculating the share value. Since there is a market share price as the Target Company’s Shares are listed on the Tokyo Stock Exchange Prime Market, the share value was calculated using the market share price average method and the DCF method to reflect the status of future business activities. The Target Company received the Share Valuation Report from KPMG on May 10, 2024. The Target Company has not obtained a written opinion (fairness opinion) on the validity of the Tender Offer Price from KPMG because the Tender Offeror and the Target Company have taken measures to secure the fairness of the Tender Offer Price and measures to avoid conflicts of interest. The scope of the value per Target Company Share calculated by each of the above methods is as follows.

Market share price average method:	1,811 yen to 1,912 yen
DCF method:	2,506 yen to 3,339 yen

According to the market share price average method, the scope of the value per Target Company Share is calculated from 1,811 yen to 1,912 yen. The reference date is May 10, 2024, which is the business day immediately prior to the resolution of the board of directors of the Target Company regarding the Tender Offer. The calculation is based on 1,850 yen as the closing price on the reference date of the Target Company Shares in the Tokyo Stock Exchange Prime Market, 1,811 yen as the simple average of the closing prices for the most recent one (1) month up to the reference date, 1,837 yen as the simple average of the closing prices for the most recent three (3) months up to the reference date, and 1,912 yen as the simple average of the closing price for the most recent six (6) months up to the reference date.

Under the DCF method, the value of shares per Target Company Share is calculated to be in the range of 2,506 yen to 3,339 yen. The share value of the Target Company is calculated by discounting the free cash flow that the Target

Company is expected to generate in the future from the fiscal year ending March 31, 2025 based on revenue and investment plans in the Target Company's business plan for the five (5) fiscal years from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2029 (hereinafter referred to as the "**Business Plan**"; please note that Mr. Mori is not involved at all in preparing the Business Plan) and information disclosed to the public, at an appropriate discount rate that takes into account business risks. Weighted average cost of capital (Weighted Average Cost of Capital: WACC) is used for the discount rate. The weighted average cost of capital is calculated by weighting the cost of capital estimated using the capital asset pricing model (Capital Asset Pricing Model: CAPM) and the cost of debt estimated using the expected funding rate after deduction of tax shields, by the equity composition ratio estimated using the Target Company and comparable publicly traded companies' information. The Company uses 8.5 % to 9.5 % as weighted average cost of capital. In addition, the perpetual growth rate method is used to calculate the terminal value, and under the perpetual growth rate method the growth rate of 0.4 % to 1.4 % is used.

The financial forecast based on the business plan of the Target Company, which KPMG assumed in the calculation by the DCF method, is as follows.

The Business Plan includes a fiscal year in which we expect a significant increase in profits compared with the previous fiscal year. Specifically, in the fiscal year ending March 31, 2025, the Target Company expects a significant increase in operating income and free cash flow because some large orders in the SMO business, which were expected in the fiscal year ending March 31, 2024, have been pushed back to the fiscal year ending March 31, 2025. In the fiscal year ending March 31, 2027, the Target Company plans to make large capital investments in manufacturing facilities and other equipment in the drug discovery business, rather than only maintenance and renewal investments in existing facilities until the fiscal year ending March 31, 2026, while from the fiscal year ending March 31, 2027 onward, the Target Company plans to make mainly maintenance and renewal investments in existing facilities, and thus expects a significant increase in free cash flow due to a decrease in capital expenditures. Therefore, the Target Company expects a significant increase in free cash flow due to a decrease in capital expenditures. Furthermore, in the fiscal year ending March 31, 2028, the Target Company expects a significant increase in operating income and free cash flow due to the expansion of the pipeline with the completion of development and launch of new products in the advanced medical business. The synergies expected to be realized from the consummation of the Transaction are not included in the financial forecast because it is difficult to estimate them specifically at the present time.

Item	FY03/2025	FY03/2026	FY03/2027	FY03/2028	FY03/2029
Revenue	20,765	22,197	24,436	27,282	29,042
Operating Income	2,669	3,429	3,598	5,254	6,208
EBITDA	3,903	4,700	4,923	6,579	7,533
Free Cash Flow	1,093	1,234	2,511	3,885	4,801

(Millions of yen)

② Procurement by the Target Company of Advice from an Independent Law Firm

In order to secure the fairness of the Transaction, including the Tender Offer, such as the fairness of the Tender Offer Price, the Target Company has appointed a City-Yuwa Partners as a legal advisor independent of the Tender Offer-Related Parties and has received the necessary legal advice from such law firm on the decision-making method, process, and other points of attention of the board of directors of the Target Company, including various procedures concerning the Transaction. City-Yuwa Partners does not fall under the category of a related party of the Tender Offer-Related Parties, and does not have a material interest in the Tender Offer. In addition, the fees for the City-Yuwa Partners will be calculated by multiplying the number of times worked by the fee per hour regardless of whether the Transaction is closed, and the contingent fee on the closing of the Transaction is not included. The Special Committee confirmed at its first Special Committee meeting that the legal advisor appointed by the Target Company has no issue of independence and expertise and that the Special Committee may receive expert advice from it as necessary.

