BLAKEMORE

& MITSUKI

Analysis of the MBO in Japan Involving APAMAN
-Is an MBO that effectively blocks a competing TOB without consent legal under Japanese law?

Blakemore & Mitsuki analyzed issues related to MBOs in Japan, including whether MBOs that effectively block competing TOBs without consent are legal under Japanese law.[1]

August 28, 2024

I. Is an MBO that effectively blocks a competing TOB without consent legal under Japanese law?

1 Fact Check

Closing price on August 1, 2024: 514 yen

Number of shares issued (including treasury stock): 18,518,060 shares (as of August 2, 2024)

Market capitalization: 9,518,282,840 yen (= 514 yen x 18,518,060 shares) (closing price on August 1, 2024)

Net assets: 4,250,000,000 yen (based on third quarter financial results dated August 2, 2024)

PBR: 2.24 (≒ 9,518,282,840 yen / 4,250,000,000 yen)

Since the P/B ratio is above 1, we believe that management would be qualified to conduct an MBO (see our July 25, 2024 Briefing, entitled "TAKEOVER without CONSENT vs. MBO - Roland DG's (Taiyo) Response to Brother's takeover offer without consent. (with comments on the MBO of Taisho Pharmaceutical HD)," Section 1.9)

[1] A document entitled "Analysis of the MBO Involving APAMAN/Table of Related Parties" (the "**Related Parties Table**") as Appendix A and a document entitled "Analysis of the MBOs Involving APAMAN/Table of Time Series" (the "**Time Series Table**") as Appendix B are attached to this document. Whenever a term defined in the Related Parties Table is used in this document, such term has the meaning ascribed to it in the Related Parties Table unless otherwise defined herein.

2 Regarding the Ruling Party Shareholders' Shareholding Ratio[2] Being 67.07%[3]

Minimum number of shares to be purchased: 11,931,400 shares (Shareholding Ratio: 56.01% (≒11,931,400 shares / 18,353,543 shares (the Base Number of Shares))

Since the ruling party shareholders except Mr. Omura (who does not directly own APAMAN shares that can be tendered in this TOB for MBO concerning APAMAN (this "**TOB**")) own 65.02% of APAMAN shares and have verbally or in writing agreed to tender their shares with this TOB. Therefore, there is almost a 100% possibility that this TOB will be completed (with respect to each of the shareholders (total Shareholding Ratio: 16.45%[4]) except OHMURA, Poem Holdings and Mr. Ishikawa (total Shareholding Ratio of the three: 32.71%), and the second largest shareholder, TKP (Shareholding Ratio: 14.12%), the agreement to accept this TOB has been exchanged in writing with the Offeror, and there is no provision in the written agreement that the obligation to accept this TOB is waived in the event that a competing offer is made at a higher price than this TOB purchase price).

As minority shareholders (total Shareholding Ratio: 35.13%) other than the ruling party shareholders, it has been decided that this TOB will be consummated without any involvement of their own, thereby forcing such minority shareholders to accept

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[2] The "**Shareholding Ratio**" is the percentage (rounded to two decimal places; the same shall apply hereinafter in the calculation of the shareholding ratio) as against the number of shares (18,353,543 shares; the "**Base Number of Shares**") obtained by deducting (i) the number of treasury shares held by the Company (482,517 shares) as of June 30, 2024, from (ii) the sum (18,836,060 shares) of (A) the total number of shares issued as of June 30, 2024 (18,518,060 shares) as stated in the "Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending September 30, 2024 [Japanese GAAP]" published by the Company on August 2, 2024, and (B) the number of shares (318,000 shares) of the Company's common stock that are the subject of the Stock Acquisition Rights (Series 6 Stock Acquisition Rights: 2,200 units and Series 7 Stock Acquisition Rights: 980 units) outstanding as of the same date.

[3] This is the percentage comprised of the sum of (i) 65.02% (the total Shareholding Ratio (defined below) of OHMURA, Poem Holdings, Mr. Ishikawa, all of the Tendering Consenting Shareholders (defined in the disclosure documents relating to this MBO of APAMAN (the "**Disclosure Documents**")), World Seven Seas and TKP, which are expected to act in accordance with Mr. Omura's intentions), and (ii) 2.05% (= 1.29% (a portion of the Restricted Stock) + 0.76% (Non-tendering Agreed Stock Acquisition Rights)), which is the total Shareholding Ratio (defined below) of Mr. Omura. In this document, the shares and Shareholding Ratios of the new shareholders who have agreed to tender their shares as indicated in the amendments to the tender offer registration statement regarding this TOB shall not be taken into account.

[4] Includes the portion of World Seven Seas LLC, which has made only a declaration of intent. Based on the Tender Offer Registration Statement filed by the Offeror on August 5, 2024.

as a given fact that control will be transferred to the Offeror before this TOB is consummated.

3 Contacting Shareholders for the Conclusion of a Tender Agreement

In the case of an MBO, it would be natural that the management and its related parties (in this case, OHMURA, Poem Holdings and Mr. Ishikawa appear to fall under this category) apply for the TOB for such MBO, but is it permissible for a person who is planning to make a tender to contact, prior to the TOB, other general shareholders (referred to as minority shareholders) to cause them to enter into a tender agreement?

The fact that a party planning to make a tender offer offers to the shareholders of the target company to enter into an agreement to tender to the TOB may itself convey insider information ("having made a decision to make a tender offer" (Article 167(2) of the FIEA)).[5]

The shareholders of the target company who are offered the TOB will, from that time onward, until the TOB is announced (or until the insider information is determined to have been extinguished by a formal decision by the acquirer to cancel the TOB), be prohibited from (i) purchasing the share certificates, etc. of the target company (Article 167.1 of the FIEA), and (ii) communicating the implementation (or cancellation) of the TOB or recommending the purchase or sale, etc. of the shares, etc. of the target company to any other person for the purpose of causing such other person to benefit (or avoid the occurrence of any loss) (Article 167-2, Paragraph 2 of the FIEA).

In this TOB, the Offeror contacted, in advance[6], 41 general shareholders (corporations and individuals), excluding OHMURA, Poem Holdings, and Mr. Ishikawa, who are believed to be insiders in this TOB, to disclose the fact of commencement of this TOB and have them conclude a tender agreement (or, in the case of TKP, issue a declaration of intent[7]) (although it is possible that they may

