

July 10, 2020

This document is an English translation of a statement written originally in Japanese. The Japanese original should be considered as the primary version.

ITOCHU Corporation  
(Code No. 8001, Tokyo Stock Exchange, First Section)  
Representative Director and President and Chief Operating Officer: Yoshihisa Suzuki  
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(TEL. +81-3-3497-7295)

Retail Investment Company, LLC  
Executor: Kensuke Hosomi  
Contact: As above

**(Amendments) Announcement Relating to Amendments to “Announcement in Relation to Commencement of Tender Offer for Shares in FamilyMart Co., Ltd. (Code No. 8028)”**

ITOCHU Corporation (“ITOCHU”) hereby announces amendments to “Announcement in Relation to Commencement of Tender Offer for Shares in FamilyMart Co., Ltd. (Code No. 8028)” announced on July 8, 2020. The revised parts are underlined in the attached disclosure document after amendments.

Through various initiatives with FamilyMart Co., Ltd., ITOCHU jointly aims to enhance the corporate value of “FamilyMart” for the future.

For details of the tender offer, please refer to the disclosure document after amendments attached hereto.

Document attached: Disclosure document after amendments

“Announcement in Relation to Commencement of Tender Offer for Shares in FamilyMart Co., Ltd. (Code No. 8028)”

July 8, 2020

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**Announcement in Relation to Commencement of Tender Offer  
for Shares in FamilyMart Co., Ltd. (Code No. 8028)**

Retail Investment Company, LLC (location of the head office: Minato-ku, Tokyo; Executor: Kensuke Hosomi; hereinafter referred to as the “Tender Offeror”), in which ITOCHU Corporation (hereinafter referred to as “ITOCHU”) and Tokyo Century Corporation (hereinafter referred to as “Tokyo Century”) respectively hold a 99% stake and a 1% stake, decided at the board of directors meeting held today that the Tender Offeror will acquire the common shares of FamilyMart Co., Ltd. (which are listed on the First Section (the “First Section of the TSE”) of the Tokyo Stock Exchange, Inc. (hereinafter referred to as the “TSE”): Code No. 8028; hereinafter referred to as the “Target Company”) (such common shares, hereinafter referred to as the “Target Company Shares”) by way of tender offer (hereinafter referred to as the “Tender Offer”) as stipulated in the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; hereinafter referred to as the “Act”).

The Tender Offer is launched with the aim of taking the Target Company private. ITOCHU and the Target Company have come to a shared acknowledgement that recently the retail industry to which the Target Company belongs has been harshly competitive and in order to quickly respond to changes and dominate in this severe competitive environment, it is imperative that ITOCHU and the Target Company further enhance the use of, among other things, each other’s management resources, and ITOCHU and the Target Company as a group will together make decisions swiftly.

This document is disclosed by ITOCHU in accordance with the Securities Listing Regulations, and also makes an official announcement pursuant to Article 30, paragraph 1, item 4 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended; hereinafter referred to as the “Order”) based on the request of the Tender Offeror to ITOCHU (the parent company of the Tender Offeror).

1. Outline of Retail Investment Company, LLC

(1) Name	Retail Investment Company, LLC
(2) Location	2-5-1 Kita-Aoyama, Minato-ku, Tokyo

(3) Title and Name of Representative	Executor: Kensuke Hosomi
(4) Description of Business Activities	1. Investments and loans for retail distribution business 2. All functions incidental to the foregoing
(5) Capital	1,000,000 yen (as of July 8, 2020)

## 2. Purpose of the Tender Offer

### (1) Outline of the Tender Offer

The Tender Offeror is a *Godo Kaisha* (limited liability company) established on March 18, 2020 primarily for the purpose of acquiring and holding the share certificates, etc. of the Target Company through the Tender Offer and, ITOCHU and Tokyo Century respectively hold a 99% stake and 1% stake in the Tender Offeror. As of today, the Tender Offeror does not hold any Target Company Shares, which are listed on the First Section of the TSE, while, as of today, ITOCHU, which is the parent company of the Tender Offeror holds 210,029,184 Target Company Shares (Ownership Ratio (Note 1): 41.50% (rounded to two decimal places; hereinafter the same applies to the calculation of Ownership Ratio)). In addition, the wholly-owned subsidiary of ITOCHU, ITOCHU RETAIL INVESTMENT, LLC (hereinafter referred to as “IRI”; together with ITOCHU, “ITOCHU et al.”), as of today holds 43,521,600 Target Company Shares (Ownership Ratio: 8.60 %), and the Target Company is a consolidated subsidiary of ITOCHU, with ITOCHU et al. holding in total 253,550,784 Target Company Shares (Ownership Ratio: 50.10%). As of today, Tokyo Century holds 22,792 Target Company Shares (Ownership Ratio: 0.00%).

(Note 1) The “Ownership Ratio” means the ratio of the relevant Target Company Shares held by the applicable person to the number of shares (506,108,072 shares) remaining after subtracting the number of the treasury shares (741,180 shares) held by the Target Company as of February 29, 2020, from the total number of issued shares of the Target Company (506,849,252 shares) as of the same date, both of which are disclosed in the 39<sup>th</sup> FY Securities Report submitted by the Target Company on May 29, 2020 (Japanese Only, hereinafter referred to as the “Target Company’s Securities Report”).

The Tender Offeror decided to commence the Tender Offer in order to acquire all Target Company Shares (excluding the Target Company Shares held by ITOCHU et al., and the treasury shares held by the Target Company), at 2,300 yen per share (as per the Target Company Shares of the Tender Offer referred to as the “Tender Offer Price”). As stated below, the Tender Offer will be conducted as a part of a series of transactions resulting in the Target Company’s shareholders comprising of only all or part of ITOCHU and the Tender Offeror (hereinafter referred to as the “Transaction”) and thereby taking the Target Company private. Pursuant to the Agreement on Refund of Contribution between IRI and ITOCHU dated July 8, 2020 (hereinafter referred to as the “Contribution Refund Agreement”), on July 21, 2020, IRI will distribute to ITOCHU all Target Company Shares that it holds (43,521,600 shares (Ownership Ratio: 8.60%)) by means of a partial refund of ITOCHU’s contribution in IRI (Note 2). (For an overview of the scheme please see “Diagrams of the Scheme of the Transactions” below.)(Note 3)(Note 4) Should the Tender Offeror fail to acquire all Target Company Shares (excluding the Target Company Shares held by ITOCHU et al., and the treasury shares held by the Target Company) through the Tender Offer, after the completion of the Tender Offer, the Tender Offeror plans to implement a series

of procedures resulting in the Target Company's shareholders comprising of only ITOCHU and the Tender Offeror, stated in "(6) Policies for Reorganization After the Tender Offer (Matters Concerning the So-Called "Two-Step Acquisition")" below. If such procedures are undertaken, in order to strengthen the relationship between the National Federation of Agricultural Cooperative Associations (hereinafter referred to as "ZEN-NOH") and The Norinchukin Bank (hereinafter referred to as "Nochu") (Note 5), on one side, and the Target Company on the other, as well as between Tokyo Century and the Target Company, the transaction stated in "I. ZEN-NOH-Nochu Share Transfer" in "(3) Management Policy After the Tender Offer (hereinafter referred to as the "ZEN-NOH-Nochu Share Transfer") and the transaction stated in "II. Tokyo Century Direct Holding Transaction" in "(3) Management Policy After the Tender Offer" below (hereinafter referred to as the "Tokyo Century Direct Holding Transaction"; together with "ZEN-NOH-Nochu Share Transfer," hereinafter referred to as the "Post-Transaction Target Company Share Transfer") are scheduled to take place. The percentage of the Target Company Shares that each party holds after the Post-Transaction Target Company Share Transfer is scheduled to be as follows: ITOCHU and the Tender Offeror will together hold approximately 94.70%; ZEN-NOH and Nochu will together hold 4.90% (Note 6), and Tokyo Century will hold approximately 0.40% (for an overview of the scheme of the Transaction, please see "Diagrams of the Scheme of the Transactions" below).

When the Tender Offer commenced, ITOCHU et al. represented to the Tender Offeror that it will not tender any Target Company Shares held by them in the Tender Offer, and Tokyo Century represented to the Tender Offeror that it will tender all Target Company Shares held by it in the Tender Offer, respectively.

(Note 2) To be specific, IRI will deliver 43,521,600 Target Company Shares to ITOCHU, but ITOCHU will not pay any consideration in return. The Companies Act (the Act No. 86 of 2005, as amended; hereinafter the same) requires that the book value of monies, etc. to be delivered to its members by a *Godo Kaisha* as a refund of contribution must not exceed the amount of surplus or the amount of decrease in the value of investment, whichever is less. For this reason, in connection with IRI's delivery of 43,521,600 Target Company Shares to ITOCHU, IRI needs to reduce the amount contributed by ITOCHU in the amount equal to the amount in excess of the book value of the applicable shares. Therefore, ITOCHU's contribution amount of 120,001 million yen (rounded to the nearest million yen; hereinafter the same in terms of ITOCHU's contribution amount) at the time of the contribution refund (July 21, 2020) will be decreased by 119,970 million yen (rounded to the nearest million yen; hereinafter the same in terms of decrease in ITOCHU's contribution amount) to 31 million yen. The decreased amount of ITOCHU's contribution amount (119,970 million yen) is equal to IRI's book value of the Target Company Shares owned by IRI (43,521,600 shares) as of the date hereof, in light of the aforementioned requirement pursuant to the Companies Act, and was not determined based on the value of the Target Company Shares as of today and is therefore unrelated to the Tender Offer Price.

The decreased amount of ITOCHU's contribution amount divided by 43,521,600 Target Company Shares that will be delivered from IRI to ITOCHU is 2,756.56 yen (rounded to two decimal places). The contribution amount is merely the value of

monies contributed by ITOCHU to IRI in the past, and decreasing the amount of such contributed amount does not mean that ITOCHU has delivered certain property values to IRI and does not mean that ITOCHU has abandoned its claims against IRI. Since ITOCHU is the only member of IRI, ITOCHU's ownership ratio over IRI will not decrease as a result of the aforementioned reduction in contribution. Therefore, the decrease in the amount of contribution does not mean that valuables will be delivered by ITOCHU to IRI in exchange for receiving 43,521,600 Target Company Shares, and it is merely a number determined to comply with the requirements of the Companies Act. For this reason, the difference between the Tender Offer Price and the amount calculated by dividing the decreased amount of ITOCHU's contribution amount by 43,521,600 Target Company Shares that will be delivered from IRI to ITOCHU is not in conflict with the purpose of the uniformity of the Tender Offer Price (Article 27-2, paragraph 3 of the Act). For more details, please see "(iii) Contribution Refund Agreement" in "(4) Matters Concerning Material Agreements Related to the Tender Offer" below and "4. Contracts to Purchase Shares, etc. After the Filing Date of the Registration Statement" in "(3) Status of Ownership and Transaction of Shares, etc. by the Tender Offeror and its Special Affiliated Parties" in the tender offer statement for the Tender Offer ("Tender Offer Statement").

- (Note 3) In the event that the Tender Offeror fails to acquire all of the Target Company Shares other than those owned by ITOCHU et al. and the treasury shares held by the Target Company, the series of procedures aimed at having the shareholders of the Target Company be only ITOCHU and the Tender Offeror are scheduled after the completion of the Tender Offer, as described in "(6) Policies for Reorganization After the Tender Offer (Matters Concerning the So-Called "Two Step Acquisition")". In the event that IRI owns the Target Company Shares at the time of these procedures, it is possible that the Target Company Shares owned by IRI will result in less than one whole share and will be forced to be sold as a result of the share consolidation pursuant to the Article 180 of the Companies Act (hereinafter referred to as the "Share Consolidation"). This may possibly have accounting or tax implications on ITOCHU or IRI. (In the case higher than a book value, a profit could be recognized at IRI for accounting and tax purposes and a book value of the Target Company Shares at ITOCHU, for accounting and that purpose, could be higher. In the case lower than a book value, a loss could be recognized at IRI and a book value of the Target Company Shares at ITOCHU could be lower.) As mentioned below, IRI will deliver 43,521,600 Target Company Shares to ITOCHU in order to avoid having such accounting and tax implications on ITOCHU or IRI, even though ITOCHU and IRI, which is wholly-owned by ITOCHU, will continue to collectively own 253,550,784 Target Company Shares (Ownership Ratio: 50.10%) before and after the Transaction and Post-Transaction Target Company Share Transfer. The details regarding the fact that ITOCHU and IRI, which is wholly-owned by ITOCHU, will continue to collectively own 253,550,784 Target Company Shares (Ownership Ratio: 50.10%) before and after the Transaction and Post-Transaction Target Company Share Transfer is as follows: (i) as of today, ITOCHU et al. currently owns 50.10% of the Target Company (253,550,784 shares), (ii)(a) from the Ownership Ratio of the Target Company Shares that will be owned by ITOCHU and Target

Offeror after the consummation of the Transaction and Post-Transaction Target Company Share Transfer (ITOCHU will wholly own Tender Offeror after the consummation of the Post-Transaction Target Company Share Transfer) (approximately 94.70%), (b) subtract approximately 44.60% Ownership Ratio in the Target Company Shares that ITOCHU will additionally and directly or indirectly acquire through the Transaction, and will result in approximately 50.10%. Thus, there will be no change to the fact that ITOCHU and IRI, wholly-owned by ITOCHU, will continue to own a total of 253,550,784 Target Company Shares (50.10%) before and after the Transaction and Post-Transaction Target Company Share Transfer. Approximately 44.60% Ownership Ratio in the Target Company Shares that ITOCHU will additionally and directly or indirectly acquire through the Transaction is calculated as follows: subtract the Ownership Ratio (4.90%) that will be transferred in the ZEN-NOH-Nochu Share Transfer and the Ownership Ratio (approximately 0.40%) that will be owned by Tokyo Century after the Tokyo Century Direct Holding Transaction, from the 49.90% Ownership Ratio (252,557,288 shares), which is the amount of Target Company Shares intended to be acquired in the Tender Offer.

- (Note 4) ITOCHU continues to own all equity interests of IRI since before the day immediately preceding July 21, 2019 and accordingly, IRI constitutes a Special Related Party based on the relationship criteria for no less than a one year period (Article 27-2, paragraph 7, Item 1 of the Act, and Article 3, paragraph 1 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer (Ordinance of the Ministry of Finance No. 38 of 1990 and subsequent revisions; hereinafter referred to as the “Ordinance”)). Accordingly, ITOCHU may acquire 43,521,600 Target Company Shares from IRI on July 21, 2020 without a tender offer pursuant to the proviso of the introductory clause of Article 27-2, paragraph 1 of the Act, and Article 3, paragraph 1 of the Ordinance. Further, today, ITOCHU entered into a Contribution Refund Agreement with IRI and agreed to receive 43,521,600 Target Company Shares, and accordingly, ITOCHU may acquire 43,521,600 Target Company Shares from IRI on July 21, 2020 without the proviso of the introductory clause of Article 27-5 of the Act and Article 27-5, item 1 thereof being applied. For details, please see “(iii) Contribution Refund Agreement” in “(4) Matters Concerning Material Agreements Related to the Tender Offer” below and “4. Contracts to Purchase Shares, etc. After the Filing Date of the Registration Statement” in “(3) Status of Ownership and Transaction of Shares, etc. by the Tender Offeror and its Special Affiliated Parties” in the Tender Offer Statement.
- (Note 5) As of today, ZEN-NOH and Nochu do not hold any Target Company Shares.
- (Note 6) As stated in “I. ZEN-NOH-Nochu Share Transfer” in “(3) Management Policy After the Tender Offer” below, the particulars of the Target Company Shares that ZEN-NOH and Nochu will respectively receive shall be decided by ZEN-NOH and Nochu (the numbers will be decided in a manner whereby the number of Target Company

Shares that either ZEN-NOH or Nochu will receive will not be zero), and ITOCHU will be notified. As of today, no decision has been made.

As described above, the Tender Offeror will conduct the Tender Offer to take the Target Company private. The Tender Offeror has not set any upper limit, but has set a lower limit of 50,114,060 shares (Ownership Ratio: 9.90%), on the number of shares to be purchased through the Tender Offer for the following reasons respectively. If the total number of shares that are offered for sale in response to the Tender Offer (hereinafter referred to as the “Tendered Shares”) falls short of the lower limit on the number of shares to be purchased through the Tender Offer, none of the Tendered Shares will be purchased, while if the total number of the Tendered Shares is equal to or is more than the lower limit, all the Tendered Shares will be purchased.

The lower limit on the number of shares to be purchased through the Tender Offer was set so that the Ownership Ratio of ITOCHU and the Tender Offeror, if the Tender Offer is completed, will be 60% or more.

- (i) Reason for not setting an upper limit on the number of shares to be purchased through the Tender Offer

No upper limit on the number of shares to be purchased through the Tender Offer has been set because the Tender Offeror will conduct the Tender Offer in order to acquire all Target Company Shares (excluding the Target Company Shares held by ITOCHU et al., and the treasury shares held by the Target Company) and take the Target Company private.

- (ii) Reason for setting a lower limit of 50,114,060 shares on the number of shares to be purchased through the Tender Offer

As stated above, the Tender Offeror will conduct the Tender Offer in order to take the Target Company private. However, the Tender Offeror decided to set a lower limit on the number of shares to be purchased through the Tender Offer so that the Ownership Ratio of ITOCHU and the Tender Offeror if the Tender Offer is completed will be 60% or more, in order to maximize the possibility of accomplishing the purpose of the Tender Offer of taking the Target Company private, and at the same time respect the results of the Target Company general shareholders’ choice to tender their shares to a certain extent.

As stated in the “Fair M&A Guidelines” formulated by the Ministry of Economy, Trade and Industry in June 2019, “as the scale of passive index funds has increased in recent years as a trend in the Japanese capital markets, some of these investors refrain, as a matter of policy, from tendering their shares in response to a tender offer regardless of the appropriateness of the transaction terms,” the Tender Offeror believes that there are ETFs (Exchange-Traded Funds) that hold Target Company Shares and other passive index funds (Note 7) that refrain, as a matter of policy, from tendering their shares in response to a tender offer regardless of the appropriateness of the terms of the tender offer. The Tender Offeror confirmed that ETFs (Exchange-Traded Funds) which are managed by linking them to stock indices and other indices, and are listed on the TSE (hereinafter referred to as the “TSE Listed ETFs”), alone hold approximately 20.19% (Note 8) of the Target Company Shares. The Tender Offeror assumes that the TSE Listed ETFs refrain, as a matter of policy, from tendering their shares in response to a tender offer regardless of the appropriateness of the transaction terms because the TSE Listed ETFs, by nature, focus

on linking to indices. In addition, there are also passive index funds other than the TSE Listed ETFs which hold Target Company Shares (hereinafter referred to as “Other Passive Index Funds”). The total number of Target Company Shares held by Other Passive Index Funds cannot be ascertained by publicly available information. Accordingly, ITOCHU, the parent company of the Tender Offeror, requested that its financial advisor, Nomura Securities Co., Ltd. (hereinafter referred to as “Nomura Securities”) estimate the number of Target Company Shares held by Other Passive Index Funds, based on publicly available information and data base information made available by information vendors that provide various data including financial markets data. While it is impossible to ascertain the accurate number, and it would be difficult to provide an exact estimate, Nomura Securities provided a trial calculation that approximately 10% of the Target Company Shares are likely to be held by Other Passive Index Funds. The Tender Offeror assumes that since Other Passive Index Funds are also passive index funds, they are generally managed with a focus on linking to indices, and thus most refrain, as a matter of policy, from tendering their shares in response to a tender offer regardless of the appropriateness of the transaction terms.

In light of the foregoing, the Tender Offeror believes, based on its analysis, that approximately 30% of the Target Company Shares are being held by investors who refrain, as a matter of policy, from tendering their shares in response to a tender offer regardless of the appropriateness of the transaction terms. As such, the Tender Offeror believes that only approximately 20% (which is equal to 100% minus ITOCHU et al.’s Ownership Ratio of 50.10% (i.e., approximately 50%) reduced by the aforementioned approximately 30%) of the Target Company Shares might be held by Target Company shareholders who will decide whether or not to tender their shares in the Tender Offer pursuant to their decision on the appropriateness of the terms of the Transaction including terms of the Tender Offer. In light of that situation, the Tender Offeror believes that, if it sets a lower limit which results in a two-thirds Ownership Ratio for ITOCHU et al. and the Tender Offeror, even if the Ownership Ratio of the Target Company shareholders (including ITOCHU et al. and the Tender Offeror) which decide that the terms of the Transaction (including the terms of the Tender Offer) are appropriate exceed two-thirds, there is a sufficient possibility that the Transaction will nevertheless fail to be completed, and the Transaction, which provides a reasonable opportunity for Target Company shareholders to sell, will be impeded.

The Tender Offeror came to believe based on the above analysis that it would be desirable that the lower limit on the number of shares to be purchased be set so that the Tender Offer will be completed only when approximately half of the approximately 20% of the Target Company Shares assumed to be held by Target Company shareholders who will decide whether or not to tender their shares in the Tender Offer pursuant to their decision on the appropriateness of the Transaction terms including terms of the Tender Offer are tendered, thereby respecting the results of the Target Company general shareholders’ choice to tender their shares to a certain extent.

In light of such view, the Tender Offeror determined that, in order to maximize the possibility of accomplishing the purpose of the Tender Offer of taking the Target Company private, and at the same time respect the results of the Target Company general shareholders’ choice to tender their shares to a certain extent, the Tender Offeror should set a lower limit of 50,114,060 shares. If 50,114,060 shares are tendered, the total number of the Target Company Shares held by ITOCHU and the Tender Offeror after the Tender Offer will be 303,664,844 shares (Ownership Ratio: 60.00%).



- (Note 7) Passive index funds refer to funds that aim to secure a market average rate of return by managing investments with an objective to link investment results to indices such as a stock price indices, which serve as a benchmark for the market for stocks and other investment assets.
- (Note 8) The figure refers to the ratio of the number of the relevant Target Company Shares held by the ETFs listed on the TSE as of July 6, 2020 (102,183,000 shares (rounded to the nearest thousand)) to the number of shares (506,108,072 shares) remaining after subtracting the number of the treasury shares (741,180 shares) held by the Target Company as of February 29, 2020, from the total number of issued shares of the Target Company (506,849,252 shares) as of the same date, both of which are disclosed in the Target Company's Securities Report.

In addition, according to the "Notice concerning Expression of Opinion on the Tender Offer for the Company Shares by Retail Investment Company, LLC, a subsidiary of ITOCHU Corporation which is the Parent Company" published by the Target Company (hereinafter referred to as the "Target Company Disclosure") today, the Target Company decided at the board of directors meeting held on that same day that the Transaction and the Post-Transaction Target Company Share Transfer contributes to enhancing the corporate value of the Target Company, and made a resolution declaring the Target Company's opinion supporting the Tender Offer. The Tender Offer Price of 2,300 yen includes the following premiums to the relevant price: a premium of 30.24% (rounded to two decimal places; the same applies to the calculation of the premium) to 1,766 yen, which is the closing price of the Target Company Shares on the First Section of the TSE on July 7, 2020, which is the business day prior to the date of the announcement of the implementation of the Tender Offer; 20.55% to 1,908 yen (rounded off to the whole number; the same applies to the calculation of the simple average closing prices below), which is the simple average closing price for the previous month through July 7, 2020 (from June 8, 2020 to July 7, 2020); 22.47% to 1,878 yen, which is the simple average closing price for the previous three months through the same date (from April 8, 2020 to July 7, 2020); and 11.22% to 2,068 yen, which is the simple average closing price for the previous six months through the same date (from January 8, 2020 to July 7, 2020). Although the Target Company stated that the Tender Offer Price is not at a level lacking in reasonableness, as the Tender Offer Price seems to contain a premium to the current market price of the Target Company as of today, thereby providing an opportunity to the Target Company's general shareholders to earn a return on their investments, there may not be a sufficient premium as compared against the level of the premium in the cases of other tender offers with a purchase price of 50 billion yen or more announced after 2010 (the average value is 36.9% of the business day immediately preceding the announcement day, 39.2% of the average closing price for the last 1 month, 39.0% of the closing average price of the closing price for the last 3 months, 36.8% of the average closing price of the last 6 months), thereby the premium is not at a level where it is able to proactively recommend that general shareholders of the Target Company tender their shares in the Tender Offer. Therefore, the Target Company made a resolution to take a neutral position regarding whether to recommend to its shareholders that they tender their shares in the Tender Offer, and to leave the decision up to its shareholders.