③ The Target Company's Establishment of an Independent Special Committee and Procurement of a Report from such Special Committee

(i) Background to the Establishment of the Special Committee

Since the Transaction, including the Tender Offer, falls under the so-called management buyout (MBO) and there are structural conflicts of interest, in order to protect the general shareholders of the Target Company, as a part of measures to secure fairness of the Transaction from the perspective of securing the fairness of the Tender Offer Price in the Transaction, eliminating arbitrariness in the process of decision making for the implementation of the Transaction and conflicts of interest, the board of directors decided on March 11, 2024, to establish the Special Committee consisting of four (4) members: Toyoji Maeda (outside director of the Target Company), Minako Kogoma (outside director of the Target Company), Hidetsugu Sasaki (outside director and audit and supervisory committee member of the Target Company), and Soshi Takahashi (outside director and audit and supervisory committee member), who are independent of the Tender Offer-Related Parties and have high level of insights. The Target Company appointed these 4 people as members of the Special Committee from the beginning, and there is no fact that it has changed the members of the Special Committee. In addition, the Target Company, in accordance with the resolution of the board of directors, sought advice from the Special Committee regarding: (a) the validity and reasonability of the purpose of the Transaction (including whether the Transaction contributes to enhancing the enterprise value of the Target Company); (b) the fairness and validity of the terms of the Transaction; (c) the fairness of the procedures relating to the Transaction; (d) the merits of the board of directors to express their opinion of agreement to the Tender Offer and to recommend the Target Company shareholders to tender their shares in the Tender Offer; and (e) whether the decision on the Transaction by the board of directors of the Target Company is disadvantageous to the minority shareholders (hereinafter collectively referred to as the “**Consulted Matters**”) and requested the Special Committee to submit a proposal on these points. In addition, the board of directors of the Target Company positions the Special Committee as a council independent of the board of directors of the Target Company, and the board of directors of the Target Company resolved that, in making decisions on the Transaction, the board of directors of the Target Company shall respect the opinions of the Special Committee to the fullest extent possible, and if the Special Committee determines that the Target Company’s board should not agree to the Tender Offer or should not recommend the Target Company’s shareholders to tender their shares, the board of directors of the Target Company shall not express their opinion of agreement to the Tender Offer in accordance therewith in the former case, and shall not recommend the Target Company’s shareholders to tender their shares in the latter case. In addition, it is resolved that the Special Committee is entitled to: (i) negotiate with the proposer on the terms of transaction, etc. (including indirect negotiations through the Target Company and its advisors) as necessary; (ii) appoint an advisor to the Special Committee at the expense of the Target Company (including the authority of approving City-Yuwa Partners as the Target Company’s legal advisor and KPMG as the Target Company’s financial advisor and the third-party valuation institution, who have been ratified by the board of directors of the Target Company); and (iii) receive the information required for the review and determination regarding the Transaction from the Target Company’s officers and employees.

Fixed remuneration will be paid to each member of the Special Committee, and any remuneration contingent on the announcement or conclusion of the Transaction is not included.

(ii) Background of the Special Committee's Deliberations

The Special Committee was held on a total of 8 occasions between March 14, 2024, and May 10, 2024, deliberations and reviews were made on the Consulted Matters.

Specifically, on March 14, 2024, the Special Committee confirmed that KPMG as the financial advisor and the third-party valuation institution and City-Yuwa Partners as the legal advisor had no issues of independence from the Tender Offer-Related Parties and expertise, and approved the appointment of each of them as an advisor of the Target Company. In addition, the Special Committee confirmed that it would obtain expert advice from the advisors of the Target Company as necessary, and it would not independently appoint its advisors. Furthermore, the Special Committee has confirmed that there are no issues with the system for considering the Transaction, which was established within the Target Company, from the viewpoint of independence, after receiving explanations from the Target Company.

On that basis, the Special Committee received an explanation from City-Yuwa Partners on the background of the need for the establishment of the Special Committee, the role of the Special Committee, etc., and the Special Committee is considering measures to be taken to ensure the fairness of the procedures for the Transactions, based on the legal advice on the decision-making process, methods, and other matters to be considered when making decisions on the Transactions.