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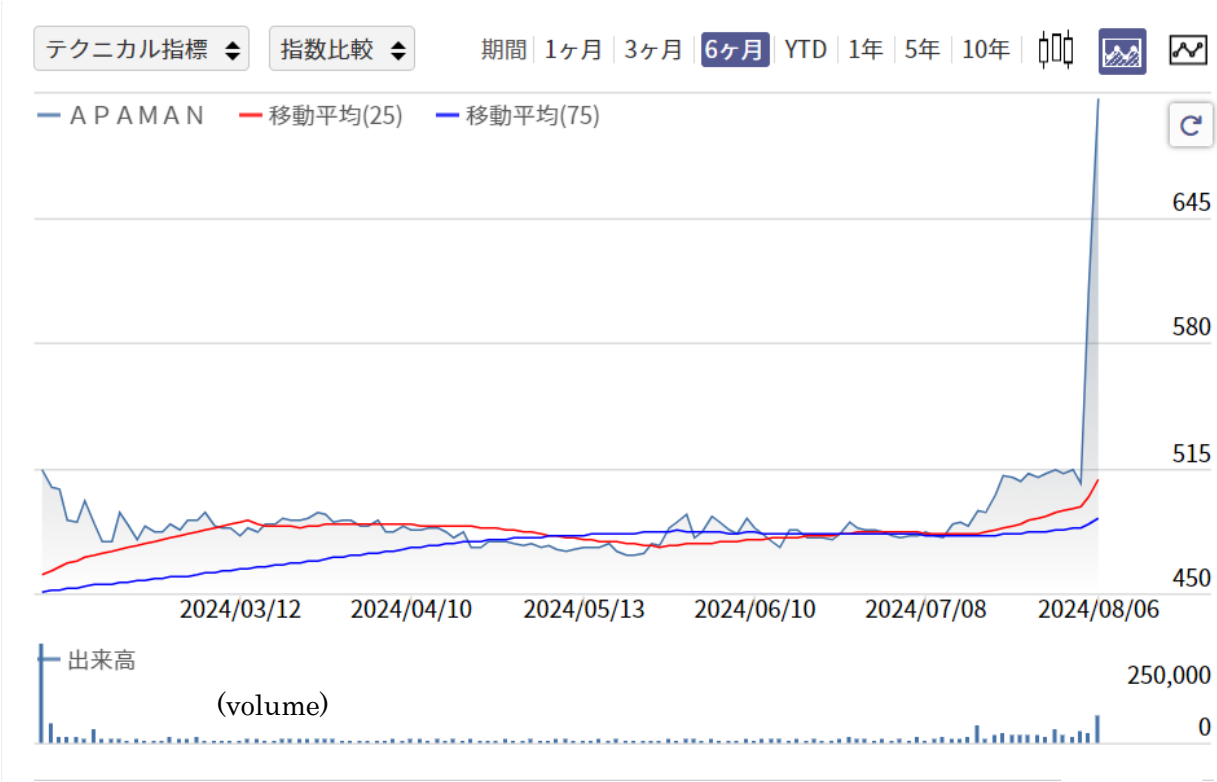
[5] Therefore, it does not fall under the category of "pre-knowledge contracts and plans" enumerated in Article 63 of the Securities Regulation Ordinance based on Article 167, Paragraph 5, Item 14 of the FIEA, and thus would not be exempt from the regulation.

[6] Furthermore, immediately after this TOB commenced, the company contacted eight other shareholders and concluded tender agreements (the contents of which are believed to be the same as the tender agreements concluded prior to the commencement of this TOB) (according to the aforementioned amended tender offer registration statement).

[7] Although TKP's declaration of intent is not necessarily clear from the documents disclosed in connection with this TOB, it is understood that it may have been made orally. Therefore, it appears

have approached other shareholders as well), and succeeded in causing them to sign the tender agreement (or, in the case of TKP, issue a declaration of intent intent). However, as can be seen from the chart on the next page, APAMAN's share price rose sharply to a significant degree during the one-month period (from July 2) until Thursday, August 1, 2024, the day before August 2, 2024, when the commencement of this TOB was announced, and volume also increased to a significant degree compared to the preceding period during the same one-month period. The possibility that the implementation of this TOB was leaked in advance would not be able to be denied.

that no confidentiality agreement has been executed between TKP and the Offeror. We believe that it would be inappropriate to leak information about this TOB to a third party who is not an insider, without a confidentiality agreement, prior to the filing of the tender offer registration statement.



(Source: Yahoo! Finance (https://finance.yahoo.co.jp/quote/8889.T))

4 Use of the tender agreement as a takeover defense measure (a measure to prevent a counter TOB)

Then, the reason for requesting 41 general shareholders (corporations and individuals) to enter into a tender agreement (or to issue a declaration of intent) despite the possibility of such leakage of insider information is, we can only assume, to prevent the appearance of a competing TOB (without consent).

In other words, the tender agreement (or declaration of intent) was used as a takeover defense measure. To put it another way, if only OHMURA, Poem Holdings, and Mr. Ishikawa, who are related to Mr. Omura, apply for this TOB, their Shareholding Ratio would be only 32.71%, so from the perspective of those who would make a competing TOB, if the TOB price is higher than the purchase price of this TOB, there is a good possibility of acquiring 67.29% of APAMAN's shares. To prevent this, if the general shareholders are also approached and it is shown in the disclosure documents of this TOB that the Shareholding Ratio of the shareholders applying for this TOB is 62.82%, and the Shareholding Ratio of the ruling party shareholders is 64.87% after adding Mr. Omura's 2.05% (see footnote 2 above), namely, if they can only acquire the maximum 35.13%, they would not be able to take control of APAMAN and, as a result, Mr. Omura's side would have thought that there would be no one to launch a competing TOB (without their consent).

5 Is it legal to use the Tender Agreement (defined below) as a takeover defense measure (a measure to prevent a counter TOB) in this TOB?

First, it can be pointed out that (i) as a minority shareholder other than the ruling party shareholders, even if you do not apply for this TOB, you will eventually be forced out of your position as a shareholder of APAMAN (as mentioned above, the minimum number of shares to be purchased is 56.01%, which is lower than 62.82%, the Shareholding Ratio of shareholders who apply, so it is almost certain that this TOB will be approved, and (ii) since (A) if the shareholder does not apply for this TOB, （even if the Offeror is unable to acquire 2/3 or more of the Shareholding Ratio of APAMAN shares through this TOB, since it is expected that the Offeror will eventually take steps to acquire 2/3 or more of the Shareholding Ratio of APAMAN shares,）he/she will be forced to sell his/her shares at the same price as the purchase price for this TOB, and (B) it would be inevitably considered that there is virtually no option for such shareholder not to apply for this TOB, and therefore, the option left for him/her to adopt would be only applying for this TOB. This indicates that this TOB is highly coercive, effectively depriving minority

shareholders of their right to choose, and the legality of this TOB must be questioned.

In the Roland DG Briefing, we stated that, in general, a board of directors without conflicts of interest that exceeds TBR1 may take appropriate anti-takeover measures if it can demonstrate, by objective evidence, that the management of the target company led by the board of directors increases the value of the target company's business more than the management led by the person who made (or announced) the competing TOB. If it can be proven that the former will increase the value of the target company's business more than the latter, the board of directors without such conflict of interest may take appropriate anti-takeover measures. This is not the case in this TOB. This cannot be said for this TOB, because there is no counter TOB that has been conducted or announced that the board of directors without conflicts of interest should be compared to. If a competing TOB has not been conducted or announced, the MBO initiator is not allowed to take takeover defense measures to prepare for such an eventuality. This is because it is impossible to say, based on objective evidence, that board-led management of the target company can increase the value of the target company's business more than management led by a rival acquirer who has not yet emerged, when no such rival acquirer has emerged.