During the discussions on the effects of the spread of COVID-19 between ITOCHU and the Target Company the specific estimated amount of its effect differed between the parties as the spread of COVID-19 is an unprecedented event. Consequently, the parties did not reach an agreement on the

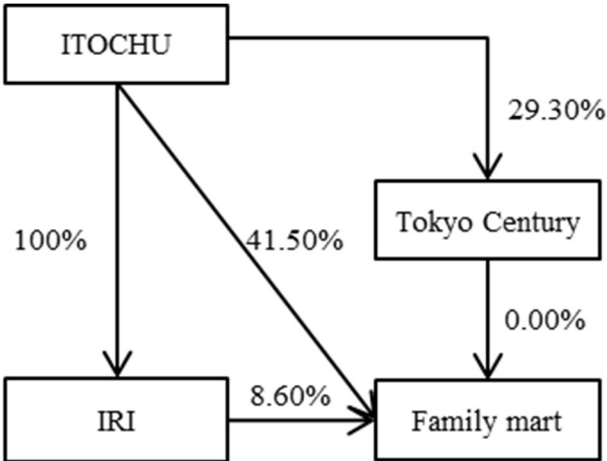
Tender Offer Price (for details, see “(2) Background, Purpose and Decision-making Process of the Decision to Conduct the Tender Offer, “(a) Background and Reason for the Tender Offer”.) However, ITOCHU and the Tender Offeror believes that the Tender Offer Price is reasonable in light of the Target Company’s business, and offers a reasonable opportunity for Target Company shareholders to sell. In addition, ITOCHU and the Tender Offeror believes that since the Target Company’s current performance is dropping due to the spread of COVID-19, the Target Company’s corporate value would be further damaged if the Target Company is not taken private as soon as possible, and management resources reallocated in an unconstrained manner from the perspective of total optimization as the ITOCHU Group (which means the group companies composing of ITOCHU, its 204 consolidated subsidiaries including the Target Company and 85 equity-method affiliates (as of June 30, 2020); hereinafter the same). For these reasons, ITOCHU and the Tender Offeror consider it necessary to immediately undertake the transactions aimed at taking the Target Company private, even if they do not receive the Target Company’s recommendation to tender shares, and determined to commence the Tender Offer starting on July 9, 2020 at the Tender Offer Price.

According to the Target Company Disclosure, the resolution of the Target Company’s board of directors stated above was made by the method stated in “(vii) Approval of All Directors Without Conflicts of Interest and Non-objection of All Corporate Auditors Without Conflicts of Interest of the Target Company” in “(Measures to Ensure the Fairness of Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” in “3. Outline of the Tender Offer, (4) Basis for Calculation of the Tender Offer Price, (ii) Background of Calculation” below.

(Diagrams of the Scheme of the Transactions)

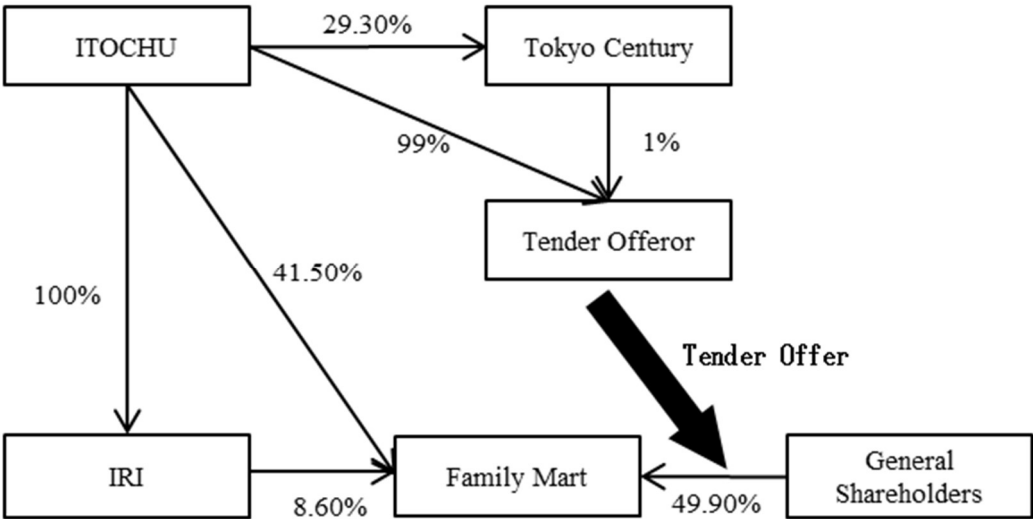
■ Current Situation

As of today, ITOCHU and IRI respectively hold 210,029,184 Target Company Shares (Ownership Ratio: 41.50%) and 43,521,600 Target Company Shares (Ownership Ratio: 8.60%). In addition, as of today, Tokyo Century holds 22,792 Target Company Shares (Ownership Ratio: 0.00%). Tokyo Century is an affiliated company of ITOCHU (ITOCHU holds 35,733,900 common shares of Tokyo Century as of July 7, 2020 (ratio to the voting rights of all shareholders of Tokyo Century: 29.30% (rounded to two decimal places; the same applies to the calculation of the ratio to the voting rights of all shareholders))).



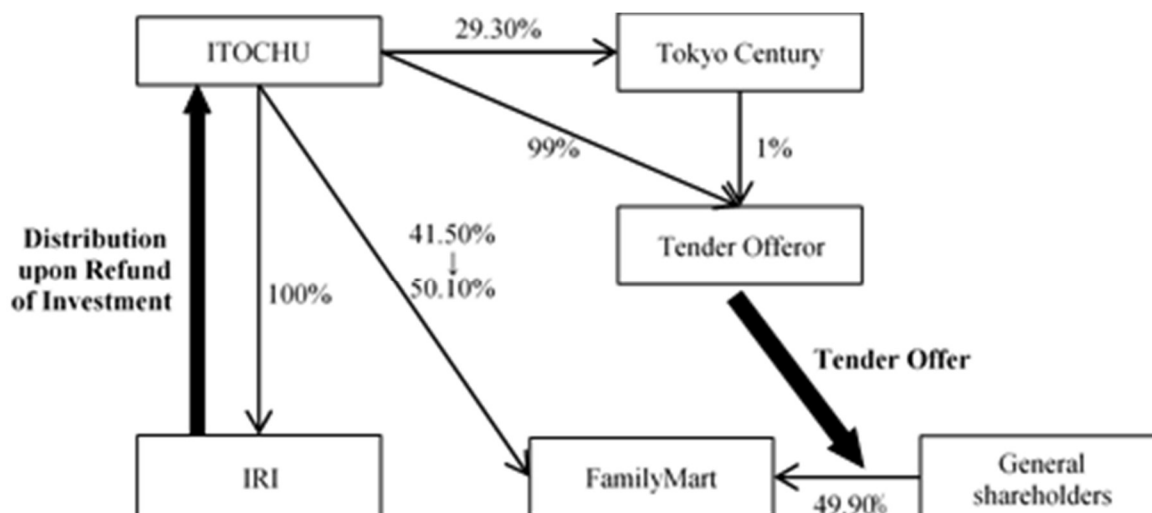
■ Establishing the Tender Offeror and Conducting the Tender Offer

The Tender Offeror was established on March 18, 2020, with ITOCHU and Tokyo Century respectively holding a 99% stake and a 1% stake. The Tender Offeror will conduct the Tender Offer in order to acquire all Target Company Shares (excluding the Target Company Shares held by ITOCHU et al., and the treasury shares held by the Target Company).



■ Refund of contribution from IRI to ITOCHU

Pursuant to the Contribution Refund Agreement between IRI and ITOCHU dated July 8, 2020, on July 21, 2020, IRI will distribute ITOCHU all Target Company Shares that it holds (43,521,600 shares (Ownership Ratio: 8.60%)) as a part of a refund of ITOCHU’s contribution in IRI.

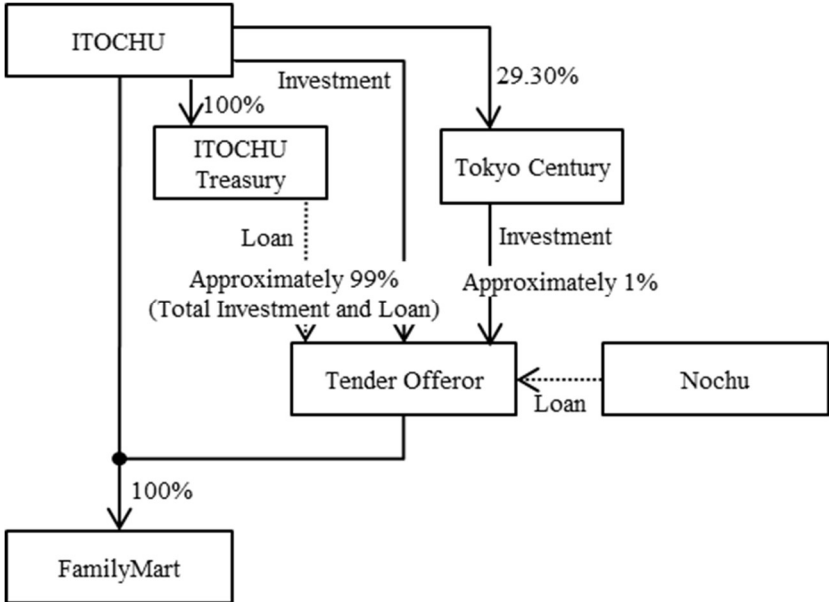


■ Settlement of the Tender Offer and procedures to have the Target Company’s shareholders be only ITOCHU and the Tender Offeror (if the Tender Offeror fails to acquire all Target Company Shares (excluding the Target Company Shares held by ITOCHU et al. and the treasury shares held by the Target Company) through the Tender Offer)

After the Tender Offer is completed, the Tender Offeror plans to raise settlement funds for the Tender Offer by the commencement date of the settlement for the Tender Offer through: (i) investment by ITOCHU, (ii) a loan by ITOCHU Treasury Corporation, a wholly-owned subsidiary of ITOCHU, (iii) investment by Tokyo Century, and (iv) a loan by Nochu.

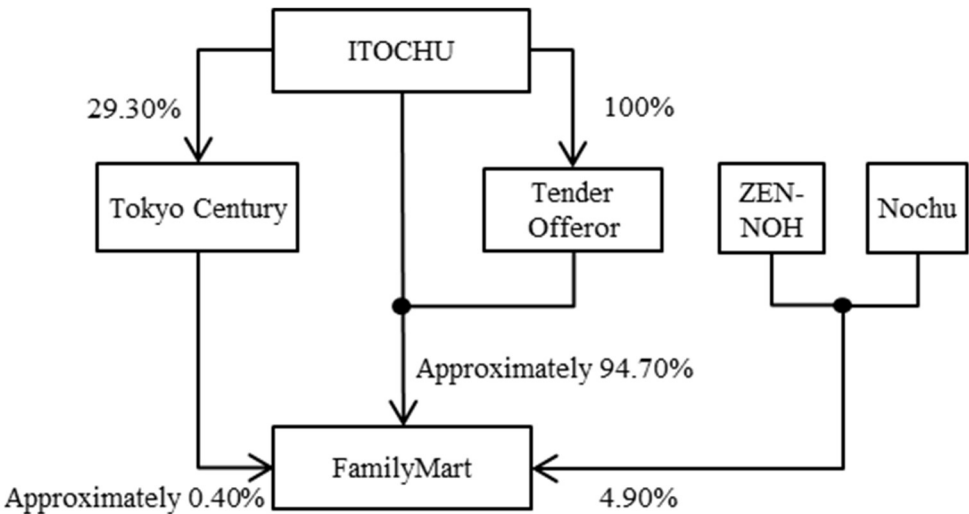
In addition, if the Tender Offeror fails to acquire all Target Company Shares (excluding the Target Company Shares held by ITOCHU et al., and the treasury shares held by the Target Company) through the Tender Offer, promptly after the settlement of the Tender Offer is completed, in order to ensure the Target Company’s shareholders comprise only of ITOCHU and the Tender Offeror, pursuant to Article 297, paragraph 1 of the Companies Act, the Tender Offeror plans to request that the Target Company hold a special shareholders’ meeting whose agenda items include Share Consolidation, and, subject to the effectuation of the Share Consolidation, to amend the articles of incorporation to abolish provisions on share unit numbers (hereinafter referred to as the “Special Shareholders’ Meeting”). The Tender Offeror also plans to file a petition for permission to convene a shareholders’ meeting with the competent court in accordance with Article 297, paragraph 4, item 1 of the Companies Act if it is not expected that the convocation procedures will be taken without delay after such demand. If the Target Company receives the above demand and request, as of today, the Target Company plans to take procedures to convene the Special Shareholders’ Meeting in response to the demand for convocation thereof by the Tender Offeror and the shareholders’ proposal for the Share Consolidation agenda.

If the agenda concerning the Share Consolidation is approved at the Special Shareholders' Meeting, the capital structure of the Target Company after the voluntary disposal (purchase of the Target Company Shares equivalent to the total number of fractional shares of less than one share) upon the Share Consolidation is scheduled to be as follows.



■ Transfer of the Target Company Shares to strategic partners

If the series of the procedures to have the Target Company's shareholders be only ITOCHU and the Tender Offeror to be the shareholder of the Target Company are implemented, the Tender Offeror will transfer 4.90% of the total number of the Target Company Shares at the time to ZEN-NOH and Nochu (ZEN-NOH-Nochu Share Transfer). In addition, in such case, Tokyo Century will conduct a transaction to acquire approximately 0.40% of the total number of the Target Company Shares at the time in exchange for its interest in the Tender Offeror held at the time (Tokyo Century Direct Holding Transaction). Although ZEN-NOH is a member (equity holder) of Nochu, its investment ratio is less than 2%, and its voting right ratio less than 1%. As such, there is no relationship of control between ZEN-NOH and Nochu. For details, please see "(8) Others" below.



- (2) Background, Purpose and Decision-making Process of the Decision to Conduct the Tender Offer
  - (a) Background and Reason for the Tender Offer

ITOCHU, which is the parent company of the Tender Offeror, has been listed on Osaka Exchange, Inc. and the TSE since July 1950. ITOCHU forms the ITOCHU Group. Through domestic and overseas business networks, “Textile Company”, “Machinery Company”, “Metals & Minerals Company”, “Energy & Chemicals Company”, “Food Company”, “General Products & Realty Company”, “ICT & Financial Business Company”, and “The 8th Company” (Note 1), whose business areas have been extended from “upstream” business areas, such as those relating to raw materials, to “downstream” consumer business areas, have been running diversified businesses, in order to offer a variety of products and services that support people’s daily lives. In July 2019, ITOCHU established “The 8th Company”, which, with a central focus on “FamilyMart” convenience stores, fully leverages the various business platforms of ITOCHU, particularly in the consumer sector which is an area of ITOCHU’s strength. Through this, ITOCHU is accelerating initiatives that combine different industries and extend across the boundaries of the Companies, new businesses and developing new customers from a market-oriented perspective to meet market and consumer needs.

(Note 1) A “Company” in the applicable sentence refers to a business division within ITOCHU that is deemed to be one highly independent unit. Delegation of management resources and discretion to each Company allows it to manage responsibly, rapidly and flexibly, and develop businesses meeting the needs in each field.

On the other hand, the Target Company (the trade name was FamilyMart Co., Ltd. at that time) has been listed on the TSE since December 1987. In March 1978, Seiyu Stores, Ltd. (currently Seiyu GK.) launched the convenience store business based on the franchise system. In September 1981, Jonas Co., Ltd. acquired the business and the assets from Seiyu Stores, Ltd. by business transfer and launched the business after it changed the trade name to FamilyMart Co., Ltd. In December 1987, the Target Company was listed on the Second Section of the TSE and was designated to be listed on the First Section of the TSE in August 1989. In September 2016, the Target Company (the trade name was FamilyMart Co., Ltd. at that time) implemented a business integration through an absorption-type merger with UNY Group Holdings Co., Ltd. in which the Target Company was the surviving company (hereinafter referred to as the “Business Integration”) and an absorption-type demerger with Circle K Sunkus Co., Ltd. (the trade name at that time), a subsidiary of the Target Company, in which the Target Company (the trade name was changed to FamilyMart UNY Holdings Co., Ltd. in September 2016 in connection with the Business Integration) was the splitting company (hereinafter referred to as the “Absorption-type Demerger”). As a result, the convenience store business of the Target Company was succeeded to by Circle K Sunkus Co., Ltd. (the trade name was changed to FamilyMart Co., Ltd. in September 2016 in connection with the Absorption-type Demerger), and consequently the Target Company shifted to the pure holding company system in which the Target Company is the holding company. FamilyMart UNY Holdings Co., Ltd. operated the general merchandise business focused on general supermarkets “APiTA” and “PIAGO” and the convenience store business, “FamilyMart” and “Circle K Sunkus,” and was listed on the First Section of the Nagoya Stock Exchange in September 2016 (and was delisted in November 2019). Thereafter, in September 2019, the Target Company implemented an absorption-type merger with FamilyMart Co., Ltd. (the trade name before the Absorption-type Demerger was Circle K Sunkus Co., Ltd.), which was a subsidiary of the Target Company, in which the Target Company was the surviving

company; the Target Company changed its trade name to FamilyMart Co., Ltd. in connection with the absorption-type merger. The Target Company currently develops the convenience store business focused on “FamilyMart” and peripheral businesses.

Family Corporation Inc. (hereinafter referred to as “Family Corporation”) (Note 2), which was a consolidated subsidiary of ITOCHU, acquired 28,620,000 shares of the Target Company before the Business Integration (the trade name was FamilyMart Co., Ltd. at that time) (representing 29.74% of the total number of voting rights held by all shareholders at that time) from The Seiyu, Ltd. in February 1998, whereby Family Corporation became the largest Target Company shareholder and the Target Company became an equity-method affiliate of ITOCHU. Since then, ITOCHU, which is the parent company of the Tender Offeror, has facilitated cooperation with the Target Company in various areas such as efficient logistics operations and product development. After that, Family Corporation came to own 29,941,200 shares of the Target Company (representing 31.46% of the total number of voting rights held by all shareholders at that time) by acquiring 871,200 shares (representing 0.91% of the total number of voting rights held by all shareholders at that time) from ITOCHU in March 1999 and by acquiring 450,000 shares (representing 0.46% of the total number of voting rights held by all shareholders at that time) through on-market purchases in April 2000. In September 2009, ITOCHU acquired from Family Corporation all shares in the Target Company that were owned by Family Corporation (the number of shares was 29,941,200 shares (representing 31.46% of the total number of voting rights held by all shareholders at that time)) in order to closely cooperate with the Target Company, whereby ITOCHU came to directly hold the Target Company Shares and became the largest Target Company shareholder. As a result, as of September 2009, the total number of the Target Company Shares that were owned by ITOCHU and its subsidiaries (ITOCHU Techno-Solutions Corporation (38,332 shares (representing 0.04% of the total number of voting rights held by all shareholders at that time)) and NIPPON ACCESS, INC. (hereinafter referred to as “NIPPON ACCESS”) (42,976 shares (representing 0.05% of the total number of voting rights held by all shareholders at that time))) was 30,022,508 shares (representing 31.55% of the total number of voting rights held by all shareholders at that time). Subsequently, ITOCHU continued to acquire the Target Company Shares (the trade name was FamilyMart Co., Ltd. until September 2016 and FamilyMart UNY Holdings Co., Ltd. since August 2016) mainly through on-market purchases (Note 3), and ITOCHU came to hold 52,507,296 shares (representing 41.50% of the total number of voting rights held by all shareholders at that time) of the Target Company in April 2018.

The business environment of the retail industry in Japan has been a difficult one in recent years, being affected by a shrinking market size due to the decline in the total population, the market becoming more harshly competitive with the increase in various business sectors such as an expansion of the e-commerce market, the continuing consumers’ cost-consciousness and labor shortages at stores and logistics, etc. In addition, consumers’ needs are becoming increasingly diversified, and the selectiveness of consumers is becoming increasingly intense. In order to address the difficult business environment and changes in the market and to achieve sustainable growth of the Target Company, IRI conducted a tender offer for the Target Company Shares (the tender offer price per share was 11,000 yen, which was the price before the Share Split stated below) in August 2018, for the purpose of further strengthening the Target Company’s business foundation by achieving sophisticated operations, mutually complementing one another’s management resources and know-how more closely, and making the best use of them by building a stronger and more integrated relationship between ITOCHU and the Target Company. IRI acquired 10,880,400 Target Company Shares (representing 8.60% of the total number of

voting rights held by all shareholders at that time), thereby making the Target Company a consolidated subsidiary of ITOCHU.

The Target Company conducted a 4-for-1 share split with respect to its common share (the “Share Split”) in February 2019, as a result of which ITOCHU came to hold 210,029,184 Target Company Shares (Ownership Ratio: 41.50%), IRI came to hold 43,521,600 Target Company Shares (Ownership Ratio: 8.60%), ITOCHU Techno-Solutions Corporation came to hold 153,328 Target Company Shares (Ownership Ratio: 0.03%), NIPPON ACCESS came to hold 402,498 Target Company Shares (Ownership Ratio: 0.08%), ITOCHU-SHOKUHIN Co., Ltd. came to hold 370,636 Target Company Shares, (Ownership Ratio: 0.07%), ITOCHU Retail Link Corporation came to hold 5,182 Target Company Shares (Ownership Ratio: 0.00%), and DOLCE Co., Ltd. came to own 42,939 Target Company Shares (Ownership Ratio: 0.01%).

(Note 2) Family Corporation is a company which was established on March 31, 1988 as a subsidiary of Nishino Trading Co., Ltd. (hereinafter referred to as “Nishino Trading”), which was a consolidated subsidiary of ITOCHU at that time, and was running a logistics business relating to food as well as the operation of distribution centers. Family Corporation acquired 28,620,000 Target Company Shares (representing 29.74% of the total number of voting rights held by all shareholders at that time) through a negotiated transfer from The Seiyu, Ltd. and its group companies in February 1998. On September 18, 2002, ITOCHU obtained certain numbers of shares in Family Corporation that were owned by Nishino Trading (which constituted approximately 95% of the total number of issued shares of Family Corporation) and made Family Corporation its direct subsidiary. Since its acquisition of the Target Company Shares (the trade name was FamilyMart Co., Ltd. at that time) in February 1998 as stated above, Family Corporation, as a consolidated subsidiary of ITOCHU, was entrusted with logistics operations by the Target Company (the trade name was FamilyMart Co., Ltd. at that time). However, Family Corporation was dissolved in March 2011, upon the implementation of an absorption-type merger, whereby NIPPON ACCESS, which was a consolidated subsidiary of ITOCHU, was a surviving company and Family Corporation was the dissolved company.

(Note 3) ITOCHU has acquired certain numbers of the Target Company Shares through on-market purchases during each of the following periods: 5,070,300 shares (representing 5.42% of the total number of voting rights held by all shareholders at that time) from July 7, 2014 through December 19, 2014; 6,400,000 shares (representing 6.74% of the total number of voting rights held by all shareholders at that time) from February 5, 2016 through May 24, 2016; 4,700,000 shares (representing 3.72% of the total number of voting rights held by all shareholders at that time) from October 20, 2016 through May 25, 2017; and 5,430,900 shares (representing 4.33% of the total number of voting rights held by all shareholders at that time) from October 13, 2017 through February 6, 2018, and from February 7, 2018 through April 19, 2018. In addition to the acquisitions through the aforementioned on-market purchases, 964,896 Target Company Shares (Ownership Ratio as of November 2016: 0.76%) were allotted to ITOCHU as a shareholder of UNY Group Holdings upon the absorption-type merger pertaining to the Business



Integration in September 2016. The Ownership Ratio as of November 2016 means the ratio to the number of shares (126,643,807 shares) calculated by subtracting the number of the treasury shares (68,506 shares) owned by the Target Company as of November 30, 2016, which is stated in the Summary of Consolidated Financial Results (JGAAP) for “The Third Quarter of the Fiscal Year ending February 2017 (Japanese Only),” published by the Target Company on January 10, 2017, from the total number of issued shares of the Target Company (126,712,313 shares) as of November 30, 2016, which is stated in the Quarterly Report, submitted by the Target Company on January 13, 2017.

Furthermore, in January 2019, the Target Company transferred all the shares of UNY CO., LTD., which operates the GMS Business (Note 4) and was at the time in the process of restructuring, to Don Quijote Holdings Co., Ltd. (currently Pan Pacific International Holdings Corporation), thereby concentrating its management resources in the convenience store business. According to the materials available on the websites of Seven-Eleven Japan Co., Ltd. (hereinafter referred to as “Seven-Eleven”) and Lawson, Inc. (hereinafter referred to as “Lawson”), which operate the convenience store business, the Target Company is in the number two position in the convenience store industry in terms of the number of domestic stores and the scale of sales of all stores as of the end of the fiscal year ended February 2020 (Seven-Eleven: 20,955 stores (total store sales: 5,010,200 million yen); FamilyMart: 16,611 stores (total store sales: 2,965,000 million yen); and Lawson: 14,444 stores (total store sales: 2,506,900 million yen)), and the Target Company has been securing its position and taking various measures to achieve further growth.

(Note 4) GMS is the abbreviation for a General Merchandise Store, which means a large retailer/mass merchandiser with a wide product lineup, including foods, clothing, and groceries.

In these circumstances, after making the Target Company its consolidated subsidiary, ITOCHU continued to maintain the listing of the Target Company Shares, thereby enabling it to continue enjoying the advantages of a listed company, such as maintaining the status of the Target Company in the industry and its commercial rights as a neutral party, as well as securing efficient personnel. In the meantime, ITOCHU has been making efforts toward actualizing the business synergy of the ITOCHU Group and the Target Company by actively providing human resources support from ITOCHU and the supply chain function held by the ITOCHU Group, so that the Target Company is able to respond to diversified consumer needs, survive in the fiercely competitive retail industry, and achieve sustainable growth.

On the other hand, because ITOCHU covers a broad range of business areas due to its nature as a trading company, the interests of ITOCHU do not necessarily match the interests of the Target Company in each business area. Given the circumstances in which ITOCHU and the Target Company operate businesses independently as listed companies, even though the Target Company and the other ITOCHU Group companies (excluding the Target Company) expect to mutually complement one another’s management resources and know-how more closely and to make the best use of them, careful consideration regarding the effectiveness and objective fairness of the transaction is required, taking into account the protection of minority shareholders of the Target Company. Due to this reason, certain limitations exist, such as the inadequate sharing of information such as cost structures or the lack of reallocation of personnel and physical resources between the two parties. Therefore, we are aware that under the current circumstances, the ITOCHU Group is not able to fully engage in prompt decision-making as one whole group. A specific

example includes efforts by NIPPON ACCESS, which is a wholly-owned subsidiary of ITOCHU, to streamline the logistics business in which it is entrusted with most of the Target Company's logistics operations and to reduce logistics costs along with the streamlining.