In addition, the Special Committee checked the business environment and management issues of the Target Company and the value and effectiveness of the Transaction and measures proposed by Mr. Mori and Blackstone in response to these issues, and conducted question-and-answer sessions. In addition, the Special Committee collected and considered information and materials submitted by the Tender Offeror and the Target Company, and also interviewed Mr. Mori and Blackstone with KPMG and City-Yuwa Partners after submitting written inquiries to Mr. Mori and Blackstone and receiving answers thereto. Through these discussions, the Special Committee received an explanation of the Target Company's business environment, management issues, and awareness of these issues by Mr. Mori and Blackstone thereof, the details, background and significance of the Transaction, the details of the measures being considered to be taken after the Transaction, the impact of the Transaction and those measures on the enterprise value of the Target Company, the background and reasonableness of the decision-making process of the Tender Offeror and the Target Company, and other matters related to the Transaction. At the same time, the Special Committee asked questions and received answers regarding the purpose and background of the Transaction, the reason why the Target Company considers it necessary to conduct the Transaction, the management system after the consummation of the Transaction, and the measures to be implemented, etc.

In addition, the Special Committee approved the business plan of the Target Company after confirming that the business plan was prepared by persons who are independent of the Tender Offeror-Related Parties, receiving explanations from the Target Company on important assumptions, and confirming the reasonableness of the contents of the final business plan, important assumptions, and the process of preparation. Then, the Special Committee received explanations from KPMG regarding the calculation of the Share Valuation Report on the Target Company Shares and conducted a hearing survey on the assumptions for the calculation of the value.

After receiving a proposal from the Tender Offeror to set the Tender Offer Price at 2,400 yen per share on April 17, 2024, the Special Committee has been actively involved in the negotiation process with Mr. Mori and Blackstone with respect to the discussions and negotiation between Mr. Mori, Blackstone and the Target Company regarding the terms and conditions of the Transaction by, for example, receiving reports from the Target Company on the progress and details of the negotiation and deliberating on the Tender Offer Price and communicating the negotiation policy to the Target Company in light of the valuation results of the share value of the Target Company Shares, advice based on the negotiation policy with the Tender Offeror, and the legal advice on measures to ensure the fairness of the procedures in the Transaction from the City-Yuwa Partners.

Furthermore, the Special Committee confirmed that substantial information disclosure is expected to be made by receiving explanations for multiple times from the City-Yuwa Partners on the drafts of the press release and the statement of opinions pertaining to the Tender Offer, which are to be announced or submitted by the Target Company, and the draft of the Tender Offer Registration Statement pertaining to the Tender Offer, which is to be announced or submitted by the Target Company.

(iii) Determination by the Special Committee

As a result of careful discussions and deliberations on the Consultation Matters under the circumstances described above, the Special Committee unanimously agreed to submit the Report with the following details to the directors of the Target Company on May 10, 2024.

(a) Content of the Report

- (i) The Special Committee believes that the Transaction will contribute to the enhancement of the Target Company's enterprise value and that the purpose of the Transaction is justifiable and reasonable.
- (ii) The Special Committee believes that the fairness and appropriateness of the terms and conditions of the Transaction, including the Tender Offer Price, are secured.
- (iii) In the Transaction, including the Tender Offer, the Special Committee believes that the interests of the shareholders of the Target Company have been taken into consideration through fair procedures.
- (iv) In light of (i) through (iii) above, the Special Committee believes it is reasonable for the Target Company's board of directors to express its opinion in favor of the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer.

- (v) In light of (i) through (iii) above, the Special Committee believes that it is not disadvantageous to the minority shareholders of the Target Company for the board of directors of the Target Company to pass a resolution to express its opinion in favor of the Tender Offer and recommend the shareholders of the Target Company to tender their shares in the Tender Offer. In addition, the Special Committee believes that the decision to carry out a share consolidation for the purpose of making the Target Company Shares go private, which is scheduled after the Tender Offer, will not be disadvantageous to the minority shareholders of the Target Company.

(b) Reason for the Report

Based on the points (i) and (ii) below, the Special Committee came to the conclusion that the Transaction will contribute to the enhancement of the Target Company's enterprise value and that the purpose of the Transaction, including the Tender Offer, is reasonable.