Therefore, APAMAN's board of directors, excluding Mr. Omura (the "**Unconflicted Company Board**"), cannot invoke takeover defense measures on the grounds that their own management initiative would increase APAMAN's business value more than the management initiative of the party (if any) who would launch a competing TOB. Nevertheless, the Unconflicted Company Board has done so in this TOB.

In this TOB, (i) as described above, 40 (corporate and individual) shareholders (total Shareholding Ratio: 15.99%) excluding TKP) out of the aforementioned 41 general shareholders (corporate and individual) have entered into a written agreement with the Offeror to tender their shares in this TOB (the "**Tender Agreement**"), and (ii) in addition, there is no provision in the said agreement that the obligation to tender is exempted in the event that a competing offer is made at a higher price than the purchase price of this TOB, and, not only that, the document stipulates the obligation to tender, and even stipulates that the obligation will not be cancelled. However, these provisions should be deemed void because they are contrary to Article 27-12, Paragraphs 1 and 3 of the FIEA, which stipulate that a tendering shareholder may

cancel the tender at any time during the tender offer period, even after tendering to the tender offer, and that the offeror may not claim damages or demand payment of a penalty to the tendering shareholder by reason of the cancellation.

Even if one takes the view that such legally invalid provisions can be agreed upon between private parties in accordance with the principle of freedom of contract (even though they are legally void), if the disclosure documents state that the Tender Agreement includes the above-mentioned (1) obligation to apply, (2) non-cancelability, and (3) non-exemption of the obligation to apply even if a counteroffer of a higher amount is made, the ordinary reader would assume that these provisions would be legally valid and enforceable. Therefore, it must be said that such a statement is misleading in a material respect. If the disclosure documents regarding the TOB is prepared, if any of the above provisions (1) through (3) are included in the tender agreement, it should be deemed void because it is contrary to Article 27-12, Paragraphs 1 and 3 of the FIEA, and it should be added that such tendering shareholders are not obligated to tender their shares in the TOB, that even if they do tender their shares, they may cancel the tender agreement at any time during the public offering period, and that they may tender their shares in a competing TOB if a competing offer of a higher price is made.

6 Summary

If an unconflicted company board is able to satisfy the conditions that (i) the PBR of the target company exceeds 1, and (ii) making a comparison between the management of the target company led by its board of directors and the management of the target company led by the person who made the competing TOB (or gave notice thereof), it is proven that the former will increase the business value of the target company more than the latter, based on objective evidence, it would be legal under Japanese law to take appropriate anti-takeover measures, including an MBO that would effectively block a competing TOB without consent, but it would be compelled for us to state that it should not be deemed legal for the Unconflicted Company Board to conduct an MBO (this TOB) that would effectively block a competing TOB without consent, because the condition set forth in (ii) above is not able to be satisfied.

In addition, as mentioned in 5 above, since the description of the contents of the Tender Agreement appears to be contrary to Article 27-12, Paragraphs 1 and 3 of the FIEA, this TOB may be charged with violation of the FIEA, at least with respect to such description.

7 Addendum (1) (Possible Withdrawal of Statement of Supporting Opinion)

"Since it is stipulated in the Share Transfer Agreement that, although the Company agrees to be obligated to maintain an affirmative opinion until the expiration of the Tender Offer Period (if the Company expresses such opinion on the date of execution of the Share Transfer Agreement), this obligation does not apply in case where, among other things, the Special Committee withdraws or changes its report, the Company recognizes that the agreement does not limit the opportunity for other acquirers to make a takeover offer," the disclosure documents regarding this TOB said, but, as stated above, since the Tender Agreement (and the expression of opinion) is used to prevent the appearance of a competing TOB, even if the above provision is included in the Share Transfer Agreement, it would have no practical meaning.

8 Addendum (2) (Majority of Minority)

It is said that the Majority of Minority (this Minority refers to shareholders other than the ruling party shareholders) should be a requirement for the TOB to be approved, precisely in a case such as the case in question where a takeover defense measure is triggered before (and immediately after) the TOB to increase the number of the ruling party shareholders, but this is not the case in this TOB.

The disclosure documents relating to this TOB said, as the reason for not setting a minimum number of shares to be purchased by the Majority of Minority, "The Company believes that setting a minimum number of shares to be purchased by the so-called 'Majority of Minority' may make the consummation of the Tender Offer unstable and may not in fact contribute to the interests of minority shareholders of the Company who wish to tender their shares in the Tender Offer." However, we believe that this cannot be a rational reason for not adopting the Majority of Minority method. This is because, comparing (i) the disadvantage to be suffered from the unstable consummation of this TOB and (ii) the disadvantage to be suffered from being prevented from making a competing TOB and being forced to accept a lower purchase price compared to the case where a competing TOB is made, the latter is clearly greater than the former.

II. The Subsequent Transactions[8] are not included in the matters for consultation

[8] In mid-February 2024, Mr. Omura, Mr. Ishikawa, and NSSK (defined below) have come to the

conclusion that it would be effective to pursue further growth under the support of NSSK and to concentrate the Company's management resources and functions, including its franchise headquarters control function, on the business that the Group will continue to operate after the Stock Transfer (the " **Continuing Business** ") by, after the Offeror, which is scheduled to be established, as an acquisition-purpose company to execute the Transaction (defined below), takes the Company's shares private, (i) making Apaman Property Corporation ("**Apaman Property**"; the Company's ownership percentage of voting rights in Apaman Property being 99.0%), which is a consolidated subsidiary of the Company and operates the Business Subject to the Transfer (defined below) within the Group, a wholly-owned subsidiary of the Company by SystemSoft transferring all 117 shares of Apaman Property (SystemSoft's ownership ratio of voting rights in Apaman Property is 1.0%) held by SystemSoft to the Company (the Company has arranged to have the consideration for the transfer set after estimating the value of the shares of Apaman Property before the Company Split based on the price of Apaman Property after the Company Split in the Share Transfer), and then (ii) (A) transferring the assets, liabilities, contractual status, and related rights and obligations of Apaman Property (including the shares of Apaman Property's subsidiaries related to the Business Subject to the Sprit (defined below)) to RE-Standard Corporation, a consolidated subsidiary of the Company, by way of an absorption-type company split (the "**Absorption-type Split**"), and (B) transferring all shares owned by the Company in Apaman Property and wepark (defined below), a consolidated subsidiary of the Company mainly engaged in the parking business, to NSSK-G1 (defined below) (the "**Share Transfer**" and collectively, with the Absorption-type Split, the "**Subsequent Transactions**"), according to the disclosure document for this TOB.

However, the above portion of "transfer of all shares owned by the Company in Apaman Property and wepark, a consolidated subsidiary of the Company mainly engaged in the parking business, to NSSK-G1" should, if the diagram on page 12 of the document (dated August 2, 2024) entitled "Notice Concerning Implementation of MBO and Recommendation for Subscription, and Transfer of Shares Involving Company Split (Absorption-type Split) and Changes of Subsidiaries" is correct, be corrected to read "transfer of all shares owned by the Company (for wepark shares, the Company directly owns or indirectly owns through Apaman Property) in Apaman Property and wepark, a consolidated subsidiary of the Company mainly engaged in the parking business, to NSSK-G1 (the shares of wepark indirectly owned by the Company through Apaman Property shall remain owned by Apaman Property)" (underlined parts, recommended correction).