ITOCHU realizes that while the percentage of the supply chain that includes the logistics and manufacturing sectors makes up a significantly large portion of the cost structure of the Target Company's business, the logistics costs are increasing, and remaining high, due to upward pressures, such as an increase in labor costs resulting from the recent lack of drivers and the expansion of e-commerce demand. ITOCHU understands this problem regarding the logistics costs is an important management issue for the Target Company and the ITOCHU Group to work together on resolving, and they have made progress in a joint effort, together with NIPPON ACCESS, to reduce logistics costs by improving logistics efficiency. Through that process, ITOCHU has come to understand that to essentially reduce the Target Company's logistics costs, it is necessary to realize the removal of unnecessary factors and the optimization of the supply chain as a whole at each logistical stage, from procurement of materials, manufacturing, and inventory, to delivery to stores, and that in order to do so, it is essential to acquire a shift schedule for the staff and delivery vehicles for each logistics and manufacturing company, as well as inventory information. However, in the current situation where the Target Company is a listed company, there is tension between "partial optimization" as a listed company and "overall optimization" of the ITOCHU Group which includes the Target Company; ITOCHU and NIPPON ACCESS are restricted in their ability to acquire sufficient information regarding the logistics costs, etc., from the Target Company. Simultaneously, from the point of view of achieving overall optimization of the ITOCHU Group based on the ITOCHU Group's capital costs, it may be pointed out that measures such as the execution of business portfolio strategies as the ITOCHU Group or reallocation of management resources may cause some of the profits obtained through such measures to flow outside the ITOCHU Group, and it is difficult to maximize the corporate value of the ITOCHU Group by realizing prompt and efficient group management. As a result, ITOCHU believes that an effort to streamline the Target Company's logistics and thereby reduce logistics costs has not yet reached the stage where it is possible to provide adequate results.

From the time ITOCHU made the Target Company a consolidated subsidiary until today, the environment surrounding the domestic convenience store industry has been changing, as stated in I and II below. Also, according to the Japan Franchise Association, the number of convenience stores in Japan decreased by 123 as of the end of December 2019, compared with the number at the end of the previous year. The number of stores decreased as of the end of the year for the first time, since 2005, when the data became comparable. According to store sales for the companies ranked first to third for sales in the convenience store industry, the average daily turnover (for one store, sales per day) for all stores in the fiscal year ended 2012 was 669,000 yen for Seven-Eleven, 531,000 yen for FamilyMart, and 547,000 yen for Lawson; however, in the fiscal year ended 2019, it decreased to 656,000 yen, 530,000 yen, and 531,000 yen, respectively. In addition, the total net increase in number of stores for the companies ranked first to third for sales in the convenience store industry in the term ended in February 2020 was 45 stores, compared with the previous term, which was the worst since recording began in February 1980. The industry is facing a harsh situation. Although an increase in the total number of stores and an increase in the daily turnover (for one convenience store, sales per day) of converted stores of the Target Company converting were achieved to a certain extent, which was expected as an effect of the brand integration with Circle K Sunkus, it has been determined that in order to survive in the retail industry, which is becoming harsher, it is necessary to slim down the organization and improve operational

effectiveness in advance, and to increase the competitiveness of the whole supply chain, and in November 2019 it was decided that the Target Company would solicit early voluntary retirement to the extent that it would not interrupt the organization's management. At the end of the term ended in February 2020, 1,025 employees of the Target Company, approximately 7% of all employees, decided to retire early.

#### I. Business models for convenience store business must be reconsidered

Until now, the convenience store industry, including the Target Company, has continued to grow by opening new stores and expanding services, and has been praised as a winner in the domestic retail industry. However, in recent years, the types of contracts with member stores have diversified in order to maintain the number of stores, and the expanded services have resulted in more complex store operations. While this made convenience stores more convenient, making them an indispensable part of the infrastructure of daily life, it created more fierce competition across the chain and a relatively higher burden on member stores. This situation, combined with prolonged deflation and serious labor shortages caused today's various management issues in convenience stores, such as 24-hour operation issues, food loss and waste issues, and the lack of enrollment in social insurance of employees working at the member stores, which are social issues that are attracting attention even beyond this industry. Accordingly, the convenience store business is in a situation where the business model itself must be reconsidered.

Furthermore, due to the COVID-19 outbreak, which broke out in Wuhan, Hubei Province in China in January 2020, and then spread all over the world including Japan, the end of which still seems to be nowhere in sight in ITOCHU's view, changes have occurred in consumer behavior with respect to their lifestyle and purchases, and those changes are not expected to completely return to their original patterns of behavior, even after the effect of the spread of the COVID-19 outbreak has ended, and this new behavior is expected to become normal to a certain extent. Specifically, this includes such things as the establishment of telework, customer service in a non-contact manner, and distinguishing the usage of purchase channels by purposes. These changes in actions will also require a significant change in the premises of the convenience store business, such as store locations, payment methods, and product range.

#### II. Rapid expansion of the e-commerce market is eating into the business territory

In the meantime, the e-commerce market is steadily expanding, and becoming more convenient by continually providing new services. In 2019, with the government's recommendation to introduce cashless payments timed to coincide with the increase in consumption tax, various business entities started mobile payment services, and PayPay and LINE Pay, which are mobile payment services, have run campaigns, spending promotional costs ranging from 10 to 30 billion yen, as announced on the websites of Yahoo Japan Corporation and LINE Corporation, respectively, to lock users into their ecosystems. ITOCHU acknowledges that as indicated by the example of PayPay and LINE Pay, the competition in the retail industry, including the convenience store industry, now extends beyond the boundaries of physical and digital spaces, and has become such a cutthroat fight in which survival will be difficult unless an investment equivalent to net income attributable to owners of the Target Company's parent ("Consolidated Net Income") (for the term ended in February 2020, 43.5 billion yen) is made. In addition, overseas digital platforms, a representative example being Amazon.com, Inc., are forming capital and business alliance with physical stores such as supermarkets on a continual basis, generously injecting management resources into marketing strategies formulated based on a wide variety of partners and customer data acquired by e-commerce (for example, according to the material disclosed by Amazon, for the number of customers, there are over 100 million Amazon Prime members worldwide

as of April 2018, and according to research by Consumer Intelligence Research Partners, LLC, it is estimated that the number of Amazon Prime members in the U.S. is approximately 112 million, as of the end of December 2019), and eating into the business territory of the Target Company. Furthermore, these network influences, called platforms, are persuading consumers who visit the company's platform to do so-called "shopping on the sidelines" by giving a pinpoint purchasing recommendations to those consumers, which is conducting "targeted advertising" based on the consumer's past viewing history or purchase history. By utilizing the platform of network influences, consumers are able to compare the prices of favored products on the Internet, or purchase products that could be bought only in distant places, without visiting physical stores. ITOCHU recognizes that the efforts of these network influences, called platforms, are leading to a rapid expansion of e-commerce, together with the diversification of consumer preferences, as a result of factors such as the fact that first digital generation, known as the "millennials," who were born between 1980 to 2000, have become the main consumers.

As stated above, in a business environment with diversified consumer preferences and purchase channels and changes in the face-to-face sales industry taking place at an unprecedented speed, ITOCHU believed that conventional "product-oriented" businesses that products are planned, developed, and provided on a company-led basis, and developing products utilizing the company's strength and technology, based on the idea that "good products should sell" and vertically-segmented organizations are not sufficient to address the situation appropriately. Based on this view, ITOCHU newly established "The 8th Company" in July 2019, and has been transforming its business into a new business from a market-oriented perspective to meet market and consumer needs, fully leveraging various business platforms of ITOCHU, which has strengths in the consumer sector. To be specific, ITOCHU formed a business alliance related to the inbound tourism business targeting affluent Chinese visitors to Japan, and invested in Couger Inc., which engages in virtual human agents mobilizing the world's premier technology related to game AI (containing members who were involved in the development of top games such as Final Fantasy and Magimon), blockchain (chosen among the world's top 10 in the "Ethereum" world competition, for the first time as a Japanese team), and image recognizing AI (ranked third in the world at an image-recognition competition organized by Facebook). However, ITOCHU believes this is not speedy enough to drastically transform the conventional "product oriented" trading company business.

The drastic change in the retail business, extending beyond business areas, is expected to accelerate further, making the future outlook even more difficult.

On the other hand, according to the Target Company, the environment surrounding the retail industry to which the Target Company belongs will remain uncertain, given the increased competition that extends beyond the business types, the decrease in consumer confidence due to deep-rooted budget-minded tendencies, and the effect of the spread of the COVID-19 infection, and in addition to the fact that the creation of products and services based on new ideas is expected as an industry, corporate social responsibility has increased with respect to issues such as the provision of safe food and environmental issues. In order to overcome these difficulties and to survive the harsh competitive environment, the Target Company has been seeking an opportunity for growth by consolidating management resources and providing original values. Specifically, the Target Company Group has engaged in measures including "consistent execution of support of member stores," "strengthening of profitability," "measures to tackle the COVID-19 outbreak," "promotion of financial and digital strategies," and "promotion of cooperation with Pan Pacific International Holdings Corporation." In these ways, the business model of the retail industry to which the Target Company belongs has been changing to one

that tries to enhance the quality of the business in a limited market, and while companies are required to adapt to changes in drastic and speedy ways, it is believed that in addition to the existing business areas of the Target Company, with respect to the area of management division, the digital area, and overseas expansion, the use of diversified management resources including cooperation with companies including third party companies other than the Target Company Group is the source of growth for the Target Company. However, under the current circumstances in which ITOCHU and the Target Company operate businesses independently as listed companies, careful consideration over the usefulness the objective fairness regarding the close mutual complementarity and effective utilization of management resources and know how among ITOCHU Group companies (excluding the Target Company) and the Target Company requires taking into account the interests of minority shareholders of the Target Company, thereby making it difficult for a prompt decision making. Further, there is also a recognition that there is a possibility that optimization by redistribution of human and physical management resources will not be achieved, as the decisions will be made with certain restrictions on sharing information, such as the cost structure of the parties.

In addition, in light of the “Practical Guidelines for Group Governance Systems” released by the Ministry of Economy, Trade and Industry on June 28, 2019, ITOCHU is deliberating, at an important company-wide conference with its directors participating, whether it is optimal to keep each listed subsidiary as a listed subsidiary, and is committed to securing sound and fair corporate governance for the entire group. In light of the aforementioned business environment surrounding the Target Company, while making the efforts stated above, ITOCHU came to realize that in order for the Target Company to remain a winner in this fierce competition and to achieve sustainable growth, it is indispensable to not keep the Target Company as a listed subsidiary, but that the management resources of the ITOCHU Group be redistributed to the Target Company now, and that ITOCHU and the Target Company should work together to challenge themselves aggressively to make a transformation to a new business model, in addition to continuing the conventional business model, so as to flexibly and promptly address the rapid change in the market environment. At the same time, ITOCHU believes that by (a) creating a digital platform based on the store network of 16,500 stores in Japan and approximately 15 million customers visiting stores per day of the Target Company, which is the largest consumer contact point platform of the ITOCHU Group in the consumer sector, and providing new services and establishing a business model, and also making the digital platform the place to introduce and practice the next generation, new technology of the ITOCHU Group to further utilize that strength, which is the consumer contact point, and (b) making an effort to optimize the supply chain of the Target Company and make it more efficient, as well as bring it to the next generation by making the best use of IT, represented by electronic settlement, through the utilization of various business foundations of ITOCHU to the maximum extent through “The 8th Company” created in July 2019, and thus achieving a so-called digital transformation of the consumer sector business of the ITOCHU Group centered on the Target Company would thereby further stabilize the consumer sector, which is an area of ITOCHU’s strengths. In addition, ITOCHU has come to believe that it would be the most optimal choice to enhance the corporate value of the entire ITOCHU Group over the medium and long term. From the perspective of medium and long term growth, ITOCHU believes that redistributing the management resources of the ITOCHU Group to the Target Company and striving to aggressively transform the business model of the Target Company would contribute to enhancing the corporate value of the entire ITOCHU Group, including the Target Company, over the medium and long term. However ITOCHU believes that in the short term, the burden on the Target Company that accompanies transformation of the Target Company’s business model runs

the risk of largely impacting the revenue from the existing business of the Target Company, and is likely to be at odds with interests of the general shareholders of the Target Company.

Accordingly, ITOCHU came to believe that the following would be necessary in order to enhance the corporate value of the entire ITOCHU Group, including the Target Company, and began initial deliberations in early September 2019 to take the Target Company private: (i) first, it would be necessary to ensure that the interests of the general shareholders of the Target Company would not be undermined, by taking drastic measures, specifically by taking the Target Company private, and by offering the general shareholders of the Target Company an appropriate and reasonable opportunity to sell the Target Company Shares; (ii) meanwhile, ITOCHU should organize a structure in which ITOCHU and the Target Company extend beyond their current mutually independent management structures as a parent company and a listed subsidiary, integrate in name and reality, and by promoting mutual use of the management resources and know-how and proceeding with prompt decision-making as the ITOCHU Group take drastic measures that could lead to medium and long term growth of the entire ITOCHU Group, including the Target Company, even if this does not directly result in short term profits for the Target Company, and build a stronger alliance, such as by having the Target Company and the other ITOCHU Group companies mutually complement one another's management resources and know-how seamlessly, and make best use of them. In early January 2020, ITOCHU retained Nomura Securities, a financial advisor of ITOCHU, as a third-party evaluation firm independent from the Target Company, and Nishimura & Asahi as a legal advisor independent from the Target Company, and built a structure for discussing and negotiating to take the Target Company private. In early February 2020, ITOCHU made an initial overture to the Target Company to the effect that it would like to commence deliberations toward taking the Target Company private. Subsequently, from early February 2020 onward, ITOCHU began deliberations on the expected synergy, and on February 17, 2020, submitted to the Target Company an initial proposal letter concerning the Transaction, stating the background for ITOCHU offering the Transaction and the contemplated business strategy after taking it private. In the initial overture in early February 2020 and the initial proposal on February 17, 2020, there were deliberations regarding transaction structures which included an option whereby only the ITOCHU Group would be the shareholder, and ITOCHU proposed that, to contribute to the enhancement of the corporate value by conducting business with the Target Company, upon a tender offer of the Target Company Shares by an SPC, which either only ITOCHU or, depending on the situation, a person outside of the ITOCHU Group, who could build a business relationship with the Target Company, may invest in as a minor shareholder, it will take the Target Company private by conducting a squeeze-out via the Share Consolidation. In connection with this proposal, ITOCHU also explained to the Target Company that a third party outside the ITOCHU Group may invest in this SPC as a minor shareholder, and that ITOCHU would hold discussions with the third party on the basis such as (i) the advantages and disadvantages for ITOCHU, such as that ITOCHU's capital burden required to make the Target Company go private could be kept down by investment by a third party, whereas that the ITOCHU Group's holding ratio of Target Company Shares will be decreased after the Target Company has gone private, and (ii) whether the investment by a third party and alliances in accordance therewith will contribute to the enhancement of corporate value of the Target Company, and that if the intent of ITOCHU and the third party became consistent, then a proposal based on the third party investing in the SPC as a minor shareholder will be submitted again. While submitting this proposal to the Target Company, ITOCHU was simultaneously holding discussions concerning the scheme of the Tender Offer and the management policy for the Target Company after going private with ZEN-NOH, Nochu, and the Tokyo Century, from the viewpoint that they have existing transactional relationships with the Target Company as strategic partners that are

necessary to promptly and steadily actualize the business strategy for the Target Company after going private, and that there is a high probability of creating synergy.

ITOCHU, ZEN-NOH, and Nochu, from management's point of view, are in a cooperative relationship with the ITOCHU Group, such that ZEN-NOH and ITOCHU are conducting joint business in collecting and supplying grain in North America (CGB Enterprises, Inc.) via the Food Company, and also with regard to the raw materials for home meal replacement and prepared food for the Target Company, and from a financial point of view, Nochu is one of the close correspondent financial institutions for the ITOCHU Group. With these conventional efforts as a background, after ITOCHU commenced deliberating on taking the Target Company private, in late January 2020, ITOCHU first sounded out Nochu about the possibility of providing funds necessary for the Transaction, contemplating the possibility that it would develop into a strategic partner that could create synergies for the Target Company's business perspective, such as in relation to commodity supply, based on the fact that Nochu is in the same group as ZEN-NOH, which has a transactional relationship with the Food Company. Nochu responded that it would like to participate taking the Target Company private together with ZEN-NOH, by conducting capital participation in the Target Company, not as a financial sponsor, but as a strategic partner. Based on this intention of ZEN-NOH and Nochu, ITOCHU commenced deliberations in early February 2020 on whether or not to conduct capital participation in the Target Company by ZEN-NOH and Nochu as strategic partners, and the method of doing so, and began a discussion with ZEN-NOH and Nochu. Through this deliberation and discussion, by late February 2020, ITOCHU, ZEN-NOH and Nochu came to believe that ZEN-NOH and Nochu are capable of creating synergy with the Target Company in terms of (i) product supply, (ii) regional revitalization, and (iii) overseas strategy by conducting capital participation in the Target Company as strategic partners. Therefore, ITOCHU, ZEN-NOH, and Nochu decided to submit a new proposal to the Target Company for taking the Target Company private, with the prime candidate being a scheme in which ZEN-NOH and Nochu engage in capital participation in the Target Company by investing in the SPC established by ITOCHU, which would conduct a tender offer for the Target Company Shares, and also decided to continue with deliberations and discussions regarding the conditions thereof, such as the final investment ratios, and the synergy caused by a capital alliances.

Since February 1998, when ITOCHU made the Target Company an equity-method affiliate, Tokyo Century has positioned the Target Company as an important business partner through transactions involving leases of the Target Company stores and ancillary facilities, and has made efforts such as expansion of transactions with the ITOCHU Group companies and collaboration using ITOCHU's domestic and overseas network. ITOCHU believes that the following factors will serve an important role in various measures to convert the Target Company's business model after the Transaction is executed. First, there are business and capital relationships between the ITOCHU Group and Tokyo Century, and there is a collaboration, using ITOCHU Group's domestic and overseas network, among the ITOCHU Group and Tokyo Century. Second, Tokyo Century's experience of integrating the three axis of "finance × service × business," surpassing various business fields and finance limitations, such as (a) the domestic lease business leasing mainly information and communication equipment, and (b) domestic automobile business areas comprised of leasing automobiles to corporations and individuals, and rental cars. Third, various services not previously considered. In the middle of February 2020, ITOCHU explained to Tokyo Century's management regarding taking the Target Company private, ITOCHU already has a business relationship with the Target Company, and that Tokyo Century's experience cultivated through the fusion of three axes of "finance x services x business," and various

services as yet not contemplated, would strengthen the Target Company's businesses in the future. Tokyo Century approved ITOCHU's ideas, and expressed its intention to participate in taking the Target Company private through capital participation in the Target Company. Thus, in the middle of February 2020, ITOCHU and Tokyo Century commenced deliberations and discussions regarding Tokyo Century's capital participation in the Target Company. Tokyo Century aims to make a "contribution to realize a society based on a circular economy" together with partner companies by providing various new financial services, including but not limited to the leasing business, and ITOCHU believes that synergies can be expected which will create new value including cost reductions as a result of Tokyo Century bringing various solutions such as building a system to optimally allocate ancillary facilities for each store to the businesses required by the community, and which maintains progress by cultivating close relationships with people and the community, which the Target Company (which is essential "infrastructure" in the community) aims to conduct.

For the foregoing reasons, in late February 2020, ITOCHU came to believe that the ZEN-NOH, Nochu and Tokyo Century would be the appropriate strategic partners that it needs to promptly and steadily actualize the business strategy for the Target Company after taking the Target Company private so that ZEN-NOH and Nochu supply domestic perishable foods using their suppliers, and Tokyo Century enables cost reductions by optimizing the allocation of the Target Company stores' ancillary facilities, among others. ITOCHU believes that, through a capital tie-up, synergies will be actualized by ZEN-NOH, Nochu and Tokyo Century integrating management resources, such as personnel resources to the Target Company. Regardless of the scale of the respective ownership ratios of ZEN-NOH and Nochu through ZEN-NOH and Nochu's capital participation in the Target Company, it is considered that a strategic business structure will be built together with the Target Company, where ZEN-NOH will mainly engage in terms of product supply, and Nochu will engage in providing financial services, etc. ITOCHU, ZEN-NOH, Nochu and Tokyo Century firstly considered a scheme where ITOCHU, ZEN-NOH, Nochu and Tokyo Century would jointly contribute funds to the SPC, and the SPC would make a direct tender offer, in order to (i) control the procedural costs of the tender offer, and (ii) minimize the possibility that ZEN-NOH, Nochu, and Tokyo Century might be the target of a squeeze-out procedures after the tender offer.

In light of the results of such deliberations and discussions with ZEN-NOH, Nochu, and Tokyo Century, ITOCHU deliberated further on the details of the terms and conditions regarding the Transaction. On March 2, 2020, ITOCHU submitted an official proposal to take the Target Company private (official proposal based on such proposal hereinafter referred to as the "Official Proposal dated March 2") to the Target Company and offered the Target Company the Tender Offer Price of 2,600 yen, and the tender offer period ("Tender Offer Period") from April 13, 2020 to May 26, 2020. The Official Proposal dated March 2 was premised on the scheme where ZEN-NOH and Nochu will make capital participation in the Target Company by way of a capital contribution by ZEN-NOH and Nochu to ITOCHU's SPC, which would then conduct the Tender Offer for the Target Company Shares. However, at that time, the deliberations and discussions with Tokyo Century had just begun, and because Tokyo Century's capital participation in the Target Company was not certain, the proposal was not premised on Tokyo Century's capital participation in the Target Company.

On and after the Official Proposal dated March 2, ITOCHU held deliberations and discussions with ZEN-NOH and Nochu regarding the manner and the terms and conditions of ZEN-NOH and Nochu's capital participation in the Target Company, and the synergy to be realized through a capital tie-up, etc.



In early March 2020, ITOCHU received statements of intent from ZEN-NOH and Nochu that (i) ZEN-NOH and Nochu's investment ratio in the Target Company after taking the Target Company private would be less than 5%, (ii) the scheme shall involve ZEN-NOH and Nochu not contributing funds to ITOCHU's SPC before the completion of taking the Target Company private, in order to have capital participation in the Target Company after the formal organizational decision by ZEN-NOH (Note 5) (Note 6), and to succeed to the Target Company Shares after the Target Company was privatized, and (iii) it is possible for Nochu to loan money which is equivalent to the final investment ratio of ZEN-NOH and Nochu, to ITOCHU's SPC. On and after the Official Proposal dated March 2, ITOCHU continued to engage in deliberations and discussions with Tokyo Century regarding Tokyo Century's capital participation in the Target Company. Considering that Tokyo Century aims to make a "contribution to realize a society based on a circular economy" together with partner companies by providing various new financial services, including but not limited to the leasing business, ITOCHU and Tokyo Century came to believe that synergies can be expected which will create new value such as creating new services integrated with the Target Company, through capital participation in the Target Company, beyond just a business relationship, as a result of Tokyo Century bringing various solutions to the businesses the Target Company (which is essential "infrastructure" in the community) aims to conduct. Thereafter, in early March, 2020, ITOCHU received a statement from Tokyo Century that (i) the funds available to invest to privatize the Target Company, is 5 billion yen, (ii) it is acceptable to contribute the funds to ITOCHU's SPC as a method of capital participation in the Target Company, and (iii) Tokyo Century intends to own the Target Company Shares directly after the Target Company is privatized.

(Note 5) ZEN-NOH held a Supervisory Board meeting today and approved the execution of the Master Agreement, and therefore as of today, all official decisions regarding ZEN-NOH-Nochu Share Transfer have been made, except for the ratio (breakdown) of shares to be acquired by ZEN-NOH in ZEN-NOH-Nochu Share Transfer. In addition, ZEN-NOH will also hold a general meeting of representatives/*Sodaikai* on July 29, 2020, and resolve the ratio (breakdown) of shares to be acquired by ZEN-NOH in ZEN-NOH-Nochu Share Transfer. However, even if the general meeting of representatives/*Sodaikai* does not resolve the ratio (breakdown) of shares to be acquired by ZEN-NOH in ZEN-NOH-Nochu Share Transfer, a transfer to ZEN-NOH/Nochu is possible by resolving the price that corresponds to the ratio (breakdown) of shares to be acquired by ZEN-NOH in ZEN-NOH-Nochu Share Transfer to be within 10 billion yen, which is within the scope of authority transferred to ZEN-NOH's Supervisory Board.

(Note 6) Nochu held a meeting of the board of directors on July 6, 2020, and it has made a formal organizational decision with respect to the ZEN-NOH-Nochu Share Transfer as it has resolved that it will decide on its ratio (breakdown) of shares to be acquired by Nochu in the ZEN-NOH-Nochu Share Transfer once the ratio (breakdown) of shares to be acquired by ZEN-NOH in the same transfer is determined at ZEN-NOH's general meeting of representatives/*Sodaikai*.