- (i) As stated in “① Background, purpose and decision-making process of the Tender Offer” and “② Background to the decision of the Target Company to support the Tender Offer and reasons therefor” in “(2) Background, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” in “1. Purpose of the Purchase, etc.” above, the Target Company Group has business challenges such as improving profitability, raising funds, developing internal management systems, ensuring operational quality, and securing human resources. The Target Company Group needs a competitive global structure through various measures including overseas business expansion and discontinuous growth through M&A in order to realize medium- to long-term improvement of corporate value. The purpose of the Transaction, is to develop the Target Company Group to a bigger health care service platform by promoting management reforms utilizing Blackstone's knowledge and network, expanding the SMO business by optimizing resource allocation and upgrading sales strategies, and expanding opportunities for CRO contracts utilizing Blackstone's network, which the Target Company Group cannot achieve on its own. The Special Committee believes that there is no unreasonable point in the business environment and management issues surrounding the Target Company as recognized by the Target Company, and that the purpose of the Transaction is reasonable.
- (ii) As stated in “① Background, purpose and decision-making process of the Tender Offer” and “② Background to the decision of the Target Company to support the Tender Offer and reasons therefor” in “(2) Background, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” in “1. Purpose of the Purchase, etc.” above, the Target Company, Black Stone and Mr. Mori have held several discussions between them concerning measures to enhance enterprise value, such as support for the continued growth of the Target Company Group in connection with the Transaction, search for discontinuous growth opportunities through M&A and efforts to strengthen organizational capabilities. The Special Committee received explanations from the director and vice president vice president of the Target Company Masaaki Matsushima, the director and vice president of the Target Company Kiyoshi Watanabe and the director of the Target Company Mr. Shuichi Kojima regarding the improvement in enterprise value that will be brought to the Target Company as a result of the Transaction, and the Special Committee asked questions and received answers regarding the specific details, effects, feasibility, etc. of the Transaction to the above persons and the contents of such explanations were reasonable. Therefore, the Special Committee believes that the measures for enhancing the enterprise value of the Target Company that are expected by Mr. Mori and Blackstone based on the discussions between them are reasonable in content and the Special Committee believes that the Transaction will enhance the enterprise value of the Target Company to a certain extent.

In addition, based on the points (i) through (iii) below, the Special Committee came to the conclusion that the fairness and appropriateness of the terms of the Transaction, including the Tender Offer Price, are secured.

- (i) The average market price method and the DCF method, which are the calculation methods used in the Share Valuation Report, are considered to be general and reasonable methods in light of current practices, no arbitrariness was found in the selection of these methods, and in the DCF method, the calculation details are also considered to be reasonable in light of current practices. The Target Company's business plan, which was used as the basis for the calculation under the DCF method, was explained by the Target Company

regarding its contents and the process of its preparation, and no particular unreasonable points are found with regard to the purpose, procedure, and contents of its preparation. The Tender Offer Price is considered to be at a reasonable premium to the market price, and the Tender Offer Price is reasonable because the Tender Offer Price is above the upper limit of the result of the calculation by KPMG using the average market price method and within the range of the result of the calculation using the DCF method.

- (ii) Negotiations with Mr. Mori and Blackstone were conducted under the negotiation policy determined by the Special Committee and in accordance with its instructions, and such negotiations resulted in a price increase of 16.7% (400 yen) (rounded to two decimal places) from the initial proposal.
- (iii) There is no unreasonable point found in the method of the Transaction.

Based on the points (i) through (viii) below, the Special Committee came to the conclusion that sufficient consideration has been given to the interests of minority shareholders of the Target Company through fair procedures in the Transaction.

- (i) The board of directors of the Target Company has established the Special Committee, which is independent of the Tender Offeror, the Tender Offeror's Parent Company, Blackstone, and Mr. Mori.
 - (ii) The Target Company has received advice from City-Yuwa Partners, a legal advisor, and KPMG, a financial advisor and third-party valuation institution, independent of the Tender Offeror, the Tender Offeror's Parent Company, Blackstone, and Mr. Mori.
 - (iii) The Special Committee has received professional advice from the legal advisor and financial advisor and third-party valuation institution appointed by the Target Company as they are independent and professional.
 - (iv) The Target Company has obtained the Share Valuation Report from KPMG.
 - (v) As Mr. Mori has structural conflict of interests with the Target regarding the Transaction, he did not participate in any deliberation or resolution of the board of directors meeting regarding the Transaction as a special interested party, nor did he participate in any discussion or negotiation of the Transaction in his capacity at the Target Company.
 - (vi) A system has been established to prevent Mr. Mori, who may have a conflict of interest, from being involved in the process of discussion and negotiation regarding the terms and conditions of the Transaction and the process of preparing the Target Company's business plan, which is the basis for the calculation of the value of the Target Company Shares.
 - (vii) The Tender Offer Period is set longer (thirty (30) business days) than the minimum period required by law (twenty (20) business days), and the Target Company has not made any agreement with the Tender Offeror to restrict the Target Company from contacting parties other than the Tender Offeror (opposing takeover offerors) after the announcement of the Transaction, and it can be said that so-called indirect market checks are being conducted.
 - (viii) The legality of the Squeeze-Out Procedures has been ensured, so as not to raise the issue of coercion in relation to the Transaction.
- ④ Unanimous Approval by All of the Non-Interested Directors (including directors who are Audit & Supervisory Committee members) of the Target Company

The Target Company carefully considered the terms and conditions of the Transaction, taking into account the Share Valuation Report obtained from KPMG and the legal advice obtained from the City-Yuwa Partners, while fully respecting the Report submitted by the Special Committee (see “③ The Target Company's Establishment of an Independent Special Committee and Procurement of a Report from such Special Committee” above).