The term "**NSSK**" shall collectively refer to NSSK Inc. and its subsidiaries.
NSSK-G1" means NSSK-G Corporation, which are scheduled to be directly or indirectly funded by the funds managed or serviced by NSSK.
The "**Transaction**" means a transaction the purpose of which is to make the Company's shares private by the Offeror acquiring, on August 2, 2024, all of the Company's shares listed on the Standard Market of the Tokyo Stock Exchange, Inc. (including the Company shares to be delivered upon exercise of the Stock Acquisition Rights (defined below), but excluding the treasury shares held by the Company) and all of the Stock Acquisition Rights (but excluding the Non-tender Agreement Stock Acquisition Rights (defined below)).
The term "**Stock Acquisition Rights**" shall collectively refer to the stock acquisition rights described below.
(i) Sixth series of stock acquisition rights issued pursuant to a resolution of the Company's Board of Directors meeting held on January 31, 2020 ("**Series 6 Stock Acquisition Rights**") (exercise period is from January 1, 2021 to August 26, 2025)
(ii) Seventh series of stock acquisition rights issued pursuant to a resolution of the Company's Board of Directors meeting held on February 10, 2022 (the "**Seventh Series Stock Acquisition Rights**") (exercise period is from March 18, 2022 to March 17, 2032)

by the Special Committee

1 Fairness of the consideration for the Share Transfer is a necessary condition for the fairness of the purchase price for this TOB

The fairness of the consideration for the Share Transfer is a necessary condition for the fairness of the purchase price for this TOB. The reason therefor is that if the consideration for the Share Transfer is not fair and is lower than the fair level, APAMAN's assets will be damaged, and APAMAN's business value in the valuation report prepared based on the business plan prepared on that assumption will be

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The term "**Non-tender Agreement Stock Acquisition Rights**" refers to the 1,400 Series 6 stock acquisition rights held by Mr. Omura (the number of shares of the Company to be acquired: 140,000 shares; Shareholding Ratio: 0.76%).
The term "**Business Subject to the Transfer**" means all shares of Apaman Property and wepark (defined below) owned (with respect to the shares of wepark, directly owned by the Company or indirectly owned by the Company through Apaman Property) by the Company (including the shares owned by the Company) of Subsidiary Group B (defined below) relating to the Business Subject to the Transfer), which will, on the business day immediately following the effective date of the Squeeze-Out Process (as defined below), be transferred (with respect to the shares of wepark Corporation ("**wepark**"; which conducts parking business) indirectly owned by the Company through Apaman Property, such shares shall remain owned by Apaman Property).
Subsidiary B Group" means the group of subsidiaries of Apaman Property relating to the Business Subject to the Transfer.
The term "**Businesses Subject to the Split**" means (i) the business relating to lease management, subleasing and related services in the Kyushu area (excluding the directly-managed store business), the directly-managed store business (excluding the directly-managed store business operated in Hokkaido and Wakayama Prefecture), and the partnership real property, and (ii) the business relating to the real estate business of Presto Service Corporation, First Living Corporation, Apanet Corporation, Gazpro Corporation, APAMANSHOP (THAILAND) CO., Ltd. and PSL Corporation (including the shares of Subsidiary Group A (as defined below), which is a group of subsidiaries of Apaman Property, relating to Businesses Subject to the Split, which (both (i) and (ii) above) will be transferred from Apaman Property (splitting company) to RE-Standard (defined below) through the Absorption-type Split after this TOB is cmpleted and before the Squeeze-Out Process is implemented.

“RE-Standard” means RE-Standard, a consolidated subsidiary of the Company.

“Subsidiary Group A” means the group of subsidiaries of Apaman Property relating to the Business Subject to the Split.

"**Squeeze-Out Process**" means the process to be taken by the Offeror to acquire all of the Company's shares (including the Company's shares to be delivered upon exercise of the Stock Acquisition Rights, but excluding the treasury shares held by the Company) and all of the Stock Acquisition Rights (excluding the Non-tender Agreement Stock Acquisition Rights) (which process will be implemented after this TOB is completed, in accordance with the description set forth in the portion entitled “Policy on matters including organizational restructuring after the Tender Offer (matters concerning so-called two-step acquisition)” of the disclosure documents relating to this TOB) in the event that the Offeror fails to acquire all of the Company's shares (including, however, the Company shares to be delivered upon exercise of the Stock Acquisition Rights and excluding the Company's treasury shares) and the Stock Acquisition Rights through this TOB.

smaller, and the fairness level in the fairness opinion (the "**Fairness Opinion**") prepared with reference to that will be lower, and therefore, even if the fairness opinion prepared in this TOB evaluates the tender offer price for this TOB as fair, such evaluation should not be deemed reliable so long as the valuation report supporting it is based on the amount of consideration of the Share Transfer which should not be relied upon and is lower than the fair level.

2 With respect to the Subsequent Transactions, the interests of the Offeror and Mr. Omura and those of the Company are aligned in that the shares in the Share Transfer will, from an economically rational standpoint, be transferred at a lower transfer price.

In the disclosure documents regarding this TOB, the Company stated that "In considering item (a)[9] of the Matters for Consultation[10], the Company will (i) consider and judge the merits of the Transaction from the perspective of enhancing the corporate value of the Company and securing the interests of the minority shareholders of the Company, and (ii) consider and judge the appropriateness of the terms of the Transaction and the fairness of the procedures (including the details of the measures taken to ensure fairness for the Transaction) from the perspective of serving the interests of the minority shareholders of the Company. For the Company and the Special Committee, the Transaction and the Subsequent Transactions are only separate transactions, and considering that **with respect to the Subsequent Transactions, the interests of the Offeror and Mr. Omura and those of the Company are aligned in that the shares in the Share Transfer will, from an economically rational standpoint, be transferred at a higher price**, and also considering that there is no conflict of interest existing in the Transaction which is conducted as an MBO, the Subsequent Transactions were not included in the Matters for Consultation. However, as described in '(iii) Details of Judgment' below, in considering the Tender Offer Price, the Special Committee is supposed to confirm that the minority shareholders of the Company will not be disadvantaged by the Transaction, even if the Subsequent Transactions are taken into account, by (A)

[9] In the disclosure documents relating to this TOB, item (a) of the matters for consultation is stated to be "to consider whether the Board of Directors of the Company should approve the Transaction (including whether the Board of Directors of the Company should approve the Tender Offer and whether the Board of Directors of the Company should recommend that the shareholders and stock acquisition right holders of the Company accept the Tender Offer) and make recommendations to the Board of Directors of the Company".