Based on ZEN-NOH and Nochu's stated intentions, as well as Tokyo Century's intentions, ITOCHU deliberated on and discussed, with ZEN-NOH, Nochu, and Tokyo Century, methods and conditions for capital participation in the Target Company by ZEN-NOH, Nochu, and Tokyo Century and the synergies of the capital alliance with the Target Company. In the middle of March 2020, ITOCHU concluded that capital participation by ZEN-NOH, Nochu, and Tokyo Century would be appropriate in order to swiftly and steadily implement the business strategy of the Target Company after taking it private. In other

words, ITOCHU reached the following conclusions: (i) the capital alliance among ITOCHU, ZEN-NOH, Nochu, Tokyo Century and the Target Company would enable ZEN-NOH, Nochu, and Tokyo Century to allocate management resources, such as human resources, to the Target Company in a more in-depth manner; (ii) ITOCHU would be able to focus on sharing information and re-allocating human resources and physical resources for management with the Target Company which are necessary for ITOCHU to take the initiative to realize the mutually complementary close relationship and best use of resources as between ITOCHU and the Target Company, because ZEN-NOH, Nochu, and Tokyo Century's main purpose for the capital participation is to generate business synergies with the Target Company; and (iii) synergies would be realized by ZEN-NOH and Nochu strengthening their relationship with the Target Company through the capital participation, irrespective of their shareholding ratios. Accordingly, ITOCHU decided to propose a scheme to the Target Company, the content of which is described in the "Diagrams of the Scheme of the Transactions" shown in "(1) Outline of the Tender Offer" above. Although ITOCHU deliberated on various options for fund procurement other than capital investment by Tokyo Century and extension of a loan by Nochu (including by conducting market research to assess whether there were other companies with potential to generate business synergies through creating a capital relationship with the Target Company), it decided, when starting the deliberation and discussions with each of ZEN-NOH, Nochu, and Tokyo Century, that ZEN-NOH, Nochu, and Tokyo Century were the first choices. This was based on the assumption that those three companies would be appropriate as strategic partners for capital participation in the Target Company, in that: ZEN-NOH had supply sources of products not handled by the Target Company; Nochu offered not only loan extensions but also over-the-counter financial services that were expected to be congruous with the Target Company's business; and Tokyo Century already had a business relationship with the Target Company and leased equipment and vehicles underlying the Target Company's business, as well as provided new financial services. Because Itochu subsequently reached an agreement with them, it did not have any discussions or similar communications with third parties outside the ITOCHU Group other than ZEN-NOH, Nochu, and Tokyo Century regarding capital participation as strategic partners for the Target Company.

On March 17, 2020, ITOCHU submitted a proposal letter to the Target Company amending the scheme to that described in the "Diagrams of the Scheme of the Transactions" shown in "(1) Outline of the Tender Offer" above. Furthermore, during the course of discussions with the Target Company through a special committee (established by the Target Company) between early March and early April 2020, ITOCHU explained to the Target Company the view, held by ITOCHU, ZEN-NOH, Nochu, and Tokyo Century, that the Target Company's capital alliance with ZEN-NOH and Nochu will enable the creation of synergies between them in terms of (i) product supply, (ii) regional revitalization, and (iii) overseas strategies; and that Tokyo Century's experience cultivated through the fusion of three axes of "finance x services x business," which transcends the boundaries of finance, and its diverse range of out-of-the-box services, will play an important role in the measures to transform the Target Company's business models.

In early April 2020, ITOCHU, the Tender Offeror, and the Target Company came to share the view that strengthening the relationship between the ITOCHU Group and the Target Company through the Transaction would have the potential to facilitate the following efforts and effects, which could enhance the corporate value of the Target Company over the medium and long term, further strengthening the growth potential and profitability of the Target Company in a more integrated manner, and also would enhance the corporate value of the ITOCHU Group, bringing innovation to the conventional value chain in the consumer sector, which is one of the business areas of the ITOCHU Group. Even where the Tender

Offer is completed, the Target Company may not be taken private if the agenda concerning the Share Consolidation is not approved at the Special Shareholders' Meeting. However, ITOCHU and the Tender Offeror have not deliberated on the anticipated synergies between the ITOCHU Group and the Target Company, in any business other than the existing business undertaken by them, where the Target Company does not go private, as they believe that the understanding and support of the Target Company's general shareholders will be obtained regarding their view that taking the Target Company private through the Transaction will enhance its medium- to long-term corporate value. Further, even if the privatization of the Target Company is not achieved, ITOCHU and the Tender Offeror plan to continue to take measures with the Target Company to improve the corporate values of the Target Company to the extent feasible as independent listed companies.

#### I. Further Strengthening the Business Foundation of the Target Company by Taking Advantage of the Comprehensive Capabilities of the ITOCHU Group

ITOCHU has been positioning the Target Company to serve as its primary foundation within the consumer sector, which is ITOCHU's strength, and has been focusing on strengthening the business foundation of the Target Company by actively utilizing the networks and resources of the ITOCHU Group. Furthermore, from the viewpoint of optimizing the ITOCHU Group, including the Target Company, the various business foundations of ITOCHU have been fully leveraged through "The 8th Company" established in July 2019, and have further committed to initiatives such as optimizing and streamlining supply chains, which are the basis of the Target Company's business, and to reinventing electronic payment and otherwise using IT from a "market-oriented perspective" to meet market and consumer needs. On the other hand, the environment surrounding the Target Company is becoming more severe, for example, due to 24-hour operation issues, serious shortages of labor, and food loss and waste issues; measures to mitigate these issues will have to be taken as soon as possible. As a whole, the ITOCHU Group will seriously face each of these issues, which are becoming social issues, and ITOCHU will aim to resolve them by streamlining existing operations by incorporating advanced, next-generation technologies and maximizing the use of consumer contact points, each of which can be realized by furthering existing initiatives, enhancing the ITOCHU Group and the Target Company to utilize each other's management resources and making decisions promptly as the ITOCHU Group as a whole even more than before. Further, ITOCHU will cause the Target Company's existing business model to evolve and become more efficient and profitable, by the following method. (i) ITOCHU will reconstruct an optimal supply chain that is based on demand forecast by organically integrating the various data obtained from the Target Company's plentiful consumer contact points with the data related to each stage of the Target Company's business which plays a central role in its profits, i.e., the business covering the process from production through to delivery of home meal replacement products. This can be done by utilizing the "Data Management Platform (DMP)" (Note 7) (which, as part of ITOCHU's efforts to realize the "Reinvention of Business" since the fiscal year ended 2019, has been designed and constructed across the ITOCHU Group in order to digitalize its consumer related value chain and utilize its data). (ii) Further, Itochu will reduce logistics costs through logistics rationalization and save member stores' operational labor through the use of next-generation technologies.

(Note 7) DMP stands for “Data Management Platform”. Within ITOCHU Group, this refers to a mechanism for cross-linking and analyzing data held by the group companies, such as ordering/stock/logistics data in the supply chain, customer purchasing data and behavior data. ITOCHU holds as its group companies and multiple companies centered on consumer spending, and develops businesses involved throughout its supply chain. Therefore, it builds and utilizes DMP to realize data collaboration among its group in areas such as optimizing ordering, inventory, and logistics, advertising and finance utilizing the Target Company’s store network, and strengthening consumer contact points such as next-generation stores.

## II. Creation of New Business Model for the Target Company by Taking Advantage of the Comprehensive Capabilities of the ITOCHU Group

ITOCHU will create a new business model through a fusion of physical and digital services, (i) by focusing on the strength of consumer contact points, with approximately 15 million consumers visiting approximately 16,500 FamilyMart stores owned by the Target Company each day, while e-commerce levels are rising and the convenience store market is becoming saturated, and (ii) by (a) redefining the business model of the Target Company and (b) simultaneously, becoming united with the Target Company by taking it private, in order to utilize to the maximum extent ITOCHU’s management resources and its network with companies including startups having next-generation technologies. Specifically, ITOCHU will cause some Target Company stores to serve as places for demonstration of experiments, and will constantly attempt to make the company “lean and agile” (meaning efficient and mobile) by incorporating advanced next-generation technology from around the world, such as the technology utilizing AI (such as virtual human agent technologies developed by Couger Inc.) and blockchain, and from ITOCHU’s network. In this way, ITOCHU will further streamline existing store operations by methods such as store customer service by virtual human agent and reduce the burden on the member stores, and also provide increasingly convenient services to consumers such as product pick-up lockers at stores and the “final-mile delivery” of products to consumers from the closest stores. The network of approximately 16,500 stores around the country are visited by approximately 15 million consumers every day, creating consumer contact points related to purchases that, unlike e-commerce, are particular to physical stores that are close to the local community. ITOCHU will provide a new marketplace that is more than a store by means of fusing the strength of physical stores with the versatility of digital services specialized by digital platforms. Further, in the future, by establishing a “digital JV,” that includes domestic and overseas strategy partners and the Target Company, ITOCHU will create new additional value unbounded by existing product sales and services, and will also consider the possibility of conducting a bold conversion from the existing labor-intensive business model within the retail industry.

### III. New Overseas Business Development of the Target Company by Taking Advantage of the Comprehensive Capabilities of the ITOCHU Group

ITOCHU thinks that it is necessary for the Target Company to construct and introduce models corresponding to the individual countries in accordance with the growth process of the retail market in each country, without being caught in existing ideas and common sense. To achieve this, ITOCHU considers it necessary to cooperate with partners within the ITOCHU Group network who have strengths not only in retail but also in the areas of digital services and new technology, in addition to utilizing the management resources and know-how of the Target Company. Specifically, by determining the next growth market and the technology to become a key to the growth therein, through its overseas partners which are the strategic partners of ITOCHU, and by providing support for the Target Company to enable it to cooperate with appropriate partners in each country, it is considered possible to make overseas business development a new driving force for the growth of the Target Company. Taking the Target Company private will enable the ITOCHU Group to seamlessly integrate its global network with the Target Company and will thereby make it possible to incorporate into the Target Company's business, the techniques and technologies for the "new retail" such as the development of the product promotion which are in line with the purchase activities of customer through by data analysis of the purchase activities of such customers, reduction of losses by improvement of the quality of demand forecast and development of new products, which is a new form of retailing that has incorporated in it advanced overseas technologies.

Furthermore, concurrently with the discussions described above, ITOCHU has also conducted a number of discussions and negotiations regarding the transaction terms of the Transaction, including the Tender Offer Price, and the scheme for the Transaction, as well as the schedule for the period from the tender offer to taking the Target Company private, through a special committee established by the Target Company. ITOCHU has also engaged in continuous discussions with ZEN-NOH, Nochu, and Tokyo Century about the terms and conditions of the Transaction and about management policies after taking the Target Company private.

Specifically, ITOCHU received a business plan from the Target Company on March 6, 2020 and since then, has continued to analyze it. However, the number of persons infected with the novel coronavirus (COVID-19) rapidly increased since late March. Specifically, the number of new cases of the COVID-19 infection in Japan (per day) increased from 18 on March 2, 2020 to 54 on March 20, 2020, and further increased to 202 on March 28, 2020. Accordingly, on March 28, 2020, ITOCHU and the Tender Offeror came to believe that the spread of the COVID-19 infection will not only degrade the Target Company's business results on a short term basis, but will also adversely affect the Target Company's medium and long term business results, and thus ITOCHU needs to reconsider the terms of the Transaction, including the Tender Offer Price, because it may materially affect the attainability of the Target Company's business plan. After comprehensively considering the results of these analyses, ITOCHU and the Tender Offeror offered the Target Company a tender offer price of about 2,000 yen through Nomura Securities, its financial advisor, on March 28, 2020 (hereinafter referred to as the "Proposal dated March 28"), whereas it continued to analyze the effects of the spread of the COVID-19 infection on the Target Company's business. In response to the Proposal dated March 28, the Target Company requested that the Tender Offeror reconsider the content of the proposal. Specifically, the Target Company stated that

it could not accept the Tender Offeror's proposal because the stock price spike due to the COVID-19 infection may be temporary. Accordingly, ITOCHU continued discussions with the Target Company thereafter. However, the area of the COVID-19 infection continued to expand thereafter, there were no signs that the number of domestic infected persons was declining, and various indicators concerning the macro economy deteriorated. Thus, it was difficult to forecast the scale of the effects of the COVID-19 infection on business and the duration of the effects, as well as its ultimate impact on the Target Company's intrinsic value. Further, both parties' views of the effects of the spread of the COVID-19 infection on the Target Company's business (such as the duration of the effects of the COVID-19 infection and its impact on the sales at the stores, as well as the effects on the Target Company's business model caused by a structural shift in consumer behavior, i.e., the shift from convenience stores to e-commerce due to longer period spent by consumers at home), which would be the premise for the tender offer price, diverge. Specifically, the Target Company believes that the effects of the COVID-19 infection will be temporary, while ITOCHU and the Tender Offeror believe that the effects will have medium or long term impacts. For these reasons, on April 3, 2020, ITOCHU and the Tender Offeror notified the Target Company that it would postpone the commencement date of the tender offer, which was originally proposed to be April 13, 2020 in the Official Proposal dated March 2, and hoped to continue discussions, and that it was difficult to hold discussions on the premise of maintaining the tender offer price of 2,600 yen, which was offered in the Official Proposal dated March 2 in the subsequent discussions.

Thereafter, on April 13, 2020, the Target Company announced its forecast business results for the fiscal year ending February 2021. The forecast has incorporated the potential impact on the Target Company's sales by the spread of the COVID-19 infection that could be assumed at the time the forecast was announced; however, the forecast also stated that subsequent developments could cause fluctuations in the Target Company's sales. Accordingly, ITOCHU and the Tender Offeror view that the forecast has not sufficiently factored in the effects of the spread of the infection. Meanwhile, on April 7, 2020, the state-of-emergency declaration due to the spread of COVID-19 infection was issued, accompanied by a stay-at-home request. Due to their effects, daily sales at the stores of the Target Company and the number of customers visiting them continued to decline significantly from the previous year, and the adverse effects on the Target Company's performance at hand was confirmed. Based on these circumstances, ITOCHU, as the Target Company's parent company, and the Tender Offeror determined that under circumstances where the effects of the COVID-19 infection may be prolonged in the future, the Transaction needed to be implemented at the earliest stage possible and various measures such as those described in I or III above needed to be taken immediately by strengthening the relationship between the ITOCHU Group and the Target Company, considering that the corporate value of the Target Company could be impaired for the following reasons: (i) it was now likely that the Target Company's performance for the fiscal year ending February 2021 would be adversely affected; and (ii) the consumers' shift from convenience stores to e-commerce that took place under the spread of the COVID-19 infection was structural and may have an adverse impact, such as a decrease in the sales at stores, on the Target Company's medium and long term business.

Also, ITOCHU and the Tender Offeror offered a tender offer price of 2,200 yen and the commencement date of the tender offer set for the earliest possible day in June 2020 in a meeting with the Target Company on May 14, 2020 (hereinafter referred to as the "Proposal dated May 14"), since the pace of the spread of COVID-19 infections was dropping, and not only the short-term but also the medium- and long-term effects of the COVID-19 infection on the Target Company's business could be estimated more

precisely than before. In response to this, the Target Company requested ITOCHU and the Tender Offeror to hold a meeting with the Target Company, and on May 26, 2020 the Target Company heard the opinion of ITOCHU and the Tender Offeror as to the effects of the spread of COVID-19 infections on the Target Company's business. Then, on June 5, 2020 the Target Company responded that, as a result of comprehensively considering the premium level to the latest share price and the average of the share price for certain period, the share price level before the effects of the COVID-19 infection emerged, and other relevant factors, in addition to the advice from a financial perspective from the financial advisor and discussions based thereon, it could not accept the tender offer price of 2,200 yen offered by ITOCHU and the Tender Offeror in the Proposal dated May 14 and will request an increase of the proposed price. Thereafter, with the lapse of time, the effects of the spread of the COVID-19 infection on the Target Company's performance became apparent. In response to this, the Target Company deliberated on updating the business plan, and ITOCHU and the Tender Offeror was presented by the Target Company with a business plan reflecting the effects of the COVID-19 infection on June 10, 2020. Following this, ITOCHU and the Tender Offeror newly verified the reasonableness and feasibility of the business plan of the Target Company, and reflected its own forecast on figures of the business plan, such as the degree and duration of the effects of the COVID-19 infection on the Target Company's business due to the spread of infections through daily turnovers or customer traffic. Based on them, ITOCHU and the Tender Offeror again deliberated on the proposed price, and also based on the advice on the valuation of the Target Company from the financial advisor and discussions based thereon, it proposed to the Target Company that the tender offer price be 2,300 yen on June 26, 2020 (hereinafter referred to as the "Proposal dated June 26"). In the Proposal dated June 26, it was assumed that no lower limit of shares to be purchased will be set.

In response to this, on June 26, 2020, based on the advice from a financial perspective from the financial advisor of the Target Company and the special committee and the discussions based thereon, the Target Company continued to request that the proposed price be increased and requested that ITOCHU set a lower limit to be purchased at the level of a majority of minority (Ownership Ratio of 24.95%, which is half of 49.90% obtained by subtracting from 100% the Ownership Ratio of ITOCHU et al.(50.10%)) in order to reflect the intention of general shareholders as much as possible since the proposal of ITOCHU and the Tender Offeror at this time assumed that no lower limit of shares to be purchased would be set. Upon that request, ITOCHU and the Tender Offeror proposed to the Target Company on June 26, 2020 to set a lower limit of shares to be purchased at 50,114,060 shares (Ownership Ratio: 9.90%). On June 29, 2020, the Target Company received an explanation on the basis for setting the lower limit of shares to be purchased at 50,114,060 shares (Ownership Ratio: 9.90%) from ITOCHU and the Tender Offeror. In response to this, on June 30, 2020, the Target Company requested that the Tender Offeror increase the tender offer price and set a lower limit to be purchased which would result in the Ownership Ratio of the ITOCHU Group being more than two-thirds because the Target Company could not be reasonably assured that the setting of the lower limit reflected the intention of the so-called "majority of minority," namely, whether the majority of the shareholders who do not share material interests with the purchaser are satisfied with the transaction terms. Further, the Target Company informed ITOCHU and the Tender Offeror that it would be difficult for the Target Company, without a demand or request from other parties, to convene a Special Shareholders' Meeting whose agenda items included conducting a Share Consolidation of the Target Company Shares and, subject to the effectuation of the Share Consolidation, amending the articles of incorporation to abolish provisions on share unit numbers, or implementing other squeeze-out procedures because it cannot reasonably explain to its shareholders the conditions and reasons for the squeeze-out with the tender offer price (2,300 yen) and the lower limit of shares to be

purchased (50,114,060 shares) proposed by ITOCHU and the Tender Offeror. Thereafter, ITOCHU and the Tender Offeror had a number of discussions and negotiations with the Target Company, and ITOCHU and the Tender Offeror finally proposed to the Target Company on July 2, 2020 not to increase the tender offer price and the lower limit of shares to be purchased and if the Tender Offer is competed to demand that the Target Company's directors convene a Special Shareholders' Meeting whose agenda items included conducting a Share Consolidation of the Target Company Shares in accordance with Article 180 of the Companies Act after the completion of the Tender Offer and, subject to the effectuation of the Share Consolidation, amending the articles of incorporation to abolish provisions on share unit numbers, promptly after the settlement of the Tender Offer is completed, in accordance with Article 297, paragraph 1 of the Companies Act, and requesting that the Target Company issue a public notice to set a record date so that any date close to and coming after the commencement date of the settlement of the Tender Offer will be the record date of the Special Shareholders' Meeting (hereinafter referred to as the "Final Proposal"). In response to the Final Proposal, on July 3, 2020, the Target Company responded that the Target Company believes that its corporate value will improve in the medium- and long-term by taking the Target Company private through the Transaction; however, the Tender Offer Price includes (a) a premium of 30.24% on the closing price of the Company Shares on the TSE First Section on July 7, 2020, which is the business day immediately preceding the publication date with respect to the implementation of the Tender Offer, which is 1,766 yen, (b) a premium of 20.55% on the simple average closing price for the most recent month before July 7, 2020 (June 8, 2020 to July 7, 2020), which is 1,908 yen, (c) a premium of 22.47% on the simple average closing price for the most recent three months before July 7, 2020 (April 8, 2020 to July 7, 2020), which is 1,878 yen, and (d) a premium of 11.22% on the simple average closing price for the most recent six months before July 7, 2020 (January 8, 2020 to July 7, 2020), which is 2,068 yen and the level of premiums on the tender offer price of 2,300 yen do not largely differ from that of premiums in other cases of tender offers premised on the parent company making its listed subsidiary a wholly-owning subsidiary, and it is believed that the level is reasonable in terms of giving the general shareholders of the Target Company an opportunity to recoup their investment; however it is not at a level where it is able to proactively recommend that general shareholders of the Target Company tender their shares in the Tender Offer, due to reasons such as the fact that premium is not adequate when compared with the premiums used in other tender offer cases publicized after 2010 that aims to privatize the target company, with the transaction amount that exceeds 50 billion yen (the average premium is as follows: 36.9% compared to the Business Day immediately before the release date, 39.2% compared to the average closing price of the previous month, 39.0% compared to the average closing price in the last three months, and 36.8% compared to the average closing price in the last six months). Therefore, the Target Company made a resolution to take a neutral position regarding whether or not to recommend that the shareholders tender their shares in the Tender Offer, and to leave it to the discretion of the shareholders about whether or not to tender their shares in the Tender Offer. Therefore, today ITOCHU and the Tender Offeror resolved at a meeting of its board of directors to implement the Transaction, including the Tender Offer, considering the need to immediately implement the Transaction, and the Target Company's agreement to the significance of taking the Target Company private through the Transaction even though the Target Company did not agree to recommend to its shareholders to tender their shares in the Tender Offer.

ITOCHU has been expressing, from its point of view, that the essential parts of the retail business, such as store operations, should be managed by FamilyMart, which is "a professional of the retail business," and that its independence of management should be respected, in light of ITOCHU's position that "it is difficult to manage the essential parts of the retail business, such as store operations, by a trading



company's way of thinking." Although this point of view has not fundamentally changed, ITOCHU will more deeply commit to the management of the Target Company by taking the Target Company private through the Tender Offer, to have flexibility and mobility with a more diversified point of view regarding non-continuous, global changes that have recently occurred in the entire domestic convenience store industry, including the Target Company, and the retail industry, such as e-commerce, and to respond without hesitation even to changes that cause harm (e.g., up-front investments on a scale equivalent to that of the Target Company's consolidated net profits, such as the introduction of human-like AI technologies and package pickup, etc., into the Target Company's approximately 16,500 stores). In addition, ITOCHU will manage financial indicators, etc. in compliance with targets on a company-wide basis, and also consider business restructuring, capital policies, and otherwise, conducive to optimization of the group business portfolio and digital transformation of the consumer business centered on the Target Company.

(b) Target Company's Decision-making Process and Reasons

According to the Target Company Disclosure, the business environment surrounding the Target Company has become increasingly difficult. This is because the retail industry in Japan has been faced with the following trends that are becoming even more pronounced: (i) a shrinking market size due to the decline in the total population; (ii) the market becoming more harshly competitive with competition extending beyond business areas due to the expansion of the e-commerce market and the loss of barriers between convenience stores and other businesses including drugstores; (iii) continuing consumer cost consciousness; and (iv) labor shortages at stores and logistics. In addition, consumers' needs are becoming increasingly diversified and the selectiveness of consumers is becoming increasingly intense. In this business environment, the Target Company has acknowledged that its management challenge is to improve the quality of its existing stores; and to implement new growth strategies other than store sales and to change its existing business model by utilizing its network of real stores.

Given the above situation, as stated in "(a) Background and Reason for the Tender Offer" above, in early February 2020, the Target Company was sounded out by ITOCHU on an initial proposal to the effect that it would like to commence deliberations on the Transaction to take the Target Company private. In response, based on the advice of Mori Hamada & Matsumoto as the Target Company's legal advisor, the Target Company immediately began to establish a system to deliberate on, and negotiate, the Transaction from the perspective of improving the Target Company's corporate value and ensuring the interests of the Target Company's general shareholders from a position independent of the Tender Offeror. The reason was that because the Target Company is ITOCHU's consolidated subsidiary and the Transaction falls under a type of transaction that is typified by issues such as the existence of structural conflicts of interest and information asymmetry, the Target Company had to address these issues in order to ensure the fairness of the Transaction.

Specifically, as stated in "(iii) Establishment of an Independent Special Committee" in "(Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" in "(ii) Background of Calculation" in "(4) Basis for Calculation of the Tender Offer Price" in "3. Outline of the Tender Offer" below, the Target Company proceeded to prepare the special committee; then, by the written resolution adopted by the Target Company's board of directors as of February 19, 2020, right after the Target Company received the initial proposal letter from ITOCHU on February 17, the Target Company established a special

committee consisting of Mr. Tadashi Izawa, Ms. Mika Takaoka, and Ms. Chikako Sekine (for the background to the establishment, the deliberations, and specific determinations, etc., respectively, of the special committee, please see “(iii) Establishment of an Independent Special Committee” in “(Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” in “(ii) Background of Calculation” in “(4) Basis for Calculation of the Tender Offer Price” in “3. Outline of the Tender Offer” below). Then, the Target Company requested that the special committee (i) deliberate on, and provide the Target Company’s board of directors with advice regarding whether or not the Target Company’s board of directors should approve the Tender Offer and whether or not it should recommend to the Target Company’s general shareholders that they tender their shares in the Tender Offer, after deliberating on, and determining, (a) the propriety of the Transaction from the perspective of whether it will contribute to the improvement of the Target Company’s corporate value, and (b) the appropriateness of the transaction terms and the fairness of procedures from the perspective of ensuring the interests of the Target Company’s shareholders; and (ii) deliberate on, and provide the Target Company’s board of directors with an opinion regarding whether the decision of the Target Company’s board of directors on the Tender Offer will not be disadvantageous to the Target Company’s minority shareholders ((i) and (ii) above shall hereinafter collectively be referred to as the “Matters of Inquiry”); and the Target Company commissioned the special committee to submit its opinion regarding these matters to the Target Company. Further, the Target Company’s board of directors has resolved (i) that when it makes decisions regarding the Tender Offer, including the decision on whether to approve or disapprove the Tender Offer, at the board of directors meeting, it will give maximum respect to the contents of the special committee’s decisions; (ii) that it will not approve the Tender Offer if the special committee deems the transaction terms unreasonable; and (iii) that it will authorize the special committee to negotiate with the Tender Offeror, as necessary, the transaction terms and other matters; to appoint its own financial, legal, or other advisor, as necessary, in order to report on the Matters of Inquiry (the cost to be incurred in this case is to be borne by the Target Company); and to receive from the Target Company’s officers and employees necessary information for deliberating and deciding on the Tender Offer. Note that as stated in “(iii) Establishment of an Independent Special Committee” in “(Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” in “(ii) Background of Calculation” in “(4) Basis for Calculation of the Tender Offer Price” in “3. Outline of the Tender Offer” below, the special committee, based on the authorities granted as above, appointed Nakamura, Tsunoda & Matsumoto as its own legal advisor, and PwC Advisory LLC (hereinafter referred to as “PwC”), as its own financial advisor and third-party evaluation organization.