As a result, as described in “② Background to the decision of the Target Company to support the Tender Offer and reasons therefor” in “(2) Background, Purpose and Decision-Making Process of the Tender Offer, and

Management Policy After the Tender Offer” in “1. Purpose of the Purchase, etc.” above, the Target Company resolved by unanimous approval of all the directors (thirteen (13) directors, except for Mr. Mori, among fourteen (14) directors) on the board of directors’ meeting on May 13, 2024 that the Transaction, including the Tender Offer, would contribute to increase in the enterprise value of the Target Company, that the terms and conditions of the Transaction, including the Tender Offer Price, are appropriate in light of the valuation results in the Share Valuation Report, the level of premium of the Tender Offer Price, the process of negotiation with the Tender Offeror and the process of determining the Tender Offer Price, and that the Target Company would express its opinion in favor of the Tender Offer and recommend the shareholders of the Target Company to tender their shares in the Tender Offer.

Since Mr. Mori, the President and Representative Director of the Company, has a special interest in the Transaction as he is the largest shareholder of the Target Company and the Reinvestment is planned and there is a possibility of a conflict of interest with the Target Company, Mr. Mori has not participated in any deliberations or resolutions in the resolutions regarding the consideration of the Transaction, and he has not participated in any discussions or negotiations with Blackstone as a role at the Target Company.

As stated above, the Tender Offeror intends to promptly implement the Tender Offer upon satisfaction (or waiver by the Tender Offeror) of the Conditions Precedent. As of today, the Tender Offeror aims to commence the Tender Offer around mid-June 2024. However, since it is difficult to accurately predict the time required for the review procedures by the Australian authorities responsible for the Clearance process, the Tender Offeror will announce the detailed schedule of the Tender Offer once it has been determined. In the event of any change in the expected timing of the commencement of the Tender Offer, the Company will promptly announce such change.

For this reason, the Target Company's board of directors resolved in the above board of directors’ meeting that, at the time of the commencement of the Tender Offer, it will request the Special Committee established at the Target Company to examine whether or not there is any change in the Report which the Special Committee submitted to the Target Company’s board of directors on May 10, 2024, and to inform the board of directors of the Target Company to the effect that if there is no change and its revised opinion if there are any changes, and that, based on such opinion, the Target Company's board of directors will express its opinion on the Tender Offer at the time the commencement of the Tender Offer.

⑤ Establishment by the Target Company of an Independent Examination Framework

In order to eliminate structural conflicts of interest, the Target Company has established a system within the Target Company to examine, negotiate, and make decisions regarding the Transaction independently of the Tender Offer-Related Parties. Specifically, Mr. Mori has not participated in any deliberations or resolutions at the board of directors’ meeting regarding the Transaction because he has a structural conflict of interest with the Target Company in connection with the Transaction and has not participated in any discussions or negotiations with the Tender Offer-Related Parties as having a role at the Target Company. The system for consideration, negotiation and determination regarding the Transaction consists only of officers and employees who are independent of the Tender Offer-Related Parties, and that such arrangement has continued up to date.

The business plan which is presented to the Tender Offeror and which is the basis of KPMG’s valuation of the value of the Target Company Shares is prepared by a person who is independent of the Tender Offeror, and the details, important assumptions, and the reasonableness of the process of preparation of the final business plan has been confirmed by and approved by the Special Committee.

Furthermore, the system of examining the Transaction that is established within the Target Company, specifically the scopes and roles (including roles that require a high degree of independence, such as creation of a business plan that serves as the basis for the valuation of the Target Company Shares) of the officers and employees who are involved in the examination, negotiation, and determination of the Transaction, are based on the advice of the City-Yuwa Partners, and it has been approved by the Special Committee that there are no issues of independence.

⑥ Securing Objective Conditions to Ensure the Fairness of the Tender Offer

The Tender Offeror sets the Tender Offer Period as thirty (30) business days, which is a generally accepted tender offer period in the so-called management buyOut (MBO). Through this, the Target Company intends to secure opportunities for the Target Company’s shareholders to make appropriate determination on tendering their shares in

the Tender Offer, and to secure opportunities for persons other than the Tender Offeror (hereinafter referred to as the “Competing Offerors”) to make competing tender offers and thereby secure the appropriateness of the Tender Offer Price.