[10] This term is, in the disclosure documents regarding this TOB, defined as meaning those matters for consultation by the Special Committee.

evaluating the value of the Continuing Business after also preparing a business plan for the Continuing Business, and (B) also considering the transfer price for the Share Transfer (the "**Transfer Price**"[11]), which constitutes the financial assets to be acquired by the Company through the Subsequent Transactions, and the repayment of interest-bearing debt."

Although the disclosure documents relating to this TOB said, "with respect to the Subsequent Transactions, the interests of the Offeror and Mr. Omura and those of the Company are aligned in that the shares in the Share Transfer will, from an economically rational standpoint, be transferred at a higher price," the Offeror, Mr. Omura and Mr. Ishikawa have an incentive in the TOB to acquire minority shareholders' shares at the lowest possible TOB price[12]. Therefore, the Offeror and Mr. Omura have an incentive to make the consideration (value) for the Share Transfer as low as possible. And it is natural for NSSK-G1, the transferee in the Share Transfer, to want to make the consideration (value) for the Share Transfer lower, given the economic rationale. Therefore, would it be reasonable to say, "With respect to the Subsequent Transactions, the interests of the Offeror and Mr. Omura and those of the Company are aligned in that the shares in the Share Transfer will, from an economically rational standpoint, be transferred at a **lower** price"? If the exact opposite were to be said and the Subsequent Transactions were to be excluded from the matters for consultation by the Special Committee on that basis, it would have to be said that this would extinguish the raison d'etre of the Special Committee (protection of the rights of minority shareholders).

Although the disclosure documents relating to this TOB said, "The Special Committee received an explanation and question-and-answer session from Plutus Consulting regarding the method and results of examining the appropriateness of the Transfer Price and the Tender Offer Price based on the Transfer Price, in light of the fact that the Subsequent Transactions will be conducted after the Tender Offer and

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[11] This term shall have the same meaning in this Briefing.

[12] Although the Offeror, Mr. Omura and Mr. Ishikawa would prefer to have a higher business value of APAMAN after the completion of this TOB, the incentive to acquire a controlling interest in APAMAN at a lower price appears to be stronger than that. At the very least, there is no objective basis for determining that such incentive is weaker than the incentive to have a higher business value of APAMAN after the completion of this TOB. Under these circumstances, it would not be possible to conclude that "with respect to the Subsequent Transactions, the interests of the Offeror and Mr. Omura and those of the Company are aligned in that the shares in the Share Transfer will, from an economically rational standpoint, be transferred at a **higher** price".

the Transfer Price in the Subsequent Transactions may also affect the Tender Offer Price per share of the Company's stock in the Tender Offer," we believe that "receiving an explanation and holding a question-and-answer session" alone would not be sufficient. We believe that the Special Committee should have hired its own legal advisor, hired a financial advisor under the advice of the legal advisor, and obtained a fairness opinion from the financial advisor as to whether or not the Transfer Price is a fair price.

Although it may be argued that the Subsequent Transactions are the scope of the matters for consultation by the Special Committee, the Special Committee should have negotiated with APAMAN's board of directors (composed of directors excluding Mr. Omura) to include it in such matters, given the materiality of the matter.

3 With respect to the Subsequent Transactions, even after the establishment of the Special Committee, Mr. Omura appears to have been deeply involved in his capacity as the Offeror's Representative.

The disclosure documents regarding the TOB state that "Mr. Omura, the representative director of the Company, is in a structural conflict of interest with the Company in the Transaction because he is the representative director of the Offeror and will continue to manage the Company after the completion of this TOB, and therefore, he has not participated, in the capacity of the Company, in the deliberations and resolutions of the Board of Directors of the Company regarding the Transaction, including the abovementioned Board[13]." However, such documents do not state that he "did not participate in any discussions and negotiations with the Company in connection with the Transaction in the capacity of the Offeror" (underlined, by the authors), so it appears that Mr. Omura did, in fact, act in that manner.

As can be inferred from the events of May 8, late June, and late July 2024 in the Time Series Table, it appears that Mr. Omura was deeply involved in the Subsequent Transactions including the Share Transfer in his capacity as the Offer's representative, while the Special Committee could not be involved in the Subsequent Transactions including the Share Transfer (this is because the Subsequent Transactions, including the Share Transfer, were removed from the scope of the matters for consultation by the Special Committee).

[13] Refers to the Board of Directors meeting held on August 2, 2024.

III. Incidental Issues

1 Representative Director of the Offeror

In APAMAN's "Notice Concerning Implementation of MBO and Recommendation for Subscription, and Transfer of Shares Involving Company Split (Absorption-type Split) and Changes of Subsidiaries" (dated August 2, 2024), ASN's representative is listed as Mr. Omura, but in the certificate of full record regarding ASN attached to the ASN tender offer registration statement, the representative director is listed as "Kazufumi Izumi". According to the commercial registration information as of the date of this briefing, the representative director has been changed to Mr. Omura. However, as of August 22, 2024, no amended tender offer registration statement was filed to attach the revised certificate of full record as an attachment. We believe that improvements should be sought with respect to the process of this TOB, as it is undesirable for the statements in the attachment to the tender offer registration statement to differ from the statements in the notice of the relevant tender offer.

Considering the date of incorporation of ASN (June 17, 2024) and the purpose of incorporation (controlling and managing the business activities of a company by holding shares or equity in the company), it appears clear that this company was established to make a tender offer for this TOB, but we do not understand why Mr. Omura was not appointed as the representative director of the company. It is possible that Mr. Kazufumi Izumi, a third party, was appointed as the representative director in order to prevent the leakage of information about this TOB, but even if this is the case, the purpose of preventing the leakage of insider information may not have been carried through, since the company contacted many shareholders APAMAN before its board of directors decided to recommend this TOB and had them sign tender agreements (or issue a letter of intent) prior to this TOB. Therefore, we believe that the purpose of preventing the leakage of insider information is not being carried out.

If a third party, who should not be the representative director, was appointed as the representative director, the relationship between Mr. Omura and Kazufumi Izumi should be disclosed at the very least.

2 Valuation Report (and Fairness Opinion)

(a) Fact checking

Discount rates (weighted average cost) are disclosed.

The method used to evaluate the going concern value is also disclosed.

(b) Problems

The valuation report prepared by Plutus Consulting (the "**Valuation Report**") was based on the business plan for all of APAMAN's businesses presented by APAMAN to the Offeror (the "**Business Plan**"). The Business Plan must have included the transfer price of the Share Transfer. In other words, the Valuation Report was prepared on the assumption that the transfer price in the Share Transfer Agreement between APAMAN and NSSK-G1 dated August 2, 2024, is regarded as a given, and therefore, if such transfer price was not a fair price, the evaluation of APAMAN shares set forth in the Valuation Report would be difficult to consider as representing a range of fair values for the shares.

However, since the Subsequent Transactions (including the Share Transfer) were not included in the matters for consultation by the Special Committee, it would be difficult to assert that the report of the Special Committee, even if it was issued in reliance on the Valuation Report and the Fairness Opinion of Plutus Consulting, constitutes a reasonable basis for determining that the tender offer price for this TOB is fair.