Further, as stated in “(iii) Establishment of an Independent Special Committee” in “(Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” in “(ii) Background of Calculation” in “(4) Basis for Calculation of the Tender Offer Price” in “3. Outline of the Tender Offer” below, regarding Mori Hamada & Matsumoto, being the Target Company’s legal advisor, and Merrill Lynch Japan Securities Co., Ltd. (hereinafter referred to as “Merrill Lynch”), being the Target Company’s financial advisor, the Target Company had the special committee confirm that there is no problem with respect to their professional expertise and their independence from ITOCHU, the Tender Offeror, the Target Company, ZEN-NOH, Nochu, and Tokyo Century and received the special committee’s approval for their appointment.

Furthermore, as stated in “(vi) Building an Independent Deliberation System of the Target Company” in “(Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” in “(ii) Background of Calculation” in “(4) Basis for Calculation of the Tender Offer Price” in “3. Outline of the Tender Offer” below, the Target Company received the special committee’s approval regarding (i) the Target Company establishing an internal system to deliberate on, negotiate, and decide on, the Transaction (including the scope of the target Company’s officers and employees to be involved in the deliberation, negotiation, and decision on the Transaction and their specific duties) from a standpoint independent of ITOCHU, the Tender Offeror, the Target Company, ZEN-NOH, Nochu, and Tokyo Century, and (ii) the non-existence of any problem in such system for deliberation from the perspective of independence.

Thereafter, the Target Company received guidance and other legal advice from Mori Hamada & Matsumoto, including guidance and advice on measures to ensure the fairness of the procedures under the Transaction, and it also received from Merrill Lynch a stock valuation report showing the results of valuation of the Target Company Shares and other advice from a financial point of view. In light of the stated advice, report, etc., the Target Company carefully discussed and deliberated on the propriety of the Transaction and the appropriateness of the transaction terms.

Furthermore, on March 2, 2020, the Target Company received from ITOCHU the Official Proposal dated March 2 offering the Tender Offer Price of 2,600 yen. Since then, the Target Company has engaged in continuous discussions and negotiations with ITOCHU about the transaction terms of the Transaction, including the Tender Offer Price.

However, due to the effects of the expansion of the COVID-19 infection, the market share price including the share price of the Target Company drastically fluctuated, and the Target Company’s performance forecast for the fiscal year ending February 2021 became uncertain. For these reasons, the Target Company received from ITOCHU and the Tender Offeror a proposal to set the Tender Offer Price as approximately 2,000 yen on March 28, 2020. In response to this, the Target Company requested that ITOCHU and the Tender Offeror again deliberate on the proposal, because the fluctuation of the share price due to the effects of the expansion of the COVID-19 infection could be temporary and thus that proposal could not be accepted. Thereafter, ITOCHU and the Tender Offeror conducted a number of discussions with the Target Company. As a result, on April 3, 2020, they decided to resume deliberations and negotiations on the Transaction when the effects of the COVID-19 infection on the Target Company’s business became clear. Thereafter, one month had passed since the state of emergency declaration was issued and was expected to be lifted, and the effects of the COVID-19 infection on the Target Company’s business began to become clear to a certain extent. Accordingly, in mid May 2020, the Target Company resumed the deliberations and negotiations with ITOCHU and the Tender Offeror.

The Target Company received Proposal dated May 14 from ITOCHU and the Tender Offeror to set the Tender Offer Price as 2,200 yen, and thereafter, it continuously discussed and negotiated the transaction terms, including the Tender Offer Price, of the Transaction with ITOCHU and the Tender Offeror. Specifically, as a result of comprehensively taking into consideration advice from a financial perspective from the financial advisor and discussions based on that advice, as well as the level of premium to the most recent share price and the average share price for certain period and the level of share price before the effects of the COVID-19 infection spread, on June 5, 2020, the Target Company requested that

ITOCHU and the Tender Offeror increase the Tender Offer Price since the Target Company could not accept the Tender Offer Price of 2,200 yen that was proposed by ITOCHU on May 14, 2020. On June 10, 2020, the Target Company presented the business plan that includes the effects of the spread of COVID-19 infection. Thereafter, the Target Company received a Proposal dated June 26 to set the Tender Offer Price as 2,300 yen from ITOCHU and the Tender Offeror. In response to this, the Target Company requested an increase in the Tender Offer Price and to set a lower limit to be purchased at the level of a “majority of minority” and continued negotiations. However, the Target Company received from ITOCHU and the Tender Offeror the Final Proposal stating that it was difficult to increase the Tender Offer Price on July 2, 2020 and a lower limit to be purchased is 50,114,060 shares (Ownership Ratio: 9.90%).

As stated above, after the Target Company secured the fairness and transparency of decision-making by, among other things, receiving advice from legal advisor and a financial advisor independent from the Target Company and continuously receiving advice also from the special committee, it consistently requested an increase in the Tender Offer Price and negotiated to set a reasonable lower limit of the number of shares to be purchased in the Tender Offer for the benefit of the Target Company’s general shareholders since it received the proposal for the Transaction from ITOCHU. Even though it was assumed in the Proposal dated June 26 that the lower limit will not be set in the Tender Offer, in order to reflect the intention of the general shareholders as much as possible, the Target Company requested that the “majority of minority” threshold (Ownership Ratio of 24.95%, which is half of 49.90%, obtained by subtracting from 100% the Ownership Ratio of ITOCHU et al. (50.10%)) be set, and given such request, ITOCHU and the Tender Offeror responded by offering to set the lower limit of the shares to be tendered at 50,114,060 shares (Ownership Ratio: 9.90%). The Target Company, upon receipt of such offer, on June 30, 2020, requested further that, as the Target Company cannot be reasonably certain whether the proposed lower limit reflects the purpose of setting the “majority of minority” threshold (which is to satisfy the majority of shareholders that do not share material interest with the acquirer regarding the terms and conditions of the transaction), the lower limit of the Tender Offer should be set at a number that exceeds two-thirds, which includes the Ownership Ratio of ITOCHU Group. Thus, the Target Company has continuously negotiated for the benefit of its general shareholders. However, after the Target Company received the Final Proposal, it decided to declare an opinion supporting the Tender Offer as it was expected that the Transaction would enhance the corporate value of the Target Company. However, after the Target Company took into consideration the Tender Offer Price and the lower limit of the number of shares to be purchased, it concluded that although it is not believed that they lack reasonableness in terms of giving the Target Company’s general shareholders an opportunity to recoup their investment since the tender offer price is believed to include a certain premium based on the current market price of the Target Company Shares, they are not at a level where it is able to proactively recommend that the Target Company’s general shareholders tender their shares in the Tender Offer, due to reasons such as the fact that premium is not adequate when compared with the premiums used in other tender offer cases publicized after 2010 that aims to privatize the target company, with the transaction amount that exceeds 50 billion yen. Therefore, the Target Company decided that it will take a neutral position regarding whether to recommend to its shareholders that they tender their shares in the Tender Offer, and to leave it to the discretion of the shareholders (for details of the negotiation background, please refer to “(a) Background and Reason for the Tender Offer” in “(2) Background, Purpose and Decision-making Process of the Decision to Conduct the Tender Offer” below.

During the above deliberation and negotiation processes, the Target Company has reported to the special committee from time to time and has obtained the approval of the special committee as necessary. Specifically, the Target Company first explained the negotiation policies of the Transaction to the special committee and obtained its approval. Before preparing a draft business plan, which was to be presented to the Tender Offeror and which was used by Merrill Lynch and PwC to calculate the value of the Target Company Shares, the Target Company gave a prior explanation to the special committee about its preparation policies. During the process of the preparation, it also gave several explanations to the special committee about the details, material conditions precedent, progress, and other matters regarding the draft business plan, and obtained the special committee's confirmation and approval regarding the reasonableness of the details, material conditions precedent, progress, and other matters regarding the final business plan. Further, when the Target Company receives proposals for the Tender Offer Price and terms of the Tender Offer from ITOCHU and the Tender Offeror, it from time to time makes reports to the special committee and obtains its instructions and requests regarding response policies and negotiation policies with ITOCHU and the Tender Offeror, and then responds in accordance with the instructions and requests.

Thereafter, on July 8, 2020, the Target Company received a report from the special committee stating that: (i) it is reasonable for the Target Company's board of directors to declare an opinion supporting the Tender Offer and to declare an opinion leaving the decision up to the Target Company shareholders as to whether they tender their shares in the Tender Offer; and (ii) (a) it is not considered to be disadvantageous to the Target Company's general minority shareholders that the Target Company's board of directors supports the Tender Offer and will leave the decision up to the Target Company shareholders as to whether they tender their shares in the Tender Offer; and (b) it is not considered to be disadvantageous to the Target Company's minority shareholders for the Target Company's board of directors to make a decision on taking the Company private through the Share Consolidation after the successful completion of the Tender Offer on the assumption that will be conducted using the method expected in the Transactions (hereinafter referred to as the "Report") (for an outline of the Report, please see "(iii) Establishment of an Independent Special Committee" in "(Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" in "(ii) Background of Calculation" in "(4) Basis for Calculation of the Tender Offer Price" in "3. Outline of the Tender Offer" below). Together with the Report, the Target Company has also received from the special committee the stock valuation report showing the results of the valuation of the Target Company Shares (hereinafter referred to as the "PwC Stock Valuation Report"), which was submitted by PwC to the special committee on July 7, 2020 (for an outline of the PwC Stock Valuation Report, please see "(v) Acquisition of a Stock Valuation Report by the Special Committee from an Independent Third-Party Valuation Firm" in "(Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)" in "(ii) Background of Calculation" in "(4) Basis for Calculation of the Tender Offer Price" in "3. Outline of the Tender Offer" below).

Under the circumstances set out above, at the board of directors meeting held today, the Target Company carefully discussed and deliberated on whether the Transaction, including the Tender Offer, will contribute to the improvement of the Target Company's corporate value, and whether the transaction terms of the Transaction, including the Tender Offer Price, are appropriate. This discussion and deliberation were conducted (i) based on (a) the legal advice received from Mori Hamada & Matsumoto; (b) advice from a financial point of view from Merrill Lynch and the content of the stock valuation

report showing the results of the valuation of the Target Company Shares which was submitted by Merrill Lynch on the same day (hereinafter referred to as the “Merrill Lynch Stock Valuation Report”); (c) and the content of the PwC Stock Valuation Report submitted to the Target Company through the special committee; and (ii) attributing the maximum respect to the special committee’s decisions shown in the Report.

As a result, as described in “(b) Background and Reason for the Tender Offer” in “(2) Background, Purpose and Decision-making Process of the Decision to Conduct the Tender Offer” above, the Target Company reached the conclusion (i) that its going private through the Transaction will enable the Target Company and its 44 group companies, consisting of 24 subsidiaries as well as 20 affiliated companies and jointly controlled entities (as of February 29, 2020) (hereinafter referred to as the “Target Company Group”), on the one hand, and each of the other companies of the ITOCHU Group and their closely related parties, on the other, to closely cooperate and collaborate with each other, as well as to smoothly and efficiently implement matters such as allowing mutual entry and access to external networks; and (ii) that pursuing the transformation to a new business model that will revolutionize the traditional value chain in the retail industry, which is experiencing rapid changes in market conditions and an intensifying competition beyond business areas, both the Target Company Group and the whole ITOCHU Group including the Target Company Group make it possible to further improve their corporate value.

Specifically, the Target Company was provided an explanation that the privatization of the Target Company as a result of the Transaction would enable the seamless provision of the various human resources and know-how of the ITOCHU Group even more than before. By so doing, the Target Company believes it is possible for it to seriously face each of the issues, such as 24-hour operation issues, severe labor shortage issues, and food loss and waste issues, which are becoming social issues, and simultaneously cause the Target Company’s existing business model to evolve and become more efficient and highly profitable by reviewing and reconstructing the existing value chain as a whole.

The Target Company also considers it possible to create a new business model through a fusion of physical and digital services, by focusing on the strength of consumer contact points, with approximately 15 million consumers visiting approximately 16,500 stores each day, while e-commerce gains power and the convenience store market is becoming saturated, and by redefining the business model of the Target Company. Specifically, by constantly carrying out tests that proactively incorporate advanced next-generation technology from around the world and from ITOCHU’s network, the Target Company aims to further streamline existing store operations and reduce the burden on the member stores, and also to provide increasingly convenient services to consumers. In the future, by establishing a “digital JV,” that includes domestic and overseas strategy partners and the Target Company, for the fusion of the strength of physical stores with the versatility of digital services by specialized digital platforms, the Target Company will create new additional value unbounded by existing product sales and services, and will also consider the possibility of conducting a bold conversion from the existing labor-intensive business model within the retail industry.

Further, the Target Company has been trying to move its axis of growth from Japan, where it is reaching the limit of market growth due to a decrease in population, to other countries, by horizontally developing its successful experience in the convenience store business in Japan to overseas. However, as demonstrated by China, retail business sectors have evolved in unique ways in other countries, which are completely different from Japan. Specifically, the appearance of fully Internet-based platforms,

represented by Alibaba, have enabled consumers living anywhere to reach products without going to physical stores, at a speed much faster than the popularization of modern retail businesses, as represented by convenience stores. In consideration of these circumstances, it is necessary to construct and introduce models corresponding to the individual countries in accordance with the growth process of the retail market in each country, without being caught in existing ideas and common sense. To achieve this, ITOCHU considers it necessary to cooperate with partners within the ITOCHU Group network who have strengths not only in retail but also in the areas of digital services and new technology, in addition to the management resources and know-how of the Target Company. By determining the next growth market and the technology which will become the key to the growth therein through overseas partners which are the strategic partners of ITOCHU, it is considered possible to make overseas business development a new driving force for the growth of the Target Company.

Although the Target Company considers it necessary to implement each of the measures above early in order to enhance the Target Company's corporate value over the medium and long term amid the Target Company's severe competitive environment, as the early implementation of those measures requires making investments in advance, there is a possibility that the Target Company's performance will decline in the short term. However, while the Target Company is listed, it is necessary to pursue benefits for the Target Company shareholders, and thus it is difficult to concurrently promptly conduct the investments involving such a risk.

In order to implement measures, including each of the measures above, to enhance the corporate value of Target Company over the medium and long term, the Target Company considers it necessary to cause the ITOCHU Group to invest its management resources even more than before, and for the ITOCHU Group as a whole to execute flexible management policies. However, as stated above, ITOCHU explained to the Target Company that obtaining information of the Target Company and investing management resources are limited to some extent while the Target Company is listed. Therefore, in order to enhance the Target Company's corporate value over the medium and long term through the ITOCHU Group's investment of management resources and group-wide execution of flexible management policies, the Target Company considers its privatization through implementation of the Transaction to be necessary. The Target Company is not presently deliberating or discussing with the ZEN-NOH and Nochu or Tokyo Century regarding the Target Company's state after the Transaction. However, based on the premise of the explanation from ITOCHU, the Target Company believes that: the ZEN-NOH and Nochu's (i) product supply, (ii) regional revitalization, and (iii) implementation of each measure of the overseas strategies will lead to the enhancement of the Target Company's corporate value; and also, developing a system which enables the entire management and operation of stores and ancillary facilities leased between Tokyo Century and reducing costs will also lead to the enhancement of the Target Company's corporate value. Further, considering the fact that a minimum number of shares to be purchased has been added to the Tender Offer so that the shareholding ratio of the Tender Offeror and ITOCHU after the Tender Offer will be 60%, and although it is possible the Target Company will not be taken private even if the Tender Offer is successfully completed, the ratio of voting rights at the shareholders meetings of the Target Company in the fiscal year ended February 2019 and the fiscal year ended February 2020, after ITOCHU became the parent company of the Target Company, was 91.85% and 93.67% respectively, so even if the ownership ratio is 60%, ITOCHU holds effectively nearly two-thirds of voting rights of the shareholders in attendance, and the shareholders that have not tendered their shares in the Tender Offer may exercise their voting rights to approve the agenda item (for example, ITOCHU expects that ETFs listed on the TSE and passive index funds other than ETFs listed on the

TSE might approve the agenda items of the shareholders meeting for the Share Consolidation even if they do not tender their shares in the Tender Offer), so the Target Company believes that it is unlikely that the Share Consolidation will not be approved and the Target Company will not be taken private. Further, even if the Share Consolidation is not approved and the Target Company is not taken private, ITOCHU and the Target Company will implement the measures aiming at improving the corporate value of the Target Company between the Target Company and ITOCHU, which will continue to be its parent company, as far as they can as independent listed companies.

As stated above, the Target Company believes that the corporate value of the Target Company will be enhanced over the medium and long term by the Target Company being privatized as a result of the Transaction. On the other hand, however, the Tender Offer Price of 2,300 yen per share: (i) is within the range of the calculation results of the Merrill Lynch Stock Valuation Report obtained from Merrill Lynch; (ii) includes a premium of 30.24% (rounded to two decimal places; the same applies to the calculation of the premiums below) to 1,766 yen, which is the closing price of the Target Company Shares on the First Section of the TSE on July 7, 2020, which is the business day prior to the date of the announcement of the implementation of the Tender Offer; 20.55% to 1,908 yen (rounded off to the whole number; the same applies to the calculation of the simple average of closing prices below), which is the simple average of closing prices for the previous month through July 7, 2020 (from June 8, 2020 to July 7, 2020); 22.47% to 1,878 yen, which is the simple average of closing prices for the previous three months through the same date (from April 8, 2020 to July 7, 2020); and 11.22% to 2,068 yen, which is the simple average of closing prices for the previous six months through the same date (from January 8, 2020 to July 7, 2020), and it is not believed that the level lacks reasonableness since a certain premium is added to the current market price of the Target Company Shares in terms of giving the general shareholders of the Target Company an opportunity to recoup their investment; nonetheless, (iii) adequate premium is not included when compared with the premiums used in other tender offer cases publicized after 2010 that aims to privatize the target company, with the transaction amount that exceeds 50 billion yen among the results of the calculation of the value of the Target Company Shares by PwC, based on the PwC Stock Valuation Report obtained from PwC, which is a third-party evaluation organization of the special committee, it does not exceed 2,472 yen, which is the lower limit of the range of the calculation results based on the discount cash flow method (the “DCF Method”). Therefore, the Target Company concluded that the Tender Offer Price is not at a level where it is able to recommend that general shareholders of the Target Company tender their shares in the Tender Offer, and determined that it would be appropriate to take a neutral position regarding whether to recommend to its shareholders that they tender their shares in the Tender Offer and ultimately leave the decision up to its shareholders.

As such, the Target Company determined that the Transaction contributes to enhancing the Target Company’s corporate value. Therefore, the Target Company, at its board of directors meeting held on today, declared an opinion supporting the Tender Offer, and the Target Company made a resolution to leave the decision up to its shareholders as to whether they tender their shares in the Tender Offer.

For details of the decision-making process of the above board of directors meeting, please refer to “(vii) Approval of All Directors Without Conflicts of Interest and Non-objection of All Corporate Auditors Without Conflicts of Interest of the Target Company” in “(Measures to Ensure the Fairness of Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of



Interest)” in “(ii) Background of Calculation” in “(4) Basis for Calculation of the Tender Offer Price” in “3. Outline of the Tender Offer” below.

### (3) Management Policy After the Tender Offer

ITOCHU has been working on building up strong non-resource sectors, particularly consumer-related sectors. In the Management Plan for the FY 2021, it advocates “Actively promote strategic investments in areas of strength and asset replacement in a timely manner.” ITOCHU will make the first move in taking measures in the sectors and business operations worth contributing to its future growth strategy even where the economic and business environment are dramatically changing and it is difficult to foresee the future due to the effect of the spread of COVID-19 infections.

The Target Company is a central business within the ITOCHU Group, and although its importance will increase after the Tender Offer, the current management structure of the Target Company will basically be respected. As of today, four out of the twelve directors of the Target Company are originally from ITOCHU, and, in accordance with the management regulations regarding the group management of ITOCHU, ITOCHU will support the Target Company as part of the ITOCHU Group to conduct its business, while also respecting the independent execution of management at the Target Company. Although the specific management structure of the Target Company after being taken private is yet to be determined, ITOCHU will discuss and decide the structure aiming to respect the current management structure. At present, there is no plan to dispatch officers from ZEN-NOH, Nochu, and Tokyo Century, the strategic partners, to the Target Company.

Although the specific methods are currently being considered, ITOCHU, the Tender Offeror, and the Target Company have agreed on the following matters:

- a. to increase profitability by local-based store development and supply chain optimization;
- b. to realize new profits by promoting digital transformation; and
- c. to explore new markets by reconstructing the overseas strategy.

In addition, ITOCHU has discussed the management policy for the Target Company after being taken private with ZEN-NOH and Nochu, and believes it is possible to create synergy with the Target Company in terms of (i) product supply, (ii) community activation, and (iii) overseas strategy, through cooperation between the ITOCHU Group, ZEN-NOH, Nochu, and the Target Company. At present, ITOCHU, ZEN-NOH, and Nochu expect the following approaches to create synergies: (i) sales of agricultural products directly delivered from the farm at stores of the Target Company, by taking advantage of the domestic production base owned by ZEN-NOH and Nochu, and supplying raw materials for home-meal replacement, (ii) mutual transfer of customers by combining JA service businesses such as financial services with the Target Company’s in-store services, and (iii) promotion of the export of domestic agricultural and livestock products by utilizing the Target Company’s overseas store network. These approaches are considered to be consistent with the direction of the Target Company, aiming to be “hyper local-based” as advocated in policy briefings to franchisers that enter into franchise agreements with the Target Company or on the Target Company’s webpage. As stated in “(i) Master Agreement” of “(4) Matters Concerning Material Agreements Related to the Tender Offer” below, after the Transaction, ITOCHU, ZEN-NOH, and Nochu intend to enter into an agreement regarding approaches to create synergies (hereinafter referred to as the “Business Alliance Agreement”) with the Target Company after the four parties have held discussions regarding the specific details thereof.

Furthermore, ITOCHU has discussed the management policy for the Target Company after being taken private with Tokyo Century, and believes that it is possible to create synergy with the Target Company in streamlining the existing transaction relationship between Tokyo Century and the Target Company, and promoting the conversion of the Target Company's business model by utilizing Tokyo Century's wide range of business areas and various types of services creatively beyond the finance framework, such as structuring the system to be able to manage and operate the equipment at stores which are leased to the Target Company as a whole and reducing the costs by optimal allocation of the equipment to stores.

ZEN-NOH, Nochu, and Tokyo Century represent that, after taking the Target Company private, they will not be directly involved in the management of the Target Company, and they have no contractual veto rights as its shareholders.

After the Tender Offer is completed, the Tender Offeror plans to implement the series of procedures stated in “(6) Policies for Reorganization After the Tender Offer (Matters Concerning the So-Called “Two-Step Acquisition”)” below, thereby ensuring that ITOCHU and the Tender Offeror are only shareholders of the Target Company. Then, after those procedures have been completed, the Tender Offeror plans to carry out each of the transactions below in order to strengthen the relationship between ZEN-NOH, Nochu, and the Target Company, and the relationship between Tokyo Century and the Target Company. After each of the transactions below are carried out, the ratio of the Target Company Shares held by ITOCHU, the Tender Offeror, ZEN-NOH and Nochu, and Tokyo Century will be around 94.70%, 4.90%, and around 0.40%, respectively.

#### I. ZEN-NOH-Nochu Share Transfer

Pursuant to “Master Agreement”, after taking the Target Company private, the Tender Offeror plans to transfer to ZEN-NOH and Nochu the equivalent of 4.90% of all the Target Company Shares at that time at approximately 57 billion yen (ZEN-NOH-Nochu Share Transfer). The consideration for the transfer (if converted to per-share value of the Target Company Shares as of today) will be 24,799,296 shares of the Target Company Shares (ownership ratio: 4.90%) multiplied by the Tender Offer Price, plus the actual expenses necessary for the Transaction that will be agreed on between ITOCHU, ZEN-NOH and Nochu as those payable by ZEN-NOH and Nochu.

In addition, the Master Agreement provides that the breakdown of the Target Company Shares to be transferred to ZEN-NOH and Nochu shall be determined by ZEN-NOH and Nochu (so that the number of Target Company Shares to be transferred either to ZEN-NOH or Nochu will not be zero), and then ITOCHU will be informed.