Neither the Tender Offeror nor the Target Company has entered into an agreement that restricts the Target Company's contact with the Competing Offerors, such as an agreement containing a transaction protection clause that prohibits the Target Company from contacting a Competing Offeror. In this way, securing the fairness of the Tender Offer has been taken into account, by securing the opportunity for counter tender offers in conjunction with the establishment of the Tender Offer Period.

- ③ Relationship with the Valuation Institution
Not applicable.

(5) Number of Shares, etc. to Be Purchased

Type of Shares, Etc.	Number of Shares to Be Purchased	Minimum Number of Shares to Be Purchased	Maximum Number of Shares to Be Purchased
Common Stock	10,452,172 (shares)	6,416,400 (shares)	- (shares)
Total	10,452,172 (shares)	6,416,400 (shares)	- (shares)

(Note 1) In the event the total number of the Tendered Shares, Etc. is less than the minimum number of shares to be purchased (6,416,400 shares), none of the Tendered Shares, Etc. will be purchased. In the event the total number of the Tendered Shares, Etc. is not less than the minimum number of shares to be purchased (6,416,400 shares), all of the Tendered Shares, Etc. will be purchased.

(Note 2) Since the maximum number of shares to be purchased is not set in this Tender Offer, the number of shares to be purchased is stated as 10,452,172 shares, which is the maximum number of the Target Company Shares to be purchased by the Tender Offeror in this Tender Offer. This (10,452,172 shares) is the Total Number of Issued Shares After Deduction of Treasury Shares (12,107,372 shares) minus the number of Non-Tendered Agreed Shares (1,655,200 shares).

(Note 3) Fractional shares of less than one unit are also subject to this Tender Offer. In the event a shareholder's right to demand purchase of fractional shares of less than one unit is exercised in accordance with the Companies Act, the Target Company may purchase its own shares during the Tender Offer Period in accordance with the procedures set forth in the laws and regulations.

(Note 4) There is no plan to acquire the treasury shares owned by the Target Company through the Tender Offer. In the event the total number of the Tendered Shares, Etc. is less than the minimum number of shares to be purchased (6,416,400 shares), none of the Tendered Shares, Etc. will be purchased. In the event the total number of the Tendered Shares, Etc. is not less than the minimum number of shares to be purchased (6,416,400 shares), all of the Tendered Shares, Etc. will be purchased.

(Note 5) “Number of Shares to Be Purchased” and “Minimum Number of Shares to Be Purchased” above are provisional figures based on the information available as of today. The actual figures in the Tender Offer may differ from the figures above due to changes in the number of treasury shares owned by the Target Company, etc. after said date. The final “Number of Shares to Be Purchased” and “Minimum Number of Shares to Be Purchased” will be determined prior to the commencement of the Tender Offer, based on the latest information available as of the commencement of the Tender Offer.

(6) Changes in Ownership Ratio of Shares, etc. Due to Purchase, etc.

Number of voting rights represented by shares, etc. owned by the Tender Offeror before the purchase, etc.	voting rights	(Ownership ratio of shares, etc. before the purchase, etc.: -%)
Number of voting rights represented by shares, etc. owned by the special related parties before the purchase, etc.	47,794 voting rights	(Ownership ratio of shares, etc. before the purchase, etc.: 39.48%)
Number of voting rights represented by shares, etc. owned by the Tender Offeror after the purchase, etc.	104,521 voting rights	(Ownership ratio of shares, etc. after the purchase, etc.: 86.33%)
Number of voting rights represented by shares, etc. owned by the special related parties after the purchase, etc.	16,552 voting rights	(Ownership ratio of shares, etc. after the purchase, etc.: 13.67%)
Number of voting rights of all shareholders, etc. of the Target Company	119,563 voting rights	

(Note 1) “Number of voting rights represented by shares, etc. owned by the Tender Offeror after the purchase, etc.” refers to the number of voting rights represented by the number of shares to be purchased in the Tender Offer (10,452,172 shares) as stated in “(5) Number of Shares, etc. to be Purchased” above.

(Note 2) “Number of voting rights of all shareholders, etc. of the Target Company” is the number of voting rights of all shareholders as of September 30, 2023, as described in the Target Company’s Third Quarter Quarterly Report for the 27th fiscal year (the number of shares per unit was stated as 100 shares). However, since fractional shares of less than one unit are also subject to the Tender Offer, the number of the voting rights (121,073 voting rights) represented by the number of shares (12,107,372 shares) obtained by deducting the treasury shares owned by the Target Company as of March 31, 2024 (230,993 shares) from the total number of issued shares as of March 31, 2024 (12,338,365 shares) as described in the Target Company’s Financial Results is used as the denominator for the calculation of “Ownership ratio of shares, etc. before the purchase, etc.” and “Ownership ratio of shares, etc. after the purchase, etc.”