The responsible partner for this briefing is Akimitsu Kemori (Email: a-kamori@blakemore.gr.jp; Tel. (81-3) 3503-5591).

The contact person at Blakemore & Mitsuki for this briefing is listed on the following page.

BLAKEMORE
& MITSUKI

Akimitsu Kamori
Partner
Blakemore & Mitsuki
Emai: a-kamori@blakemore.gr.jp
(81-3) 3503-5591

Appendix A: MBO Involving APAMAN /Related Parties Table

Role	Name of the person concerned	Remarks
Target Company	APAMAN Corporation ("the **Company**" or "**APAMAN**")	Representative Director: Koji Omura ("**Mr. Omura**")
Offeror	ASN Corporation (the "**Offeror**" or "**ASN**")	Representative Director: Kazufumi Izumi [In APAMAN's "Notice Concerning Implementation of MBO and Recommendation for Subscription, and Transfer of Shares Involving Company Split (Absorption-type Split) and Changes of Subsidiaries" (dated August 2, 2024), ASN's representative is listed as Mr. Omura, but in the certificate of full record regarding ASN attached to the ASN tender offer registration statement, the representative director is listed as "Kazufumi Izumi". According to the commercial registration information as of the date of this briefing, the representative director has been changed to Mr. Omura. However, as of August 22, 2024, no amended tender offer registration statement was filed to attach the revised certificate of full record as an attachment. We believe that improvements should be sought with respect to the process of this TOB, as it is undesirable for the statements in the attachment to the tender offer registration statement to differ from the statements in the notice of the relevant tender offer.] Major shareholders: Japan Capital Corporation 75% APS Corporation 25% [Capital relationship]: There is no capital relationship between the Offeror and the Company that should be noted. Mr. Omura owns 237,600 shares of the Company's restricted stock (the "**Restricted Stock**") allocated to the Company's directors (excluding outside directors) as restricted stock compensation (Shareholding Ratio[1]: 1.29%; as of August 2, 2024, Mr. Omura indirectly owns 12 shares (rounded down to the nearest whole number; Shareholding Ratio: 0.00%) of the Company's shares through the Company's Officers' Shareholding Association, but the above number of shares owned by

[1] The "**Shareholding Ratio**" is the percentage (rounded off to two decimal places; the same shall apply hereinafter in the calculation of the Shareholding Ratio) as against the number of shares (18,353,543 shares; hereinafter referred to as the "**Base Number of Shares**") obtained by deducting the number of treasury shares (482,517 shares) held by the Company as of August 2, 2024, from the sum (18,836,060 shares) of (i) the total number of the Company's issued shares as of June 30, 2024 (18,518,060 shares) as set forth in the "Financial Results for the Third Quarter of the Fiscal Year Ending September 30, 2024 [Japanese GAAP] (Consolidated)" released by the Company on August 2, 2024, and (ii) the number of the Company's shares (318,000 shares) to be issued upon exercise of the Stock Acquisition Rights outstanding (defined in the briefing entitled "Analysis of the MBO in Japan Involving APAMAN -Is an MBO that effectively blocks a competing TOB without consent legal under Japanese law?" to which this table is attached) (the 6th Series Stock Acquisition Rights (2,200 units) and the 7th Series Stock Acquisition Rights (980 units)) as of June 30, 2024.

		Mr. Omura (237,600 shares) does not include the 12 shares of the Company indirectly held by Mr. Omura as his interest through the Directors' Shareholding Association; the same applies hereafter to the number of shares held by Mr. Omura) (237,600 shares) and 1,400 units of the 6th Series Stock Acquisition Rights (140,000 shares of the Company's stock to be issued upon exercise of the Stock Acquisition Rights, Shareholding Ratio: 0.76%; hereinafter, "**Non-tendered Stock Acquisition Rights**"). In addition, Kabushiki Kaisha OHMURA ("**OHMURA**"), an asset management company in which Mr. Omura and his relatives own all issued shares, owns 5,113,840 shares of the Company (Shareholding Ratio: 27.86%), and Poem Holdings Co. ("**Poem Holdings**"), an asset management company in which Mr. Omura owns all of the issued shares of the Company, owns 647,790 shares of the Company's stock (Shareholding Ratio: 3.53%). [Human relations]: Mr. Omura, the representative director of the Offeror, concurrently serves as the representative director of the Company. [Status as a Related Party]: The Offeror is a related party of the Company as Japan Capital Corporation, in which 100.00% of the voting rights are owned by Mr. Omura, the representative director of the Company, owns a majority of the voting rights of the Offeror.
Major Shareholders of the Offeror (1)	Japan Capital Corporation	The Company's President and Representative Director, Mr. Omura, established this company on May 1, 2024, and he owns all of its issued shares.
Major Shareholders of the Offeror (2)	APS Corporation	Mr. Masahiro Ishikawa, a director of Kabushiki Kaisha SystemSoft ("**SystemSoft**"), an affiliate of the Company, (number of shares held: 241,190 shares; Shareholding Ratio: 1.31%), who has served as an executive director of the Company and a director of its affiliate, and has a deep understanding of the business operations of the group of companies controlled by the Company ("**Mr. Ishikawa**"; number of shares held: 241,190 shares; Shareholding Ratio: 1.31%) established this company on March 13, 2024, and owns all of its issued shares.
Related Parties to the Tender Offer ("**Tender Offer Related Parties**")	The Company, the Offeror, Mr. Omura, Mr. Ishikawa, OHMURA, Poem Holdings, shareholders who agreed to tender, shareholders who expressed their intents, and World Seven Seas	
APAMAN's FA and third-	PLUTUS CONSULTING	

party appraiser	Co., Ltd. ("**Plutus Consulting**")	
APAMAN's LA	Mori Hamada & Matsumoto	
Special Committee of APAMAN (the "**Special Committee**")	Member of the Special Committee: 1) Yujiro Takahashi (2) Tetsuto Watanabe 3) Shinsuke Matsumoto	1) Yujiro Takahashi (Outside Director of the Company): Representative Attorney, Yujiro Takahashi Bengoshi Hojin Since Mr. Takahashi is not only an outside director of the Company, but also an outside director of SystemSoft, of which Mr. Ishikawa, a Tender Offer Related Party, is a director (according to APAMAN's annual securities report dated December 15, 2023), it is not clear whether he is independent from the Tender Offer Related Parties. Therefore, we believe that there may be some doubt as to whether he is independent from the Tender Offer Related Parties. (2) Tetsuto Watanabe: licensed tax accountant 3) Shinsuke Matsumoto: Partner, Nakamura, Tsunoda & Matsumoto [However, the name of the firm is not mentioned in the disclosure documents, nor is it stated that Mr. Matsumoto is a partner of the firm.] The chair of the Special Committee does not appear to have been selected.
LA of the Offeror	Kohwa Sohgoh Law Offices	
Tender Offer Agent	Mizuho Securities Co., Ltd.	
Tender Offer Sub-Agent	Rakuten Securities, Inc.	