For details of the Master Agreement, please refer to “(i) Master Agreement” of “(4) Matters Concerning Material Agreements Related to the Tender Offer”. For (i) the situation of each entity (matters related to each entity as a continuous disclosure company (ii) the relationship with Tender Offeror (iii) purpose of transfer ) (iv) Number of Target Company Shares held as of today, with regards to ZEN-NOH and Nochu, please refer to “(8) Other”.

#### II. Tokyo Century Direct Holding Transaction

Pursuant to the members agreement dated March 31, 2020 and executed between ITOCHU and Tokyo Century (hereinafter referred to as the “Members Agreement”), after taking the Target Company private, ITOCHU and Tokyo Century plan to conduct a transaction for Tokyo Century to acquire the equivalent of around 0.40% of all the Target Company Shares at that time, instead of the equities in the Tender Offeror held by it at that time (Tokyo Century Direct Holding Transaction). The amount to be paid by Tokyo Century for such acquisition (if converted to per-share value of the Target Company Shares as of today) will be a total of (i) the Tender Offer Price, and (ii) (a) the amount of purchase fees for the Tender Offer (640,000,000 yen) described in “Purchase Fees” of “(1) Funds Required for the Purchase” of “8. Funds required for the Purchase” in Tender Offer Registration Statement plus other amounts to be agreed by ITOCHU and Tokyo Century as required for the Transaction, divided by the number of shares to be purchased in the Tender Offer (252,557,288 shares), and (b) multiplied by around 0.40% (the ratio of the number of Target Company Shares to be acquired by Tokyo Century through the Tokyo Century Direct Holding Transaction against the total number of Target Company Shares).

For details of the Members Agreement, please refer to “(ii) Members Agreement” of “(4) Matters Concerning Material Agreements Related to the Tender Offer”. For (i) the situation of each entity (matters related to each entity as a continuous disclosure company (ii) the relationship with Tender Offeror (iii) purpose of transfer) (iv) Number of Target Company Shares held as of today, with regards to Tokyo Century, please refer to “(8) Other”.

#### (4) Matters Concerning Material Agreements Related to the Tender Offer

##### (i) Master Agreement

ITOCHU entered into the Master Agreement with ZEN-NOH and Nochu regarding the Transaction and the ZEN-NOH-Nochu Share Transfer.

Under the Master Agreement, ITOCHU, ZEN-NOH, and Nochu agreed that (1) Nochu will extend the loan herein after referred as “Nochu Loan”) to the Tender Offeror pursuant the Nochu Loan Agreement; (2) after the Transaction, ITOCHU, ZEN-NOH, Nochu, and the Target Company will discuss specific provisions and enter into the Business Alliance Agreement between them; (3) the ZEN-NOH-Nochu Share Transfer will be implemented on condition that (i) the Business Alliance Agreement has been executed between ITOCHU, ZEN-NOH, Nochu, and the Target Company, and (ii) it is reasonably expected that the Nochu Loan will be fully repaid; and (4) neither ZEN-NOH or Nochu may transfer or otherwise dispose of the Target Company Shares held by it to any third party without ITOCHU’s approval.

##### (ii) Members Agreement

ITOCHU entered into the Members Agreement with Tokyo Century and agreed that it will implement the Transaction and the Tokyo Century Direct Holding Transaction and that the Tender Offeror will not distribute profits that are unnecessary to the Tokyo Century Direct Holding Transaction until such transaction is completed.

Under the Members Agreement, ITOCHU and Tokyo Century did not agree to tender or not tender the Target Company Shares held by Tokyo Century in the Tender Offer; however, Tokyo Century expressed to the Tender Offeror its intention to tender the Target Company Shares held by it in the Tender Offer.

(iii) Contribution Refund Agreement

ITOCHU entered into the Contribution Refund Agreement with IRI on July 8, 2020, ITOCHU's contribution amount of 120,001 million yen at the time of the contribution refund (July 21, 2020) will be decreased to 31 million yen by deduction of 119,970 million yen, and IRI will deliver 43,521,600 Target Company Shares to ITOCHU. With respect to ITOCHU's receipt of the foregoing delivery of the Target Company Shares from IRI, ITOCHU pays no consideration to IRI. Since, under the Companies Act, the book value of the cash, etc. which a limited liability company delivers to its members in case of the refund of contribution shall not exceed the lesser of (i) the amount of surplus or (ii) the decreased amount of contribution, at the time of the delivery of 43,521,600 Target Company Shares to ITOCHU, IRI needs to decrease ITOCHU's contribution amount by the amount equivalent to the book value of such Target Company shares. As such, IRI will decrease ITOCHU's contribution amount of 120,001 million yen at the time of the contribution refund (July 21, 2020) to 31 million yen by deduction of 119,970 million yen. The decreased amount of the ITOCHU's contribution (119,970 million yen) is determined to be equal to the IRI's book value of the Target Company Shares owned by IRI (43,521,600 shares) as of the date hereof based on the regulations under the Companies Act above. That amount was not determined taking into consideration the value of the Target Company Shares as of the date hereof and is irrelevant to the Tender Offer Price. The amount equal to such decreased amount of the contribution divided by the number of the Target Company Shares to be distributed by IRI to ITOCHU (i.e., 43,521,600 shares) is 2,756.56 yen (rounded to two decimal places). The contribution amount merely means the amount paid to IRI by ITOCHU in the past and the decrease of such amount does not mean that ITOCHU delivers certain property value to IRI nor that ITOCHU waived its property value to IRI. Since ITOCHU is the sole member of IRI, the decrease of foregoing contribution amount does not lead to the decrease in the equity holding ratio of ITOCHU to IRI. As such, the decreased amount of contribution does not mean the property value to be delivered to IRI by ITOCHU in exchange for the delivery of 43,521,600 Target Company Shares and the decreased amount is the number determined in order to comply with the regulations under the Companies Act above. Therefore, the fact that the decreased amount of the contribution divided by the number of the Target Company Shares to be distributed by IRI to ITOCHU is not equal to the Tender Offer Price does not violate the effect of uniformity of tender offer price (Article 27-2, paragraph 3 of the Act).

(5) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest

The Target Company, considering that it is a consolidated subsidiary of ITOCHU, the parent company of the Tender Offeror, and that this transaction, which includes the Tender Offer, constitute a transaction that are typified by issues such as the existence of structural conflicts of interest and information asymmetry, in response to those issues, the Target Company is implementing the following measures as measures to ensure the fairness of the transaction terms of the Transactions including the Tender Offer Price.

The measures implemented by the Target Company are based on the explanations received from the Target Company.

- (i) Acquisition of a stock valuation report by ITOCHU from an independent third-party evaluation organization
- (ii) Acquisition of a stock valuation report by the Target Company from an independent third-party evaluation organization
- (iii) Establishment of an independent special committee
- (iv) Acquisition of advice from an independent legal adviser acting for the Target Company
- (v) Acquisition of a stock valuation report by the special committee from an independent third-party evaluation organization
- (vi) Building an independent deliberation system of the Target Company
- (vii) Approval of all directors without conflicts of interest and opinion of non-objection of all corporate auditors without conflicts of interest of the Target Company
- (viii) Measures for Securing Opportunities for the Shareholders of the Target Company to Decide whether or not to Tender Their Shares in the Tender Offer

For details regarding the above, please refer to “(Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” in “(ii) Background of Calculation” in “(4) Basis for Calculation of the Tender Offer Price” in “3. Outline of the Tender Offer” below.

(6) Policies for Reorganization After the Tender Offer (Matters Concerning the So-Called “Two-Step Acquisition”)

As stated in “(1) Outline of the Tender Offer” above, should ITOCHU and the Tender Offeror fail to acquire all issued Shares the Target Company through the Tender Offer, the Tender Offeror plans to implement procedures via the methods described below in order to acquire all of the shares of the Target Company after the completion of the Tender Offer.

The Target Company has decided, without a demand or request from other parties, not to convene a Special Shareholders’ Meeting whose agenda items included conducting a Share Consolidation of the Target Company Shares and, subject to the effectuation of the Share Consolidation, amending the articles of incorporation to abolish provisions on share unit numbers, or implementing other squeeze-out procedures because it cannot reasonably explain to its shareholders the conditions and reasons for the squeeze-out with the tender offer price and the lower limit of shares to be purchased. Promptly after the settlement of the Tender Offer is completed, in accordance with Article 297, paragraph 1 of the Companies Act, the Tender Offeror plans to demand that the Target Company’s directors convene a Special Shareholders’ Meeting whose agenda items include to conduct a Share Consolidation of the Target Company Shares in accordance with Article 180 of the Companies Act after the completion of the Tender Offer and, subject to the effectuation of the Share Consolidation, to amend the articles of incorporation to abolish provisions on share unit numbers. The Tender Offeror also plans to file a petition for permission to convene a shareholders’ meeting with the competent court in accordance with Article 297, paragraph 4, item 1 of the Companies Act if the Tender Offeror does not expect that the convocation procedures will be taken without delay after such demand. The Tender Offeror considers that it is desirable to hold the Special Shareholders’ Meeting as early as possible (as of today, it is expected in late October, 2020) from the perspective of enhancing the corporate value of the Target Company, and plans to request that the Target Company issue a public notice to set a record date so that any date close to and coming after the commencement date of the settlement of the Tender Offer will be

the record date of the Special Shareholders' Meeting (as of today it is expected in early or mid September, 2020). The Tender Offeror plans to make the demand and request even if the voting rights of the Target Company held by ITOCHU and the Tender Offeror after the Tender Offer are less than 2/3 of the total voting rights of the Target Company. ITOCHU and the Tender Offeror plan to support each of the agenda items described above at the Special Shareholders' Meeting.

The Target Company does not plan to lead the implementation of the squeeze-out procedures because it cannot reasonably explain to its shareholders the conditions and reasons for the squeeze-out with the tender offer price and the lower limit of shares to be purchased of the Tender Offer. On the other hand, the Target Company believes that implementation of the Transaction will improve its corporate value, and that it will take time and be costly to leave the convocation of the Special Shareholders' Meeting to a decision of a competent court, which may be against the interests of its minority shareholders. Thus, if the Tender Offer is completed and the Tender Offeror makes the above demand and request after the completion of the Tender Offer, from the viewpoint of providing its shareholders with an opportunity to make decisions promptly after the completion of the Tender Offer, as of today, the Target Company plans to take procedures to convene the Special Shareholders' Meeting in response to the demand for convocation thereof by the Tender Offeror and the shareholders' proposal for the Share Consolidation agenda.

ITOCHU and the Tender Offeror plan to support each of the agenda items described above at the Special Shareholders' Meeting.

If the Share Consolidation agenda is approved at the Special Shareholders' Meeting, the Target Company's shareholders shall each, as of the date the Share Consolidation is to take effect, own the number of the Target Company Shares equivalent to the Share Consolidation ratio approved at the Special Shareholders' Meeting. If the Share Consolidation results in fractional shares that are less than one share, the money to be obtained by selling the Target Company Shares equivalent to the sum total of such fractional shares (if the sum total contains fractional shares less than one share, the fractional shares shall be rounded down; the same shall apply hereinafter) to the Target Company, ITOCHU et al., or the Tender Offeror, or by other means, shall be delivered to the Target Company's shareholders in accordance with the procedures provided in Article 235 of the Companies Act and other relevant laws and regulations. With respect to the sale price of the Target Company Shares equivalent to the sum total of the fractional shares, the Tender Offeror will request that the Target Company file a petition for voluntary disposal permission with the court, so that the amount of money to be delivered as a result of the sale, to the Target Company's shareholders who did not tender their shares in the Tender Offer, will be equal to the amount calculated by multiplying the Tender Offer Price by the number of the Target Company Shares held by such shareholders. Furthermore, although the ratio of consolidation of the Target Company Shares is still undetermined as of today, the ratio will be determined so that the number of the Target Company Shares held by the Target Company's shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror, ITOCHU et al, and the Target Company) will be fractions that are less than one share, in order to make only the Tender Offeror and all or some of ITOCHU et al. hold all of the Target Company Shares (excluding the treasury shares held by the Target Company).

If the Share Consolidation is implemented, and this results in fractional shares that are less than one share, the Companies Act provides that the Target Company's shareholders may demand that the Target Company purchase all of the fractional shares less than one share held by them at a fair price and may file a petition to the court for the determination of the price of the Target Company Shares, in accordance

with the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations.

Note that the Tender Offer is not at all intended to solicit support from the Target Company's general shareholders at the Special Shareholders' Meeting.

The above procedures may require a certain amount of time to be implemented or may be subject to change in the implementation methods, depending on the amendments to relevant laws and regulations, their implementation, and their interpretation by relevant authorities, or other possible issues. However, in such cases, ITOCHU and the Tender Offeror will respond to ensure that after the Tender Offer, the methods by which money will eventually be delivered to the Target Company's shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror, ITOCHU et al., and the Target Company) will be adopted, and that the amount of money to be delivered to the relevant Target Company's shareholders in those cases will be calculated so that it will be equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by the relevant Target Company's shareholders. However, if a petition is filed to determine the price to exercise appraisal rights concerning the Share Consolidation, the price will ultimately be determined by the court.

The specific procedures and timeline of the implementation in the above cases will be announced by the Tender Offeror, ITOCHU, or the Target Company promptly after they are determined by the Tender Offeror after discussions with the Target Company. The Target Company's general shareholders are asked to consult with tax experts at their own responsibility concerning the handling of tax affairs in tendering their shares in the Tender Offer or the above procedures.

Even if the Share Consolidation agenda is rejected at the Special Shareholders Meeting, ITOCHU intends to continuously pursue the possibility of taking the Target Company private in any form allowed by law or in practice on and after that time; however, as to whether to proceed with additional acquisitions of the Target Company Shares, and the specific method of proceeding, ITOCHU is thinking of deliberating on the matter by taking into consideration how many shares were tendered in the Tender Offer, the market share price trend thereafter, and the possibility of gaining the support of the Target Company. At present, there is no specific plan for ITOCHU et al. and the Tender Offeror to additionally acquire the Target Company Shares.

#### (7) The Possibility of Delisting and Reasons Thereof

As of today, the Target Company Shares are listed on the First Section of the TSE. Since the Tender Offeror has set no maximum number of shares to be purchased in the Tender Offer, the Target Company Shares may be delisted depending on the results of the Tender Offer after following the designated procedures pursuant to the delisting standards established by the TSE. Even if the delisting standards do not apply to the Target Company Shares at the time of the completion of the Tender Offer, in the cases where the procedures described in "(6) Policies for Reorganization After the Tender Offer (Matters Concerning the So-Called "Two-Step Acquisition")" above are implemented after the completion of the Tender Offer, the delisting standards will then apply, and the Target Company Shares will be delisted following the designated procedures. The Target Company Shares cannot be traded on the TSE after delisting.

(8) Other

As stated in “I. ZEN-NOH-Nochu Share Transfer” and “II. Tokyo Century Direct Holding Transaction” in “(3) Management Policy After the Tender Offer” above, after taking the Target Company private, the Tender Offeror plans to transfer the Target Company Shares to ZEN-NOH and Nochu and conduct a transaction whereby Tokyo Century will hold the Target Company Shares. Regarding ZEN-NOH, Nochu, and Tokyo Century, (i) the status of each party (matters related to each party as a continuous disclosure company), (ii) the relationship with the Tender Offeror, (iii) the purpose of the transfer, and (iv) the number of the Target Company Shares held as of today are as follows:

- (I) Nochu
- (i) Status of Nochu
- (a) History of the organization

Date	Summary
December 20, 1923	Established the Industry Associations Central Bank.
September 15, 1943	Renamed to the Norinchukin Bank.
January 1, 2002	The Act on Enhancement and Restructuring of Credit Business Conducted by The Norinchukin Bank and Specified Agricultural and Fishery Cooperative, etc. was enacted.

- (b) Purpose of and business operations of the organization

Purpose of the organization

The purpose of Nochu is to engage in the businesses provided in the Norinchukin Bank Act (Act No. 93 of 2001) and other laws as a financial institution for the Japan Agricultural Cooperatives, Japan Fishery Cooperatives, Japan Forest Owners’ Cooperatives and other agricultural, fishery and forestry cooperatives in Japan, support the advancement of the agricultural, fisheries and forestry industries and contribute to the development of the nation’s economy by facilitating finance for those cooperatives.

Business

1. Nochu shall engage in the following businesses:
  - (1) Accepting deposits from its members;
  - (2) Lending funds to, or discounting negotiable instruments for, its members; and
  - (3) Exchange transactions.
2. In addition to those businesses listed in the items of the preceding paragraph, Nochu may engage in the following businesses:
  - (1) Accepting deposits or time deposits from non-members;
  - (2) Lending funds to, or discounting negotiable instruments for, the non-members listed below:
    - a. The parties defined in Article 6 of the Articles of Incorporation;
    - b. Parties who engage in the agricultural, fishery or forestry industry and are specified by order of the competent ministry pursuant to Article 54, paragraph 3, item 2 of the Norinchukin Bank Act;
    - c. The Japanese Government;



- d. Banks and other financial institutions; and
  - e. Parties who engage in the securities-related business defined in Article 28, paragraph 8 of the Financial Instruments and Exchange Act (Act No. 25 of 1948) (excluding financial instruments intermediary service providers who are defined in Article 2, paragraph 12 thereof and are specified by order of the competent ministry); and
- (3) Lending funds to, or discounting negotiable instruments for, non-members (excluding those set forth in the preceding item) with the approval of the competent minister.
3. In addition to the businesses conducted pursuant to the preceding two paragraphs, Nochu may engage in businesses incidental thereto, including providing guarantees for obligations or accepting negotiable instruments.
4. Nochu may engage in the following businesses to the extent that they do not interfere with the businesses listed in any items of paragraph 1:
- (1) To engage in any acts provided in Article 33, paragraph 2 of the Financial Instruments and Exchange Act (excluding any business conducted pursuant to the above paragraph) with respect to any of the securities or transactions listed in Article 33, paragraph 2 thereof;
  - (2) The trust business defined in Article 1, paragraph 1 of the Act on Engagement in Trust Business by Financial Institutions (Act No. 43 of 1943);
  - (3) Trust affairs defined in Article 3, item 3 of the Trust Act (Act No. 108 of 2006); and
  - (4) Business specified by order of the competent ministry to execute, intermediate, or act as a broker or agency for, contracts to acquire or assign carbon dioxide equivalent quotas (the carbon dioxide equivalent quotas defined in Article 2, paragraph 6 of the Act on Promotion of Global Warming Countermeasures (Act No. 117 of 1998) and other counterparts analogous thereto) (excluding any business conducted pursuant to paragraph 3 above).
5. In addition to the services listed in paragraphs 1 through 4 above, Nochu may engage in businesses in which it is authorized to engage under the Act on Enhancement and Restructuring of Credit Business Conducted by The Norinchukin Bank and Specified Agricultural and Fishery Cooperative, etc. (Act No. 118 of 1996) or other laws.
6. Nochu shall not engage in any businesses other than the business listed in paragraphs 1 through 5 above or any businesses incidental thereto.

(c) Amount of contribution, donation or other equivalents  
 Stated capital: 4,015,198,830,000 yen

(d) Title/position, name (date of birth), and career history

As of July 8, 2020

Title/Position	Name	Date of birth	Career History
President and	Kazuto Oku		<u>April 1983</u>   <u>Joined The Norinchukin Bank</u>

Chief Executive Officer		February 26, 1959	July 1997	First Section Chief, Operations Dept., Shizuoka Branch
			September 1999	Acting General Manager, Organizational Maintenance Dept.
			July 2003	Joint General Manager, Corporate Planning Div.
			June 2004	General Manager, Business Development Dept. Corporate Planning Div.
			June 2007	General Manager, JA Bank System Management Div.
			June 2009	General Manager, Corporate Planning Div.
			June 2011	Managing Director, Member of the Board
			June 2013	Senior Managing Director, Member of the Board
			June 2016	Senior Managing Director, Member of the Board, Head of Corporate and Shared Services
			June 2017	Representative Director, Senior Managing Director, Member of the Board, Head of Corporate and Shared Services
			April 2018	Representative Director, Senior Managing Director, Member of the Board
			June 2018	President and Chief Executive Officer of The Norinchukin Bank
Representative Director, <u>Senior Managing Director</u>	Kazuhiko Otake	April 16, 1959	<u>April 1982</u>	<u>Joined The Norinchukin Bank</u>
			<u>March 1997</u>	<u>Acting General Manager, International Finance Dept.</u>
			July 1998	Acting General Manager, Money Exchange Dept.
			January 2000	Section Manager, Human Resources Dept.
			July 2002	General Manager, Aomori Br.
			December 2003	Joint General Manager, Cooperative Finance Management Div.
			July 2004	Joint General Manager, JA Bank System Management Div.
			June 2005	Joint General Manager, Corporate Planning Div.
			January 2007	Chief Manager, Coordination Div.
			June 2007	General Manager, Personnel Div.
			June 2009	General Manager, Osaka Br.
			June 2011	Managing Director, Member of the Board

			June 2015	Senior Managing Director, Member of the Board
			June 2016	Senior Managing Director, Member of the Board, Head of Retail Banking Business
			June 2017	Representative Director, Senior Managing Director, Member of the Board, Head of Retail Banking Business
			April 2018	Representative Director, Senior Managing Director, Member of the Board, Head of Corporate and Shared Services
<u>Representative Director, Senior Managing Director</u>	Shozo Goto	July 8, 1959	April 1984	Joined The Norinchukin Bank
			April 1998	Acting General Manager, Securities Business Dept.
			April 2001	Planning Management Section Manager, Planning and Coordination Dept.
			June 2003	General Manager, Kumamoto Br.
			February 2005	Joint General Manager, Fisheries Div.
			July 2007	Joint General Manager, JA Bank System Management Div.
			June 2008	General Manager, JA Bank System Reorganization Div.
			July 2009	General Manager, JA Bank System Monitoring Consulting Div.
			June 2010	General Manager, JA Bank System Management Div.
			June 2011	General Manager, Osaka Br.
			June 2013	Managing Director, Member of the Board
			July 2017	Managing Executive Officer
			April 2018	Senior Managing Executive Officer, Head of Retail Banking Business
June 2018	Representative Director, Senior Managing Director, Member of the Board, Head of Retail Banking Business			
<u>Representative Director, Senior Managing Director</u>	Keito Shimbu	March 2, 1963	April 1985	Joined The Norinchukin Bank
			January 2000	Acting General Manager, Money Exchange Dept.
			July 2002	Acting General Manager, Bond Investment Dept.
			June 2003	Planning Management Section Manager, Planning and Coordination Dept.

			July 2006	Joint General Manager, Fixed Income Investment Div.
			June 2008	Joint General Manager, Financial Planning & Control Div.
			June 2009	General Manager, Fixed Income Investment Div.
			June 2012	General Manager, Credit & Alternative Investment Div.
			June 2014	Managing Director, Member of the Board
			July 2017	Managing Executive Officer
			April 2018	Senior Managing Executive Officer, Head of Global Investments
			June 2018	Representative Director, Senior Managing Director, Member of the Board, Head of Global Investments
<u>Representative Director, Senior Managing Director</u>	Tetsuya Kanamaru	April 12, 1964	April 1987	Joined The Norinchukin Bank
			April 2001	Acting General Manager, Development Investment Dept.
			July 2004	General Manager, General Planning Dept.
			July 2008	Head of Business Strategy & Development Dept, Credit & Alternative Portfolio Planning Div.
			October 2008	Concurrently served as Head of Capital Strategy Dept, Corporate Planning Div.
			July 2009	Head of Branch Strategy & Management Dept, Corporate Planning Div.
			June 2010	Temporarily Transferred to JA Mitsui Leasing, Ltd.
			June 2011	General Manager, Secretariat.
			June 2013	General Manager, Corporate Planning Div.
			June 2016	Managing Director, Member of the Board
			July 2017	Managing Executive Officer
			April 2018	Senior Managing Executive Officer, Head of Food and Agri Banking Business
			June 2018	Representative Director, Senior Managing Director, Member of the Board, Head of Food and Agri Banking Business

(ii) Relationship with the Tender Offeror

Capital relationship	No specific matters to disclose.
Personnel relationship	No specific matters to disclose.

Business relationship	No specific matters to disclose.
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(iii) Purpose of transfer

As stated in “(a) Background and Reason of the Tender Offer” of “(2) Background, Purpose and Decision-making Process of the Decision to Conduct the Tender Offer” above, the purported is to develop the Target Company’s business by building a capital relationship between the Target Company and Nochu.

(iv) Number of Target Company Shares held as of today

NOH-CHU holds no Target Company Shares as of today.

(II) ZEN-NOH

(i) Status of ZEN-NOH

(a) History of the organization

Date	Summary
March 1972	The National Federation of Marketing Divisions of Agricultural Cooperatives for Marketing (Zenhanren) and the National Federation of Purchasing Divisions of Agricultural Cooperatives (Zenkoren) were merged and ZEN-NOH was founded. The head office was located at 1-8-3 Otemachi, Chiyoda-ku, Tokyo.
May 2009	The head office was relocated to 1-3-1 Otemachi, Chiyoda-ku, Tokyo.

(b) Purpose and business of the organization

ZEN-NOH conducts mainly the following business operations with the view to “promote its business through the concentrated efforts of its member cooperatives, with the aim of increasing the production efficiency of member farmers, improving their economic conditions, and contributing to raising their status in society”:

- supply of agricultural materials and machinery and daily commodities, and installation of agricultural facilities for joint use;
- transport, processing, storage and marketing of agricultural and livestock products
- education for improvement of agricultural technology and agricultural management
- management of union agricultural cooperative warehouse
- establishment of livestock markets
- agricultural management for maintaining the infrastructure for livestock production and the livestock brands
- transportation service
- building design and construction management; and
- cooperation with overseas agricultural cooperatives for agricultural development.