(Note 3) “Ownership ratio of shares, etc. before the purchase, etc.” and “Ownership ratio of shares, etc. after the purchase, etc.” are rounded to two decimal places.

(7) Aggregate Tender Offer Price

29,266,081,600 yen (planned)

(Note) The “Aggregate Tender Offer Price” indicated above is the amount calculated by multiplying the number of shares to be purchased stated in “(5) Number of Shares, etc. to be Purchased” above (10,452,172 shares) by the tender offer price per share (2,800 yen). If the final number of shares to be purchased and minimum number of shares to be purchased are determined, the “Aggregate Tender Offer Price” may be subject to change.

(8) Other Conditions and Methods for Purchase, etc.

① Other Conditions and Methods for Purchase, etc.

The settlement method, the date of public notice of the Tender Offer, and other conditions and methods for purchase, etc. will be announced once decided. Daiwa Securities will be appointed as the tender offer agent.

- ② Whether there are conditions set forth in each item of Article 27-13, Paragraph 4 of the Act, and the details thereof

If the total number of the Tendered Shares, Etc. is less than the minimum number of shares to be purchased (6,416,400 shares), none of the Tendered Shares, Etc. will be purchased. In the event the total number of the Tendered Shares, Etc. is not less than the minimum number of shares to be purchased (6,416,400 shares), all of the Tendered Shares, Etc. will be purchased.

3. Management Policy, etc. After the Tender Offer and the Future Prospects

For the management policy, etc. after the Tender Offer and the future prospects, please refer to “(2) Background, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” and “(5) Likelihood of Delisting and the Grounds therefor” of “1. Purpose of the Purchase, etc.” above.

The potential effects of the Tender Offer on the business forecasts for the current fiscal year of the Target Company are currently being analyzed. If it becomes necessary to amend the business forecasts or if any event which should be publicly announced occurs going forward, we will promptly disclose it.

4. Other Information

(1) Agreements between Tender Offeror and Target Company or its Officers, and Details Thereof

- ① Consent to the Tender Offer

According to the Notice by the Target Company, the Target Company resolved at its board of directors' meeting on May 13, 2024, in the opinion of the Target Company as of the same date, if the Tender Offer is commenced, to express the opinion in favor of the Tender Offer and recommend its shareholders to apply for the Tender Offer.

For details on the decision-making process of the Target Company, please refer to the Notice by Target Company and the section titled “④ Unanimous Approval by All of the Non-Interested Directors (including directors who are Audit & Supervisory Committee members) of the Target Company” in “(Measures to Secure the Fairness of the Tender Offer, Such as Measures to Secure the Fairness of the Price of Tender Offer, etc. and Measures to Avoid Conflicts of Interest)” under “② Background of Calculation” of “(4) Basis of Calculation of the Tender Offer Price, Etc.” in “2. Outline of Tender Offer” above.

- ② The Tender Offer Agreement and the Shareholders Agreement

The Tender Offeror, the Tender Offeror's Parent Company and BX Fund entered into the Tender Offer Agreement with Mr. Mori and Mr. Mori's Asset Management Company as of May 13, 2024, in which they agreed (i) that Mr. Mori will tender his shares in the Tender Offer in relation to the Tendered Agreed Shares (3,124,250 shares, ownership ratio: 25.80%), (ii) that Mr. Mori shall not tender his shares the Tender Offer for any of the Non-Tendered Agreed Shares (1,655,200 shares, ownership ratio: 13.67%), (iii) that Mr. Mori will endeavor to have Ms. Rie Mori (825,000 shares, ownership ratio: 6.81%) and Mr. Ryusuke Mori (75,000 shares, ownership ratio: 0.62%), who are relatives of Mr. Mori, tender their shares in the Tender Offer, (iv) that the security interest that has been established on the Non-Tendered Agreed Shares shall be released, and (v) that the Squeeze-Out Procedures, the Share Transfer and the Reinvestment shall be implemented.

In addition, BX Fund entered into the Shareholders Agreement with Mr. Mori and Mr. Mori's Asset Management Company as of May 13, 2024 concerning the Merger, management of the Tender Offeror's Parent Company, the Tender Offeror and the Target Company after the Transaction and the handling of the Tender Offeror's Parent Company Shares.