Annex B: Analysis of the MBO Involving APAMAN/Table of Time Series[1]

Date	Event	Remarks
Jan. 2019	Mr. Omura and Mr. Ishikawa initiated an information exchange with NSSK regarding the enhancement of APAMAN's corporate value.	
Late Aug. 2023	Wide-ranging exchange of opinions between Mr. Omura and Mr. Ishikawa, on one hand, and NSSK, on the other hand, on APAMAN's management policies	
Late Dec. 2023	Under the external environment described in the disclosure documents relating to this TOB, Mr. Omura and Mr. Ishikawa have come to believe that in order for the Company to continuously increase its corporate value by providing services that take advantage of its independence, it is essential to strengthen the group of companies controlled by the Company's (the "**Group**") core business of "Apamanshop" franchise operations, etc., by focusing on the FC headquarters control function and improving the quality of franchisees through the promotion of "APAMAN DX".	
Mid-January 2024	Mr. Omura and Mr. Ishikawa believe that, in order to strengthen the businesses discussed above, it is necessary for the Group to promote selection and concentration of its businesses by (i) not only continuing to invest in franchise operations and other businesses as in the past, but also to reviewing its business portfolio to ensure that it can withstand further IT and system investments related to DX, and (ii) selling some of the Group's businesses.	
Late Jan. 2024	In late January 2024, Mr. Omura, Mr. Ishikawa, and NSSK reached a common understanding that the most effective way to maintain and expand the Company's future profitability and growth is to review the business portfolio of the Group, while maintaining the Company's independent status, and to select and focus on businesses to make necessary investments and implement various management measures more flexibly and aggressively than before in businesses such as "APAMAN Shop" franchise operation. On the other hand, these initiatives are highly innovative and require a large initial investment, which may cause a short-term deterioration in the Group's profit level and	

[1] Whenever a term defined in the briefing entitled "Analysis of the MBO in Japan Involving APAMAN-Is an MBO that effectively blocks a competing TOB without consent legal under Japanese law?" (the "**Briefing**"), or one of its appendixes entitled "Appendix A: Analysis of the MBO Involving APAMAN / Table of Related Parties," is used in this document, such term has the meaning ascribed to it in the relevant document unless otherwise defined herein.

	cash flow, and it is expected to take time before they generate sufficient expected earnings. In addition, since the Company is a listed company, investors and shareholders require a commitment to the Group's short-term performance, and as a result of the Company's decision to prioritize medium- to long-term growth in the process of implementing the above measures, the Company may not receive sufficient recognition from the capital market and may not be able to maintain the listing of the Company's shares. If the Company implements these measures while maintaining the listing of the Company's stock, there is an undeniable possibility that the share price of the Company's stock will decline, which will be disadvantageous to the Company's minority shareholders, and the Company considered that it would be difficult to implement these measures while maintaining the listing of its stock.	
Mid-February 2024.	In mid-February 2024, Mr. Omura, Mr. Ishikawa, and NSSK (defined below) have come to the conclusion that it would be effective to pursue further growth under the support of NSSK and to concentrate the Company's management resources and functions, including its franchise headquarters control function, on the business that the Group will continue to operate after the Stock Transfer (the " **Continuing Business** ") by, after the Offeror, which is scheduled to be established, as an acquisition-purpose company to execute the Transaction (defined below), takes the Company's shares private, (i) making Apaman Property Corporation ("**Apaman Property**"; the Company's ownership percentage of voting rights in Apaman Property being 99.0%), which is a consolidated subsidiary of the Company and operates the Business Subject to the Transfer (defined below) within the Group, a wholly-owned subsidiary of the Company by SystemSoft transferring all 117 shares of Apaman Property (SystemSoft's ownership ratio of voting rights in Apaman Property is 1.0%) held by SystemSoft to the Company (the Company has arranged to have the consideration for the transfer set after estimating the value of the shares of Apaman Property before the Company Split based on the price of Apaman Property after the Company Split in the Share Transfer), and then (ii) (A) transferring the assets, liabilities, contractual status, and related rights and obligations of Apaman Property (including the shares of Apaman Property's subsidiaries related to the Business Subject to the Sprit (defined below)) to RE-Standard Corporation, a consolidated subsidiary of the Company, by way of an absorption-type company split (the "**Absorption-type Split**"), and (B) transferring all shares owned by the	

	Company (for wepark shares, the Company directly owns or indirectly owns through Apaman Property) in Apaman Property and wepark (defined below), a consolidated subsidiary of the Company mainly engaged in the parking business, to NSSK-G1 (defined below) (the shares of wepark indirectly owned by the Company through Apaman Property shall remain owned by Apaman Property)[2] (the "**Share Transfer**" and collectively, with the Absorption-type Split, the "**Subsequent Transactions**").	
Early April 2024	Mr. Omura and Mr. Ishikawa have agreed with NSSK on the direction of the Transaction and the Share Transfer with NSSK.	
2024.5.8	**Mr. Omura believes that the establishment of a management structure in which shareholders and management are united and the selection and concentration of businesses by simultaneously implementing the Transaction and the Share Transfer will realize the sustainable growth of the Group and the business subject to transfer and contribute to the enhancement of corporate value, and accordingly, on May 8, 2024, he submitted a proposal to the Company to conduct the Transaction and the Share Transfer, and requested discussions and negotiations for the implementation of the Transaction and the Share Transfer.**	
2024.5.10	The Company, at a meeting of its Board of Directors held on May 10, 2024, t selected PLUTUS CONSULTING Co., Ltd. ("**Plutus Consulting**") as its financial advisor and third-party valuation institution independent of the closing of the Transaction, and Mori Hamada & Matsumoto as its legal advisor, and the Company, based on the legal advice received from Mori Hamada & Matsumoto regarding the decision-making process, method and other points to be considered when making decisions regarding the Transaction, has started to establish a system to examine, negotiate and make decisions on the Transaction from a standpoint independent of the Tender Offer Related Parties (defined below), excluding the Company, from the perspective of enhancing the Company's corporate value and securing the interests of the Company's minority shareholders (the term "**Tender Offer Related Parties**" means the Company, the Offeror, Mr. Omura, Mr. Ishikawa, OHMURA, Poem Holdings, the shareholders who have agreed to tender their shares, the shareholders who have expressed their intent to tender their shares in this TOB	

[2] The underlines in the two places above indicate the corrections recommended by the authors with respect to the relevant parts of the disclosure documents relating to this TOB.