(c) Amount of contributions, donations or other equivalents to the organization

ZEN-NOH receives contributions from 762 regular members and 161 quasi-regular members. The total contribution amount as of March 31, 2020 is 115,255,100,000 yen.

(d) Title/position, name (date of birth), and career history

As of July 8, 2020

Title/Position	Name	Date of birth	Career History	
PRESIDENT & CEO	Shuji Yamazaki	June 13, 1954	April 1978	Joined ZEN-NOH
			January 2007	General Manager of the Fertilizer & Agrochemical Department of ZEN-NOH
			July 2011	Executive Vice President of ZEN-NOH
			July 2017	Senior Executive Vice President of ZEN-NOH
			July 2019	President & CEO of ZEN-NOH (present position)
SENIOR EXECUTIVE VICE PRESIDENT	Sakae Noguchi	July 14, 1957	April 1981	Joined ZEN-NOH
			August 2011	General Manager of the Fuels Department of ZEN-NOH
			July 2015	Executive Vice President
			July 2019	Senior Executive Vice President of ZEN-NOH (present position)
SENIOR EXECUTIVE VICE PRESIDENT	Yoshifumi Kuwada	October 23, 1960	April 1978	Joined ZEN-NOH
			July 2012	General Manager of the Livestock Production Division of ZEN-NOH
			August 2014	General Manager of the Livestock General Planning Division
			July 2015	Executive Vice President of ZEN-NOH
			July 2019	Senior Executive Vice President of ZEN-NOH (present position)
EXECUTIVE VICE PRESIDENT	Hitoshi Yoshimi	December 3, 1956	April 1980	Joined Niigata Prefecture Federation of Economic & Agricultural Cooperative Associations
			April 2001	Head of Tokyo Office of Niigata Headquarters of ZEN-NOH
			February 2010	Head of Niigata Prefecture Headquarters of ZEN-NOH
			July 2015	Executive Vice President of ZEN-NOH (present position)
EXECUTIVE VICE PRESIDENT	Tadataka Yasuda	September 18, 1960	April 1978	Joined ZEN-NOH
			February 2014	General Manager of the Production & Materials Division of ZEN-NOH
			July 2015	Counselor of ZEN-NOH

			July 2017	Executive Vice President of ZEN-NOH (present position)
EXECUTIVE VICE PRESIDENT	Shouzou Kubo	September 29, 1957	April 1980	Joined ZEN-NOH
			February 2014	General Manager of the Farm Sales Division of ZEN-NOH
			April 2017	General Manager of Comprehensive Crop Management Department of Headquarters of ZEN-NOH
			July 2017	Executive Vice President of ZEN-NOH (present position)
EXECUTIVE VICE PRESIDENT	Masayuki Takao	January 31, 1963	April 1985	Joined ZEN-NOH
			April 2016	Head of Rice and Grain Business Unit, Headquarters of ZEN-NOH
			July 2017	Executive Vice President of ZEN-NOH (present position)
EXECUTIVE VICE PRESIDENT	Shoji Takemoto	April 28, 1961	April 1985	Joined Okayama Prefectural Economic Federation of Agricultural Cooperatives
			April 2001	Agricultural Materials Department of Okayama Prefectural Headquarters of ZEN- NOH
			April 2017	Head of Okayama Prefectural Headquarters of ZEN-NOH
			July 2019	Executive Vice President of ZEN-NOH (present position)
EXECUTIVE VICE PRESIDENT	Tokuya Kurashige	May 3, 1962	April 1986	Joined Fukuoka Prefectural Federation of Marketing and Purchasing Divisions of Agricultural Cooperatives
			April 2005	Agricultural Machinery Fuel Department of Fukuoka Prefectural Headquarters of ZEN- NOH
			April 2017	Head of Fukuoka Prefectural Headquarters of ZEN-NOH
			July 2019	Executive Vice President of ZEN-NOH (present position)
EXECUTIVE VICE PRESIDENT	Yoshiki Saito	October 11, 1960	April 1984	Joined ZEN-NOH
			August 2014	Head of Livestock Production Department of Headquarters of ZEN-NOH
			July 2019	Executive Vice President of ZEN-NOH (present position)
AUDIT & SUPERVISORY BOARD MEMBER	Kenzou Enomoto	March 11, 1958	1980	Joined ZEN-NOH
			2007	Head of Legal Affairs and Compliance Department of ZEN-NOH
			2010	Head of Comprehensive Livestock Management Department of ZEN-NOH

			2014	Audit & Supervisory Board Member of ZEN-NOH (present position)
AUDIT & SUPERVISORY BOARD MEMBER	Shuichiro Okawara	July 30, 1959	1978	Joined ZEN-NOH
			2013	Head of Accounting Department of ZEN-NOH
			2017	Head of General Planning Department, ZEN-NOH
			2019	Audit & Supervisory Board Member of ZEN-NOH (present position)
AUDIT & SUPERVISORY BOARD MEMBER	Shigeshi Oonishi	August 2, 1955	1979	Joined ZEN-NOH
			2010	Head of Agricultural Sales and Planning Department of ZEN-NOH
			2011	Executive Vice President of ZEN-NOH
			2017	Audit & Supervisory Board Member of ZEN-NOH (present position)
AUDIT & SUPERVISORY BOARD MEMBER	Sumie Komiyama	February 20, 1960	1987	Registered as Attorney at Law (Tokyo Bar Association)
			2006	Established Komiyama Sumie Law Office
			2017	Audit & Supervisory Board Member of ZEN-NOH (present position)
AUDIT & SUPERVISORY BOARD MEMBER	Shouhei Harada	September 19, 1957	1984	Registered as Certified Public Accountant
			2012	Executive Director of EY ShinNihon & Co.
			2017	Audit & Supervisory Board Member of ZEN-NOH (present position)
AUDIT & SUPERVISORY BOARD MEMBER	Kenji Akikawa	October 1, 1954	2011	Managing Officer and Chief Operating Officer of IT Business Unit of Mitsui & Co., Ltd.
			2013	Full-time Auditor of Mitsui Oil Exploration Co., Ltd.
			2017	Audit & Supervisory Board Member of ZEN-NOH (present position)

(ii) Relationship with the Tender Offeror

Capital relationship	Nothing particular.
Personnel relationship	Nothing particular.
Business relationship	Nothing particular.

(iii) Purpose of transfer

As stated in “(a) Background and Reason of the Tender Offer” of “(2) Background, Purpose and Decision-making Process of the Decision to Conduct the Tender Offer” above, it is purported to develop the Target Company’s business by building a capital relationship between the Target Company and ZEN-NOH.



(iv) Number of Target Company Shares held as of today

ZEN-NOH holds no Target Company Shares as of today.

(III) Tokyo Century

(i) Matters related to Tokyo Century as a continuous disclosure company

(a) Documents filed by Tokyo Century

A. Annual securities report and attachments thereto

The 51st Fiscal Year (from April 1, 2019 to March 31, 2020) Securities Report was filed with the Director General of the Kanto Local Finance Bureau on June 22, 2020.

B. Quarterly report or semi-annual report

The First Quarter of the 52th Fiscal Year (from April 1, 2020 to March 31, 2021) Quarterly Report is scheduled to be filed with the Director General of the Kanto Local Finance Bureau on August 5, 2020.

C. Amendment report

Not applicable.

(b) Place where copies of above documents are kept for public inspection

Tokyo Stock Exchange, Inc.

(2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Tokyo Century Corporation, Head Office

(3 Kandaneribeicho, Chiyoda-ku, Tokyo)

Tokyo Century Corporation, Omiya Branch

(682-2 Nishikicho, Omiya-ku, Saitama-shi, Saitama)

Tokyo Century Corporation, Yokohama Branch

(2-8-4 Kitasaiwai, Nishi-ku, Yokohama-shi, Kanagawa)

Tokyo Century Corporation, Nagoya Business Division

(2-1-1 Sakae, Naka-ku, Nagoya-shi, Aichi)

Tokyo Century Corporation, Osaka Business Division

(3-5-7 Honmachi, Chuo-ku, Osaka-shi, Osaka)

Tokyo Century Corporation, Kobe Branch

(2-5-1, Sannomiyacho, Chuo-ku, Kobe-shi, Hyogo)

(ii) Relationship with the Tender Offeror

Capital relationship	Nothing particular.
Personnel relationship	Nothing particular.
Business relationship	Nothing particular.

(iii) Purpose of transfer

As stated in “(a) Background and Reason of the Tender Offer” of “(2) Background, Purpose and Decision-making Process of the Decision to Conduct the Tender Offer” above, it is purported to develop the Target Company’s business by building a capital relationship between the Target Company and Tokyo Century.

(iv) Number of Target Company Shares held as of today

Tokyo Century holds 22,792 Target Company Shares as of today.

3. Outline of the Tender Offer

(1) Outline of the Target Company

(i) Name	FamilyMart Co., Ltd.	
(ii) Location	3-1-21 Shibaura, Minato-ku, Tokyo	
(iii) Name and Title of Representative	Takashi Sawada, Representative Director and President	
(iv) Description of Business Activities	Operation of convenience stores by franchise system	
(v) Capital	16,659 million yen	
(vi) Date of Establishment	September 1, 1981	
(vii) Major Shareholders and Ownership Percentages (as of February 28, 2020)	ITOCHU Corporation	41.50%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	16.43%
	ITOCHU RETAIL INVESTMENT, LLC	8.60%
	Japan Trustee Services Bank, Ltd. (Trust Account)	5.73%
	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	2.07%
	NTT DOCOMO, INC.	1.43%
	Nippon Life Insurance Company (standing proxy: The <i>Master Trust</i> Bank of Japan, Ltd.)	1.23%
	Japan Trustee Services Bank, Ltd. (Trust Account 9)	0.77%
	STATE STREET BANK WEST CLIENT – TREATY 505234 (standing proxy: Settlement Sales Dept., Mizuho Bank, Ltd.)	0.76%
	BNP Paribas Securities (Japan) Limited	0.73%

(viii) Relationship between the Listed Companies and the Target Company	
Capital Relationship	As of today, ITOCHU, which is the wholly-owning parent company of the Tender Offeror, holds 210,029,184 Target Company Shares (Ownership Ratio 41.50%). In addition, as of today, IRI, a wholly-owned subsidiary of ITOCHU, holds 43,521,600 Target Company Shares (Ownership Ratio 8.60%), and the Target Company is a consolidated subsidiary of ITOCHU.
Personnel Relationship	Four directors and one corporate auditor of the Target Company are originally from ITOCHU, which is the wholly-owning parent company of the Tender Offeror. As of today, 31 employees of ITOCHU are seconded to the Target Company Group.
Business Relationship	There are transactions concerning the sales of merchandise, etc. between ITOCHU, which is the parent company of the Tender Offeror, and the Target Company Group.
Status as Related Parties	The Target Company is a consolidated subsidiary of ITOCHU, which is the parent company of the Tender Offeror.

(2) Schedule, Etc.

(i) Schedule

Resolution of the Board of Directors	July 8, 2020 (Wednesday)
Date of Public Notice for Commencement of Tender Offer	July 9, 2020 (Thursday) Electronic public notice is issued and the notice to that effect is posted in the Nihon Keizai Shimbun (Japanese Only). (URL of electronic public notice: <a href="https://disclosure.edinet-fsa.go.jp/">https://disclosure.edinet-fsa.go.jp/</a> )
Submission Date of Tender Offer Registration Statement	July 9, 2020 (Thursday)

(ii) Tender Offer Period Originally Specified in the Registration Statement

From July 9, 2020 (Thursday) to August 24, 2020 (Monday) (30 business days)

(iii) Possibility of Extension Upon Request of the Target Company

Not applicable.

(3) Tender Offer Price

2,300 yen per common share

#### (4) Basis for Calculation of the Tender Offer Price

##### (i) Basis for Calculation

When determining the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, ITOCHU requested that Nomura Securities, a financial advisor of ITOCHU, as a third-party valuation firm independent from the Tender Offeror, ITOCHU and the Target Company, calculate the equity value of the Target Company Shares.

After reviewing the financial condition of the Target Company and trends in the market price of Target Company Shares, Nomura Securities reached the view that the equity value of the Target Company Shares should be evaluated from multi-viewpoints. As a result of considering calculation methods to be applied among several methods to evaluate the equity value, Nomura Securities calculated the equity value of the Target Company Shares using the average market price method, comparable company analysis method and the DCF Method on the assumption that the Target Company is a going concern, and ITOCHU has received a stock valuation report (hereinafter referred to as the “Tender Offeror Stock Valuation Report”) from Nomura Securities on July 7, 2020. Nomura Securities is not a related party of the Tender Offeror, ITOCHU or the Target Company and does not have any material interest in the Tender Offer. ITOCHU has not obtained a written opinion concerning the fairness of the Tender Offer Price (known as a fairness opinion) from Nomura Securities.

The ranges of the per-share-value of the Target Company Shares calculated by Nomura Securities using each of the above methods are as follows:

Average market price method:	1,766 yen to 2,068 yen
Comparable company analysis method:	946 yen to 1,951 yen
DCF Method:	1,701 yen to 2,749 yen

The analysis under the average market price method demonstrates that the range of the per-share-value of the Target Company Shares is between 1,766 yen and 2,068 yen, on the basis that the closing price of Target Company Shares on the record date was 1,766 yen (rounded to the closest whole number; hereinafter the same); a simple average of the closing prices of Target Company Shares in the previous five business days was 1,777 yen; a simple average of the closing prices of Target Company Shares in the previous month was 1,908 yen; a simple average of the closing prices in the previous three months was 1,878 yen; and a simple average of the closing prices in the previous six months was 2,068 yen, all of which prices are those on the First Section of the TSE having July 7, 2020 as the record date.

Under the comparable company analysis method, through comparison with the market prices and financial indicators showing profitability of listed companies that engage in businesses comparatively similar to those of the Target Company, the analysis demonstrates that the range of the per-share-value of the Target Company Shares is between 946 yen and 1,951 yen.

The analysis under the DCF Method demonstrates that the range of the per-share-value of the Target Company Shares is between 1,701 yen and 2,749 yen, as a result of analyzing the corporate value and the equity value of the Target Company by discounting the free cash flow that is expected to be generated by the Target Company in the future with a certain discount rate, based on the estimated revenue of the Target Company from the fiscal year ending February 2021, taking into consideration a business plan

from the fiscal year ending February 2021 through the fiscal year ending February 2025, which has been provided by the Target Company to, and confirmed by, ITOCHU, recent trends in the business performance, information publicly available and other factors.

The business plan of the Target Company based on the DCF Method does not include fiscal years in which a substantial increase/decrease in profit is expected. That business plan is not premised on the Transaction being implemented, and does not reflect the synergies expected by the Transaction being completed because it is difficult to specifically estimate those synergies at present.

Based on the calculation details and results stated in the Tender Offeror Stock Valuation Report, and taking comprehensively into account whether or not the board of directors of the Target Company supports the Tender Offer, trends in the market price of the Target Company Share, the premiums added in share pricing in past cases of tender offers for shares by parties other than issuers (cases of tender offers premised on the parent company making its listed subsidiary a wholly-owning subsidiary), and the outlook for the applications for the Tender Offer, ITOCHU decided today that the Tender Offer Price would be 2,300 yen.

The Tender Offer Price is the amount obtained by adding a premium of 30.24% to 1,766 yen (rounded to two decimal places; hereinafter the same in calculating a premium rate), which is the closing price of Target Company Shares on the First Section of the TSE on July 7, 2020, the business day immediately prior to the date of the announcement regarding the conduct of the Tender Offer, 20.55% to 1,908 yen, which is the simple average closing price of regular transactions during the past month (from June 8, 2020 to July 7, 2020), 22.47% to 1,878 yen, which is the simple average closing price of regular transactions during the past three months (from April 8, 2020 to July 7, 2020), and 11.22% to 2,068 yen, which is the simple average closing price of regular transactions during the past six months (from January 8, 2020 to July 7, 2020), respectively.

The difference (450 yen) between the tender offer price in the tender offer for the Target Company Shares conducted by IRI in July 2018 (2,750 yen (which was calculated by dividing the tender offer price in the previous tender offer (11,000 yen) by 4 given the Share Split)), and the Tender Offer Price (2,300 yen) was caused by (i) a fluctuation in the stock price level of the Target Company Shares (while the closing price of shares of the Target Company on April 18, 2018 (which is the immediately preceding business day of the announcement date of the tender offer conducted in July 2018) was 2,505 yen (which was calculated by dividing the closing price of shares of the Target Company on April 18, 2018 (10,020 yen) by 4 given the Share Split), the closing price of common shares of the Target Company on July 7, 2020, the immediately preceding business day of the announcement date of the Tender Offer, was 1,766 yen); (ii) a difference in premium level to the tender offer price (while a premium to the closing share price on April 18, 2018, which is the immediately preceding business day of the announcement date of such tender offer (2,505 yen) (which was calculated by dividing the closing price of shares of the Target Company on April 18, 2018 (10,020 yen) by 4 given the Share Split), was 9.78% to the tender offer price in the Tender Offer conducted in July 2018 (2,750 yen), a premium to the closing share price on July 7, 2020, the immediately preceding business day of the announcement date of the Tender Offer (1,766 yen), was 30.24% for the tender offer price in the Tender Offer (2,300 yen)); and (iii) a change in the business plan of the Target Company and the result of an equity value calculation based thereon as of the time of the tender offer conducted in July 2018 and that of the Tender Offer, respectively.

(Note) In calculating the equity value of the Target Company, Nomura Securities has assumed, without independent verification, the accuracy and completeness of the information that was publicly available or supplied to it. Nomura Securities has not made any independent valuation, assessment, or appraisal of the assets or liabilities (including financial derivatives, out-of-book assets and liabilities, and other contingent liabilities) of the Target Company and its related companies, including analysis and valuation of individual assets and liabilities, nor has Nomura Securities requested an assessment or appraisal from any third-party organization. With respect to the financial projections (including the profit plan and other information) of the Target Company, Nomura Securities has assumed that they have been reasonably examined or prepared by the management of ITOCHU based on the best and most faithful projections and judgments available at present. The calculation by Nomura Securities reflects the information and economic conditions that it obtained by July 7, 2020. The aim of Nomura Securities' calculation is only to contribute to the examination by the board of directors of ITOCHU of the equity value of the Target Company.

(ii) Background of Calculation

(Process of Determining the Tender Offer Price)

(a) Acquisition of a Stock Valuation Report from a Third-Party Evaluation Organization

When determining the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, ITOCHU requested that Nomura Securities, a financial advisor of ITOCHU, as a third-party evaluation organization independent from the Tender Offeror, ITOCHU and the Target Company, calculate the equity value of the Target Company Shares.

(b) Outline of the Opinion

Nomura Securities calculated the equity value of the Target Company Shares using the average market price method, comparable company analysis method, and DCF Method, and the following are the ranges of the per-share-value of the Target Company Shares calculated using each of these methods.

Average market price method:	1,766 yen to 2,068 yen
Comparable company analysis method:	946 yen to 1,951 yen
DCF Method:	1,701 yen to 2,749 yen

(c) Process of Determination of the Tender Offer Price With Consideration for the Opinion

Based on the calculation details and results stated in the Tender Offeror Stock Valuation Report, and taking comprehensively into account the Tender Offer Price being within the range of calculation results under the DCF Method, the results of the due diligence of the Target Company, whether or not the board of directors of the Target Company supports the Tender Offer, trends in the market price of the Target Company Shares, the premiums added in share pricing in the past cases of tender offers for shares by parties other than issuers, and the outlook for the applications for the Tender Offer, ITOCHU determined at its board of directors meeting held today the Tender Offer Price of 2,300 yen. For details, please refer to “(i) Basis for Calculation” above.

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

The Target Company, considering that it is a consolidated subsidiary of ITOCHU, the parent company of the Tender Offeror, and that this transaction, including the Tender Offer, falls under a material transaction with controlling shareholders, and the continuous relationship between ITOCHU and the Target Company in human resources and business operations, has implemented the measures stated below as measures to ensure the fairness of the Tender Offer including measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest.

Among the following measures, those taken by the Target Company are based on explanations by the Target Company.

- (i) Acquisition of a Stock Valuation Report by ITOCHU from an Independent Third-Party Evaluation Organization

When determining the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, ITOCHU requested that Nomura Securities, a financial advisor of ITOCHU, as a third-party evaluation organization independent from the Tender Offeror, calculate the equity value of the Target Company. For details of the Tender Offeror Stock Valuation Report concerning the calculation results of the equity value of the Target Company that the Tender Offeror obtained from Nomura Securities, please refer to the “(i) Basis for Calculation” above.

- (ii) Acquisition of a Stock Valuation Report by the Target Company from an Independent Third-Party Valuation Firm

- (i) Name of the valuation firm, and its relationship with the Target Company and the Tender Offeror

Before manifesting its opinion on the Tender Offer, the Target Company had the share value calculation of the Target Company Shares and incidental financial analyses conducted by Merrill Lynch, a financial advisor and third-party valuation firm independent from the Tender Offeror and the Target Company, in order to secure fairness in the decision-making process concerning the Tender Offer Price presented by the Tender Offeror. The Target Company then acquired the Merrill Lynch Stock Valuation Report on July 8, 2020 under certain conditions, including the condition set forth in the Note below. Merrill Lynch does not fall under the scope of a related party of the Tender Offeror or the Target Company, nor does it have any material interest that must be set forth in connection with the Transaction, including the Tender Offer. The Target Company has not received any fairness opinion concerning the Tender Offer Price (known as a fairness opinion) from Merrill Lynch.

The fee due to Merrill Lynch for the Transaction consists of a fixed fee payable irrespective of the consummation of the Transaction, and a contingent fee payable subject to the completion of the Tender Offer. The Target Company has appointed Merrill Lynch as its financial advisor and third-party valuation firm under the aforementioned fee structure, taking into account the general practice in similar transactions, and other factors such as the terms of the fee that the Target Company would incur if the Transaction is, or fails to be, consummated.

(ii) Overview of the calculation

Merrill Lynch deliberated on the Target Company's share value evaluation methods and concluded that it would be appropriate to evaluate the value of the Target Company Shares from a multi-faceted perspective, on the assumption that the Target Company is a going concern. Accordingly, Merrill Lynch analyzed the value of the Target Company Shares under the conditions precedent set forth in the (Note) below and certain other conditions, using the following calculation methods: (a) a market price analysis, as the Target Company Shares are listed on the First Section of the TSE; (b) a comparable company analysis, as there are a certain number of listed companies that are considered relatively similar to the Target Company and it is possible to draw analogies with the value of the Target Company Shares through comparison with comparable companies; and (c) a discounted cash flow analysis (the "DCF Analysis") in order to reflect the future status of business activities in the calculation. According to Merrill Lynch, the methods adopted, and the value ranges per Target Company Share as calculated by using the aforementioned methods are as provided below. For assumptions and considerations concerning the preparation by Merrill Lynch of the Merrill Lynch Stock Valuation Report, and the underlying evaluation analysis, please see the (Note) below.

Market price analysis:	1,766 yen to 2,068 yen
Comparable company comparison analysis:	1,824 yen to 2,922 yen
DCF Analysis:	2,054 yen to 3,432 yen

In the market price analysis, the share value range per Target Company Share of 1,766 yen to 2,068 yen was derived based on the following figures quoted on the First Section of the TSE as of the calculation reference date of July 7, 2020: 1,766 yen, which was the closing price as of the reference date; 1,908 yen, which was the simple average closing price over the preceding one-month period; 1,878 yen, which was the simple average closing price over the preceding three-month period; and 2,068 yen, which was the simple average closing price over the preceding six-month period.

In the comparable company comparison analysis, Merrill Lynch analyzed the value of the Target Company Shares through comparisons with other listed companies engaged in businesses not completely but relatively similar to that of the Target Company in terms of market share price and financial indicators for profitability and other aspects, for the analysis purpose. The value range of 1,824 yen to 2,922 yen per Target Company Share was derived through a calculation using PER to the share value by selecting the following listed companies that were considered relatively comparable to the Target Company, taking all factors into account (including the aggregate market value, size of business, geographical areas of business operations, and similarity with the Target Company's business structure): Seven & i Holdings Co., Ltd., Lawson, Inc., Nitori Holdings Co., Ltd., Pan Pacific International Holdings Corporation, Welcia Holdings Co., Ltd. and Tsuruha Holdings Inc.

In the DCF Analysis, the value range of 2,054 yen to 3,432 yen per Target Company Share was derived by analyzing the Target Company's enterprise value and share value, calculated by discounting to the present value at a certain discount rate the free cash flow included in the financial



projections from the second quarter of the fiscal year ending February 2021 to the fiscal year ending February 2025 prepared by the Target Company. The discount rate (weighted average capital cost) was analyzed based on the CAPM (capital assets price model) theory generally used in the share value evaluation practice, i.e., 3.25 % to 4.00% in the case of key businesses, and 3.25 % to 4.00% for the FamilyMart business in Taiwan. In evaluating the going-concern value, the perpetual growth method was used with a perpetual growth rate ranging from (0.25)% to 0.25% for key businesses, and 1.50% to 2.00% for the FamilyMart business in Taiwan after discussions and confirmation with the Target Company.

The consolidated financial projections based on the business plan provided by the Target Company on which Merrill Lynch performed the DCF Analysis (the “Consolidated Financial Projections”) were as follows. As stated in “(iii) Establishment of an Independent Special Committee at the Target Company” below, the special committee confirmed the reasonableness of the details, material conditions precedent, preparation background, and other relevant matters of the Consolidated Financial Projections. The business plan underlying the aforementioned DCF Analysis does not include fiscal years in which substantial increases/decreases were included in profit. Consolidated Financial Projections do not reflect the synergy effects expected by the Transaction being completed because it is difficult to specifically estimate those synergy effects at present.