For details of each agreement, please refer to “(6) Material Agreements Related to the Tender Offer” in “1. Purpose of the Purchase, etc.” above.

(2) Other Information Deemed Necessary for the Investors in Deciding Whether to Tender in the Tender

- ① Announcement of “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Based on Japanese GAAP)”

On May 13, 2024, the Target Company announced the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Based on Japanese GAAP).” For more information, please refer to such announcement.

- ② Announcement of “Notice of Differences Between Business Forecasts for the Fiscal Year Ending March 31, 2024 and Actual Results”

On May 13, 2024, the Target Company announced the “Notice of Differences Between Business Forecasts for the Fiscal Year Ending March 31, 2024 and Actual Results.” For more information, please refer to such announcement.

- ③ Announcement of “Notice of the Revision of Year-end Dividend Forecast for Surplus for the Fiscal Year Ending March 31, 2024 (No Dividend)”

The Target Company resolved at its board of directors’ meeting on May 13, 2024 to revise the dividend forecast for the fiscal year ending March 31, 2024 and not to distribute year-end dividends for the fiscal year ending March 31, 2024. For more information, please refer to the “Notice of the Revision of Year-end Dividend Forecast for Surplus for the Fiscal Year Ending March 31, 2024 (No Dividend)” announced by the Target Company.

END

【Restrictions on Solicitation】

This press release is a press release to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting sales. When applying for the offer to sell, please make sure to read the Tender Offer Explanatory Statement regarding the Tender Offer and apply for the offer at your own discretion. This press release does not constitute or form part of any offer or invitation to sell or solicitation of any offer to buy any securities, nor shall this press release (or any part thereof) or the fact of its distribution form the basis of any agreement relating to the Tender Offer, nor may it be relied upon in entering into any such agreement.

【U.S. Regulations】

- The Tender Offer is for the acquisition of the Target Company Shares. The Tender Offer will be conducted in accordance with the procedures and information disclosure standards prescribed by the Financial Instruments and Exchange Act of Japan, which may differ from the procedures and information disclosure standards in the United States. In particular, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, the same applies hereunder) and the rules prescribed thereunder do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards. The financial information included in this press release was prepared based on the Japanese Accounting Standards, which may differ significantly from those of other countries, including the United States. As the Tender Offeror and the Target Company are incorporated outside of the United States, and all or some of its executives are not residents of the United States, it may be challenging to exercise rights or requests based on securities-related laws of the United States. Also, courts of the United States may be unable to take legal action against entities incorporated outside of the United States or their executives based on violation of securities-related laws of the United States. Furthermore, entities incorporated outside of the United States, their subsidiaries and affiliates and their executives may fall outside of the jurisdiction of the courts of the United States.

- The financial advisors to the Tender Offeror and the Target Company, as well as the tender offer agent (including their related parties) may engage in purchases of Target Shares, not through the Tender Offer, for their own account or for their customers' accounts or may engage in acts for such purchases to the extent undertaken in the ordinary course of their businesses and to the extent permitted under the Financial Instruments and Exchange Act of Japan and other applicable laws and regulations, in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934, during the Tender Offer Period. Such purchases may be conducted at a market price through a market transaction, or at a price determined through negotiations off-market. In the event that information regarding such purchases is disclosed in Japan, such information will also be disclosed on the English website of the financial advisor, the Target Company, or the tender offer agent conducting such purchases, or will otherwise be made publicly available.

- Unless otherwise specified, all procedures relating to the Tender Offer are to be conducted entirely in Japanese. All or a part of the documentation relating to the Tender Offer will be prepared in the English language; however, if there is any inconsistency between the English-language documentation and the Japanese-language documentation, the Japanese-language documentation will prevail.

- This press release includes statements that fall under "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. Due to known and unknown risks and uncertainties, actual

results may differ significantly from the statements that are implicitly or explicitly forward-looking. The Tender Offeror and its affiliates do not guarantee for such implicit and explicit forward-looking statements to materialize. The “forward-looking statements” in this press release were prepared based on information obtained by the Tender Offeror as of the date hereof, and unless required by law, the Tender Offeror and its affiliates are not obligated to amend or revise such forward-looking statements.

- In the event a shareholder’s right to demand the purchase of fractional shares of less than one unit is exercised in accordance with the Companies Act, the Target Company may purchase its treasury shares during the Tender Offer Period in accordance with the procedures set forth in the laws and regulations.

【Other Countries】

Certain countries or regions may impose legal restrictions on the announcement, publication or distribution of this press release. In such cases, please be aware of and comply with those restrictions. This shall not constitute a solicitation of an offer to purchase or an offer to sell shares in connection with the Tender Offer, and shall be deemed to be merely the distribution of materials as information.