	by the time of the announcement of this TOB on August 2, 2024). Establishment of the Special Committee (a) The Company and the Special Committee recognize that the Transaction and the Subsequent Transactions are separate transactions and that the interests of the Offeror and Mr. Omura, on one hand, and the Company, on the other hand, in the Subsequent Transaction are aligned in that they will transfer the shares at a higher transfer price than would be economically reasonable, and therefore, the Company and the Special Committee have decided that the Subsequent Transactions are not included in the matter for consultation by the Special Committee based on the understanding that there is no structural conflict of interest as in the case of the transaction conducted as an MBO, as stated in the disclosure documents regarding this TOB. (b) In considering the tender offer price for this TOB, the Special Committee has evaluated the value of the Continuing Business after also preparing a business plan for the Continuing Business, and has evaluated the shareholder value (the value of the Company's shares after the implementation of the Subsequent Transactions) taking into consideration the transfer price for the Share Transfer, which is the financial assets to be acquired by the Company through the Subsequent Transactions (the "**Transfer Price**"), and the repayment of interest-bearing debt, and will confirm that the minority shareholders of the Company will not be disadvantaged by the Transaction even if the Subsequent Transactions are considered, according to the disclosure documents regarding this TOB.	See "II. The Subsequent Transactions are not included in the matters for consultation by the Special Committee" in the Briefing for a discussion of the highly problematic treatment of (a) on the left. Regarding (b) on the left: Since neither a valuation report nor a fairness opinion has been prepared on whether or not the Transfer Price is a fair price, despite the fact that the Special Committee has concluded that the TOB price is not disadvantageous to minority shareholders of APAMAN based on the given premise of the Transfer Price agreed between Mr. Omura and Mr. Ishikawa, whose interests conflict with those of APAMAN, on one hand, and NSSK-G1, on the other hand, such conclusion can only be reached only if the Transfer Price is fair, and in the case of this TOB, where no verification of the fairness of the Transfer Price has been conducted, there would be no reasonable basis to believe that the offer price for this TOB is not

		disadvantageous to minority shareholders.
2024.5.13	The Special Committee (i) first confirmed on May 13, 2024 that there were no problems with the independence and expertise of the Company's third-party valuation agent and financial advisor, Plutus Consulting, and the Company's legal advisor, Mori Hamada & Matsumoto, (ii) approved the appointment of Plutus Consulting and Mori Hamada & Matsumoto, and (iii) has obtained their professional advice, as stated in the disclosure documents regarding this TOB.	We believe that the Special Committee should have appointed its own financial and legal advisors.
Mid-May 2024.	Mr. Omura and Mr. Ishikawa have decided to commence specific consideration of the tender offer price for this TOB and to establish the Offeror as the entity to conduct the Tender Offer.	
May 17, 2024.	The Special Committee sent questions to Mr. Omura regarding the Transaction and post-Transaction management policies	
May 30, 2024	The Special Committee received a written response from Mr. Omura	
May 31, 2024	The Special Committee sent additional questions to Mr. Omura The Special Committee received direct responses from Mr. Omura and Mr. Ishikawa and exchanged questions and answers with them.	
2024.6.3	The Special Committee also received written responses from Mr. Omura and Mr. Ishikawa regarding additional questions that had not yet been answered.	
June 17, 2024.	ASN established	
Late June 2024.	**Based on the above agreement between Mr. Omura, Mr. Ishikawa and NSSK regarding the Transaction and the direction of the Subsequent Transactions, in late June 2024, NSSK made a proposal to the Company regarding the terms and conditions of the Subsequent Transactions including the Share Transfer.**	Despite the establishment of a special committee, the involvement of Mr. Omura and Mr. Ishikawa, on the side of the Offeror, in the determination of the Transfer Price for the Share Transfer, which has a significant impact on the tender offer price for this TOB, may be problematic from the perspective of conflict of interest.[3]

[3] In response to this point, although there is a possibility for somebody to counter-argue that since the Special Committee cannot be involved in any Subsequent Transactions including the Transfer Transaction, it is natural that Mr. Omura and Mr. Ishikawa on the side of the Offeror are involved in determining the Transfer Price for the Share Transfer and that the Special Committee is not involved in that, we believe that the very act of excluding this point from the matters for consultation by the Special Committee is what subverts the raison d'être of the

July 2, 2024	Offeror: Proposed tender offer price of 16,300 yen	
7.4.2024	The Special Committee requested the Offeror to reconsider its proposal, including raising the tender offer price for this TOB.	
7.5.2024	The Special Committee received a second proposal from the Offeror for this TOB at a tender offer price of 700 yen, the purchase price for the 6th Series Stock Acquisition Rights at 1 yen, and the purchase price for the 7th Series Stock Acquisition Rights at 21,300 yen	
7.8.2024	The Special Committee requested the Offeror to reconsider its proposal, including raising the tender offer price for this TOB.	
7.11.2024	The Offeror made a third proposal to set the tender offer price for this TOB at 720 yen, the purchase price for the 6th Series Stock Acquisition Rights at 1 yen, and the purchase price for the 7th Series Stock Acquisition Rights at 23,300 yen	
7.11.2024	The Special Committee requested the Offeror to reconsider its proposal, including another increase in the tender offer price for this TOB.	
July 23, 2024.	The Offeror proposed a tender offer price of 729 yen for this TOB, a purchase price of 1 yen for the 6th Series Stock Acquisition Rights, and a purchase price of 24,200 yen for the 7th Series Stock Acquisition Rights.	
July 25, 2024.	Although the Special Committee appreciated the fact that the tender offer price for this TOB in relation to such proposal was proposed at a reasonable premium level, the Special Committee also took into consideration the Company's intrinsic shareholder value and requested another increase in the price.	
Late July 2024	**After due diligence by NSSK on the Business Subject to Transfer and discussions between NSSK and the Company, the Company and NSSK reached an agreement on the Subsequent Transactions, including the Share Transfer, in late July 2024, on the premise of maintaining collaboration after the Transaction with the Group.**	It appears for the offer price for this TOB to have ultimately been determined owing to the fact that the agreement reached in late July 2024 on the Subsequent Transactions, including the Share Transfer, (as evidenced by the facts set forth in the July 29 and 30, 2024 columns below). Conversely, the amount of the Transfer Price for the Share Transfer shows how materially it will affect the tender offer price for this

Special Committee.

		TOB.
July 29, 2024.	The Company received a response from the Offeror stating that it is unable to meet the Offeror's request for a further price increase.	
July 30, 2024	The Special Committee accepted and approved the Offeror's final proposal.	
August 1, 2024	The Special Committee also considered the August 1, 2024 valuation report submitted by Plutus Consulting (the "**Valuation Report**") and the August 1, 2024 Fairness Opinion (the "**Fairness Opinion**") to the effect that the tender offer price of ¥729 per share for this TOB is fair to the minority shareholders of the Company from a financial point of view, and then prepared its written report dated August 1, 2024 (the "**Written Report**").	
August 2, 2024	The Company has received the Written Report from the Special Committee. APAMAN's Board of Directors resolved to recommend that the shareholders tender their shares in this TOB. Execution of the Basic Transaction Agreement among the Offeror, Mr. Omura and NSSK-G1 APAMAN and NSSK-G1 entered into an agreement regarding the Share Transfer. APAMAN formed business alliance with TKP	We believe that it should have been indicated in the disclosure documents for this TOB that such business alliance with TKP is not problematic in relation to the claim that the interests of the shareholders to be gained in connection with this TOB should be equal.
Early Nov. 2024	Execution of the Share Transfer (in the case of a request for sale of shares, etc.)	
Mid-December 2024.	Execution of the Share Transfer (in the event of a reverse stock split)	