(unit hundred million yen)

	FY ending February 2021 (nine months)	FY ending February 2022	FY ending February 2023	FY ending February 2024	FY ending February 2025
Gross operating revenue	3,482	4,830	5,283	5,562	5,619
Core operating profit	480	688	724	724	779
EBITDA	1,882	2,466	2,520	2,543	2,606
Free cash flow	345	640	480	696	805

(Note) The aforementioned Merrill Lynch Stock Valuation Report was submitted to the Target Company’s board of directors for its convenience in connection with and for the purpose of the Target Company’s board of directors deliberating on the Tender Offer Price in its position from a financial perspective. The Merrill Lynch Stock Valuation Report does not represent any opinion or view concerning the consideration to be received by any holder, creditor or other stakeholders of any kind of securities of any of the concerned parties in connection with the Transaction.

The Merrill Lynch Stock Valuation Report also does not represent any opinion or view concerning the following: (a) the fairness of the Tender Offer Price, or the terms of, or other aspects or results of, the Transaction (including, without limitation, the manner or structure of the Transaction, or

the terms or results of any contract, arrangement, agreement or other commitment that may be entered into in connection with the Transaction or other elements); or (b) the relative advantage of the Transaction compared with other strategies or transactions that may be adopted or implemented by the Target Company, or a business decision-making related to promoting or implementing the Transaction.

Further, the Merrill Lynch Stock Valuation Report does not express any opinion or make any recommendations in connection with the Transaction or any matters related thereto, as to whether or not the Target Company shareholders should tender their shares in the Tender Offer or how they should exercise their voting rights or conduct themselves. Merrill Lynch has not expressed any opinion or view, and has relied on the evaluation by the Target Company pursuant to its consent, in connection with laws, regulations, accounting, tax affairs or other similar matters related to the Target Company, other entities or the Transaction (including the profits anticipated in the Transaction). In addition, Merrill Lynch has not expressed any opinion or view, and has relied on the evaluation by the Target Company pursuant to its consent, in connection with the transaction under which the Target Company contemplates to sell a portion of the shares in Taiwan FamilyMart Co., Ltd. held by the Target Company (hereinafter referred to as the “Taiwan FamilyMart Transaction”). The Merrill Lynch Stock Valuation Report also does not express any opinion or view regarding the fairness (whether financial or otherwise) as compared with the Tender Offer Price or other elements related to the amount, nature or other aspects of any remuneration for officers, directors or employees of any party to the Transaction. The Merrill Lynch Stock Valuation Report does not express any opinion on the price at which the Target Company Shares should be transacted at any time including after the Transaction is publicly announced or commences.

In preparing the Merrill Lynch Stock Valuation Report and conducting the underlying evaluation analysis, Merrill Lynch deliberated on a certain scope of public information, as well as the Target Company’s internal information regarding the Target Company’s businesses and finances that Merrill Lynch had received from or discussed with the Target Company’s management (including the Consolidated Financial Projections). However, Merrill Lynch did not independently verify, but assumed and relied on the accuracy and completeness of, the above information, and other financial and other information and data that was publicly available or provided to or separately deliberated on or discussed by Merrill Lynch. Merrill Lynch also relied on the representations by the Target Company’s management that it was not aware of any facts or circumstances that might render the information or data inaccurate or misleading in any material respect. Further, Merrill Lynch received from the Target Company, and assumed with the Target Company’s consent, its representation that the Consolidated Financial Projections had been reasonably prepared reflecting the best projections available at that time and good-faith decisions by the Target Company’s management regarding the Target Company’s future performance. Especially, with respect to the Taiwan FamilyMart Transaction, Merrill Lynch, in performing its analysis, has relied on the information provided by the Target Company concerning the impact by such transaction on the Target Company.

The Merrill Lynch Stock Valuation Report inevitably assumes conditions and circumstances concerning finance, the economy, foreign exchange, markets and other elements as of the record date thereof (unless otherwise stated in the analysis therein), and it is based on the information available to Merrill Lynch as of the date thereof. The credit, financial and stock markets continue

to be in an extremely unstable situation, and Merrill Lynch does not express any opinion or view regarding any potential impact that such unstable situation may have on the Target Company, the Tender Offeror or the Transaction. While details of the Merrill Lynch Stock Valuation Report may be affected by any event arising on or after the date thereof, it is understood that Merrill Lynch does not have any obligation to renew, revise or reconfirm the Merrill Lynch Stock Valuation Report.

As stated above, the analysis in the Merrill Lynch Stock Valuation Report is a summary of key financial analysis presented by Merrill Lynch to the Target Company's board of directors in connection with the Merrill Lynch Stock Valuation Report and does not cover all analyses performed by Merrill Lynch in connection therewith. The preparation of the Merrill Lynch Stock Valuation Report and the underlying analysis were a complex analysis process involving a variety of decisions on the propriety and relevance of each financial analysis method, as well as on the application of each method to specific situations. Accordingly, it is not necessarily appropriate to state only a part of the analysis results or summary. The analysis by Merrill Lynch must be taken into consideration in its entirety. It may also cause misunderstanding or incomplete understanding of the process underlying the analysis and opinions of Merrill Lynch to extract only a part of the analysis or factors or focus only on information expressed in a table format without taking into account all analyses or factors considered or all matters explaining the analysis. Any reference to a specific analysis that may be contained in the above summary does not mean that a particular focus was laid on that analysis over other analyses contained in the summary.

In performing the analysis, Merrill Lynch has taken into account the performance of the relevant industry sector, general business and economic circumstances, and other matters, many of which are beyond the control of the Tender Offeror or the Target Company. Projections of the Target Company's future performance underlying the analysis by Merrill Lynch does not necessarily indicate the actual value or future results, and they may significantly exceed or fall below the projections. The analysis by Merrill Lynch was performed as a part of the analysis for the Merrill Lynch Stock Valuation Report and provided to the Target Company's board of directors in connection with the provision of the Merrill Lynch Stock Valuation Report. The analysis by Merrill Lynch does not intend an appraisal, nor does it indicate a price that a company is sold at in reality or price at which any securities were traded or may be traded in the future. Accordingly, the projections used for the above analysis and the evaluation range derived from the analysis intrinsically involve material uncertainty, and they should not be interpreted to represent how Merrill Lynch views the actual value of the Target Company.

The Tender Offer Price was not determined by a financial advisor but was determined through negotiations between the Tender Offeror and the Target Company (or the special committee) and was approved by the Target Company's board of directors. The decision to manifest an opinion supporting the Tender Offer was made solely by the Target Company's board of directors; accordingly, the Merrill Lynch Stock Valuation Report is simply one of the numerous factors taken into account in the Target Company's board of directors deliberating on the Transaction as stated above and should not be interpreted as a decisive factor in how the Target Company's board of directors or management views the Transaction or the Tender Offer Price.

Merrill Lynch has not independently conducted, or been provided with, any appraisal or evaluation of the assets or liabilities (whether contingent or otherwise) of the Target Company or other entities, nor has it performed any onsite assessment of any such assets or liabilities. Merrill Lynch has not evaluated the payment ability or fair value of the Target Company or other entities under any bankruptcy, insolvency or other similar state or federal laws or any other laws or regulations.

Merrill Lynch will serve as a financial advisor to the Target Company in connection with the Transaction and will receive a fee for the service (a substantial part of which is subject to the completion of the Transaction). The Target Company has agreed to compensate Merrill Lynch for the expenses incurred thereby in connection with its involvement and for certain responsibilities arising from its involvement.

Merrill Lynch and its affiliates are full-service securities companies and commercial banks and provide a wide range of companies, government institutions and private customers with investment banking, corporate and private banking, asset and investment management, financing and financial advisory services, and other commercial services and instruments. They also engage in securities, commodity and derivatives transactions, foreign exchange and other brokerage services, and principal investments. Merrill Lynch and its affiliates may invest in shares, bonds and other securities, or other financial instruments of the Tender Offeror, the Target Company or their respective affiliates (including derivatives, bank loans or other liabilities) in their normal course of business and for its own account or its customers' accounts. They may also manage funds that invest in any of the aforementioned instruments; acquire or hold long or short positions therein; provide funds to, or sell or purchase, such positions; or otherwise execute transactions by other means.

Merrill Lynch and its affiliates have provided, currently provide, or may provide in the future, the Target Company and its affiliates with investment banking, commercial banking and other financial services, and have received or may receive in the future, fees for any of those services. Merrill Lynch and its affiliates also have provided, currently provide, or may provide in the future, the Tender Offeror and its affiliates with investment banking, commercial banking and other financial services, and have received or may receive in the future, fees for any of those services.

Merrill Lynch does not provide legal, accounting or tax advice.

(iii) Establishment of an Independent Special Committee at the Target Company

(i) Background to the Establishment

As stated in “(b) Target Company’s Decision-making Process and Reasons” in “(2) Background, Purpose and Decision-making Process of the Decision to Conduct the Tender Offer” in “2. Purpose of the Tender Offer” above, the Target Company established a special committee upon written resolution by its board of directors meeting on February 19, 2020. Before establishing the special committee and immediately after receiving an initial proposal from ITOCHU to commence deliberating on taking the Target Company private on February 17, 2020, the Target Company explained the following to all of its then-incumbent independent outside directors individually, with the advice of Mori Hamada & Matsumoto: (a) the Target Company received the aforementioned proposal from ITOCHU; and (b) full

measures must be taken, including establishing a special committee, to secure the fairness of the Tender Offer Price and other terms of the Transaction in deliberating and negotiating the Transaction, as the Transaction was in a category of transactions that involved the structural issues of conflicts of interest, and information asymmetry. This was to create a structure to deliberate on and negotiate the Transaction in a position independent from the Tender Offeror, in order to enhance the Target Company's corporate value and to secure the interests of its general shareholders. The Target Company also held a meeting on February 25, 2020 attended by Mr. Tadashi Izawa (outside director of the Target Company, President of the Japan-China Economic Association), Ms. Mika Takaoka (outside director of the Target Company, professor of the College of Business, Rikkyo University) and Ms. Chikako Sekine (outside director of the Target Company, Representative Director of B Mind Co., Ltd.), who comprised all of the then incumbent independent outside directors of the Target Company, and the Target Company announced there again that it received the aforementioned proposal from ITOCHU. At the meeting, a Q&A session was held after Mori Hamada & Matsumoto announced the need to fully secure the fairness of the procedures to address the structural issues of conflicts of interest and information asymmetry in conducting the Transaction, and explained the functions of the special committee. At the same time, the Target Company verified the independence and qualifications of its independent outside directors who would be nominated as special committee members, with the advice of Mori Hamada & Matsumoto.

Then, the Target Company confirmed that it is independent from ITOCHU and it has no material interest in the completion of the Transaction that is different from general shareholders, discussed with the then-incumbent independent outside directors of the Target Company who presented at the foregoing meeting. The Target Company also obtained advice from Mori Hamada & Matsumoto and appointed three persons as candidate members of the special committee: Mr. Tadashi Izawa, Ms. Mika Takaoka, and Ms. Chikako Sekine.

Thereafter, as described in (b) Target Company's Decision-making Process and Reasons" in "(2) Background, Purpose and Decision-making Process of the Decision to Conduct the Tender Offer" in "2. Purpose of the Tender Offer" above, upon written resolution by the extraordinary board of directors meeting on February 19, 2020, right after the Target Company received the initial proposal letter from ITOCHU on February 17, 2020 the Target Company established a special committee, and commissioned the special committee to submit its opinion regarding the Matters of Inquiry to the Target Company. Further, the Target Company's board of directors has resolved (i) that when it makes decisions regarding the Tender Offer, including the decision on whether to approve or disapprove the Tender Offer, at the board of directors meeting, it will give maximum respect to the contents of the special committee's decisions; (ii) that it will not approve the Tender Offer if the special committee deems the transaction terms unreasonable; and (iii) that it will authorize the special committee to negotiate with the Tender Offeror, as necessary, the transaction terms and other matters; to appoint its own financial, legal, or other advisor, as necessary, in order to report on the Matters of Inquiry (the cost to be incurred in this case is to be borne by the Target Company); and to receive from the Target Company's officers and employees necessary information for deliberating and deciding on the Tender Offer.

It was decided that a fixed fee is to be paid to each special committee member as compensation for his/her duties, regardless of the details of the report.

(ii) Background of Deliberations

During the period from February 25, 2020, to July 8, 2020, the special committee held meetings twenty-seven times in total, totaling approximately twenty-eight hours. In addition, the special committee conducted discussions and deliberations regarding the Matters of Inquiry between the dates of the meetings, such as by providing reports, sharing information, having discussions, and making decisions via e-mail.

More specifically, the special committee first deliberated on the independence, expertise, past records, etc. of more than one candidate for a legal advisor, and financial advisor and third-party evaluation organization, and then appointed Nakamura, Tsunoda & Matsumoto to be its own legal advisor independent from the Tender Offeror, ITOCHU, Tokyo Century, ZEN-NOH, Nochu, and the Target Company, and appointed PwC as its own financial advisor and third-party evaluation organization independent from ITOCHU, Tokyo Century, ZEN-NOH, Nochu, and the Target Company. The special committee confirmed that (a) there was no transaction relationship between (i) Nakamura, Tsunoda & Matsumoto and (ii) ITOCHU, Tokyo Century, ZEN-NOH, and the Target Company in the past three years and (b) while there were transaction relationships between (i) Nakamura, Tsunoda & Matsumoto and (ii) Nochu in the past three years, the value of transactions was not large. The special committee also confirmed that while there were transaction relationships between (i) PwC and (ii) either of ITOCHU, Tokyo Century, ZEN-NOH, Nochu, or the Target Company in the past three years, the value of transactions was not large and that internal systems had been established to block the flow of information.

The special committee confirmed that there was no problem in terms of the independence or expertise of Mori Hamada & Matsumoto, which is the Target Company's legal advisor, and approved the appointment of the firm. The special committee deliberated on independence and expertise and approved the appointment of Merrill Lynch as the Target Company's financial advisor. The special committee further confirmed and approved the following: considering the fact that although Director Mikio Nishiwaki originally worked for ITOCHU, he is currently in the position of the General Manager of the Finance & Accounting Division of the Target Company, familiar with quantitative deliberations at the Target Company, and essential for the preparation of the Target Company's business plan and valuation of the Target Company's enterprise value based on the business plan, Director Mikio Nishiwaki's roles in negotiations with ITOCHU will be as limited as possible (in that he will refrain from engaging in any direct negotiations with ITOCHU and will only be involved in the preparation of the business plan necessary for the negotiations) on the condition that other measures to ensure fairness have been taken; there is no other problem, from the perspective of independence, with the framework for deliberations of the Transaction (including the scope of officers and employees of the Target Company that will be involved in deliberations, negotiations, and decision-making regarding the Transaction, and their duties) internally established by the Target Company.

The special committee then discussed and deliberated on measures that need to be taken to ensure the fairness of the procedures in the Transaction in light of legal advice received from Nakamura, Tsunoda & Matsumoto and opinions obtained from Mori Hamada & Matsumoto.

Further, the special committee asked ITOCHU questions in writing about the position of and future vision for ITOCHU's retail business, the Target Company's roles therein, details about the synergies expected from the Transaction, the reasons why privatization is necessary instead of the current capital structure, views on the management policies and mid-term management plan of the Target Company after the Transaction, the reasons why this timing has been selected and views on the Tender Offer Price, views on personnel policies and governance after the Transaction, views on disadvantages of delisting, procedures and terms and conditions of the Transaction, and other relevant matters, and received responses from ITOCHU. Also, the special committee was given explanations directly by the President of The 8th Company and other persons in charge of ITOCHU about those matters, and question and answer sessions were held.

Moreover, the special committee requested that Koji Takayanagi, Representative Director and Chairman of the Target Company, and Takashi Sawada, its Representative Director and President, both of whom did not participate in deliberations on the Transaction, attend the special committee meeting from the perspective of collecting information and obtained their opinions as the Target Company's management and related information about the relationship between the future vision for the retail business of the Target Company Group and the Transaction, the reasons why it is necessary to have the Target Company go private and the synergies expected from the Transaction, views on the Transaction being conducted at this timing, the disadvantages of delisting, the existence or non-existence of choices other than the Transaction and their details (if any), and other relevant matters, and question and answer sessions for those matters were held, and the same were discussed and deliberated on.

When the Target Company prepared the business plan for the Transaction, the special committee was given an explanation about its preparation policies by the Target Company in advance. In the preparation process, it was also given several explanations about the details of a draft business plan, material conditions precedent, progress, and other relevant matters. Based on advice from a financial perspective from PwC in addition to the above explanations, the special committee confirmed the reasonableness of the details, material conditions precedent, preparation background, and other relevant matters of the final business plan and approved it. Thereafter, as stated in "(ii) Acquisition of a Stock Valuation Report by the Target Company from an Independent Third-Party Evaluation Firm" above and "(v) Acquisition of a Stock Valuation Report by the Special Committee from an Independent Third-Party Valuation Firm" below, PwC and Merrill Lynch calculated the value of the Target Company Shares on the assumption of the business plan for second quarter of the fiscal year ending February 2021 through the fiscal year ending February 2025 prepared by the Target Company. The special committee was given explanations by PwC about calculation methods, the reasons why PwC adopted the calculation methods, the details of the calculation conducted by using each calculation method, and material conditions precedent for the valuation of the Target Company Shares conducted by PwC (including the calculation basis for discount rates in the DCF Method or the DCF Method and reasons for selecting the comparable companies in the

comparable company analysis or comparable company comparison method) (hereinafter referred to as the “Calculation Methods”). The special committee also received explanations about the Calculation Methods for the evaluation of the Target Company Shares conducted by Merrill Lynch, which was given by Merrill Lynch in response to the Target Company’s request pursuant to the special committee’s request. Based on the above explanations, after question and answer sessions were held, and the matters were discussed and deliberated on, the special committee confirmed the reasonableness of those matters.

Furthermore, the special committee was given prior explanations by the Target Company about negotiation policies concerning the Transaction decided by the Target Company based on advice from a financial viewpoint from Merrill Lynch, including conducting sufficient negotiations conforming to general negotiation processes performed in M&A between mutually independent parties in order to extract from the Tender Offeror the most advantageous transaction terms possible, and approved them after discussing and deliberating on their details, based on advice from a financial viewpoint from PwC. The special committee also gave directions and requested that the Target Company request that the Tender Offer Price be raised further by ITOCHU to present a price that sufficiently reflected the synergies expected from the Transaction, after obtaining reports from the Target Company on the details of the price proposed by ITOCHU in a timely manner. Similar requests were made every time the Target Company received a proposed price from ITOCHU since the initial proposal to set a Tender Offer Price at 2,600 yen per share on March 2, 2020 and after obtaining the Target Company’s opinion based on advice from a financial viewpoint from Merrill Lynch, and discussing and deliberating on the details of the proposed price based on advice from a financial viewpoint from PwC. Thus, the special committee was at the center of the discussions and negotiations concerning the Tender Offer Price between ITOCHU and the Target Company. As a result, the Target Company received from the Tender Offeror the Final Proposal that includes setting the Tender Offer Price at 2,300 yen per share on July 2, 2020.

In addition, the special committee was given several explanations by Mori Hamada & Matsumoto about the details of each draft of the Target Company Disclosure and a Position Statement concerning the Tender Offer that the Target Company plans to disclose or submit and confirmed that comprehensive information will be disclosed, while obtaining advice from Nakamura, Tsunoda & Matsumoto.

(iii) Details of Determination

Under the circumstances set out above, the special committee submitted the Report, an outline of which is set out below, to the board of directors of the Target Company with the unanimous agreement of its members as of July 7, 2020, as a result of multiple and deliberate discussions and deliberations about the Matters of Inquiry, based on the details of the legal advice from Nakamura, Tsunoda & Matsumoto, advice from a financial perspective from PwC, and the PwC Stock Valuation Report submitted by PwC as of the same date.

(a) Details of the Report

i. It is considered reasonable that the Target Company’s board of directors will express an opinion supporting the Tender Offer and leaving the decision up to the Target Company shareholders as to whether they tender their shares in the Tender Offer.



ii. It is not considered disadvantageous to the Target Company's shareholders that the Target Company's board of directors will decide an opinion supporting the Tender Offer and leaving the decision up to the Target Company shareholders as to whether they tender their shares in the Tender Offer. Also, it is not considered disadvantageous to the Target Company's minority shareholders that, based on the measures contemplated under the Transaction, the Target Company's board of directors will decide to resolve taking the Target Company private by the Share Consolidation after the completion of the Tender Offer.

(b) Deliberation

i. For the following reasons, the Transaction is considered to contribute to enhancing the corporate value of the Target Company.

- The future of the environment surrounding the retail industry to which the Target Company belongs is expected to remain uncertain because of various factors such as the harsher competition environment across business categories, a downturn in consumer confidence due to a persistent tendency to save, and the effects of the spread of COVID-19 infection. Moreover, consumers' needs are diversifying, and goods and services need to be created from new ideas. In addition, corporate social responsibility is increasing, such as providing safe and reliable food and responses to environmental issues.

- To overcome those difficulties and survive the harsh competition environment, the Target Company Group has been seeking opportunities for growth by collecting management resources and providing unique value. Specifically, it has been implementing each measure of "Make Steady Progress Implementing Franchise Store Support Initiatives," "Strengthen Profitability," "Provide Response to the Spread of COVID-19 infection," "Advance Financial and Digital Strategies," and "Promoting Collaboration with Pan Pacific International Holdings Corporation."

- With respect to initiatives provided by ITOCHU which are to be implemented after the Transactions, the Target Company is a subsidiary of ITOCHU and there may be an issue with respect to whether those initiatives can be implemented under the current capital structure; however, according to ITOCHU, given the characteristics of the business model of ITOCHU as a trading company, ITOCHU operates in a wide range of business areas and it does not necessarily have the same interests as the Target Company in each business area, and both ITOCHU and the Target Company currently carry out their business operations as independent listed companies. In the pursuit of close synergies and effective use of the management resources and know-how between the Target Company and each other company in the ITOCHU Group, it is necessary to give careful consideration, even taking into account the interests of the minority shareholders of the Target Company with respect to the objective fairness of such effective use as transactions, there are certain restrictions, including the fact that there is not sufficient information sharing on matters such as the cost structures of both sides or redistribution of personnel and material management resources, and by further promoting the complementary use of each other's management resources and knowhow and making prompt decisions together with the ITOCHU Group, it will become possible to carry out fundamental measures that will lead to medium- to long-term growth of the ITOCHU Group as a whole, including the Target Company, even if not directly connected to short-term profits of the Target Company, and to establish an even stronger alliance.

- The reasons why the Transaction will be implemented at this time, when the effects of the COVID-19 infection are not necessarily fully clear, are as follows: while ITOCHU was originally faced with the need to reconsider the business model for the convenience store business and was aware that rapid expansion of the e-commerce market was eating into its business territory since before the COVID-19 issue arose, it considers that its support is necessary for the Target Company to make a V-shaped recovery from the effects of the COVID-19 infection, the “digital JV plan” it offered would be too late if it waits until the effects of the spread of COVID-19 infection become objectively clear, and that the Transaction needs to be realized now.
  - In response to offers from ITOCHU, the management of the Target Company issued its opinion that taking the Target Company private through the Transaction and subsequent measures will contribute to enhancing the corporate value of the Target Company for the following reasons: (i) the business model for retail business is transitioning into one enhancing quality in a limited market, and putting ITOCHU’s abundant personnel and resources into the management division and digital and overseas development fields and diversifying the Target Company’s personnel and resources as a result of going private through the Transaction will result in growth for the Target Company, (ii) going private through the Transaction will boost the speed of decision-making, and (iii) some of the measures offered by ITOCHU which have already been undertaken under the current capital structure will be able to be implemented more speedily, because going private through the Transaction will enable decision-making related management to be done more flexibly.
  - On the other hand, a disadvantage of the Transaction is that there could be an abstract concern that going private through the Transaction would lower the motivation of employees and member stores. According to the management of the Target Company, it needs to consider how employees and member stores view this Transaction and to explain the significance of the Transaction through sufficient communication with employees and member stores, and that there are no other specific disadvantages expected.
  - Thus, the management of the Target Company has issued its opinion that the Transaction and subsequent measures will contribute to enhancing the corporate value of the Target Company, and the opinion is not unreasonable. The special committee also considers that the specific measures offered by ITOCHU concerning the Transaction will contribute to promotion of the Target Company Group’s digital strategy and overseas development (particularly in China), and thus contribute to enhancing the corporate value of the Target Company.
- ii. For the following reasons, fair procedures are considered to have been implemented in the Transaction from the perspective of ensuring the general shareholders’ interests: (i) the Target Company established an independent special committee, which functions effectively, (ii) the special committee and the Target Company have obtained expert advice from independent outside experts, (iii) the special committee and the Target Company have obtained a stock valuation report from an independent third-party evaluation organization with expertise as the basis for determinations about the Transaction, (iv) the Target Company

has excluded directors, etc., with conflicts of interests from the deliberation and negotiation process of the Transaction to the maximum extent possible and have established a structure under which it can conduct deliberations and negotiations from a position independent from ITOCHU, (v) a so-called indirect market check has been implemented in the Tender Offer, (vi) appropriate opportunities for determinations based on sufficient information are planned to be secured for general shareholders in the Tender Offer, and (vii) practices considered to be desirable in the “Fair M&A Guidelines” formulated by the Ministry of Economy, Trade and Industry in June 2019 have been implemented, and thus coercion has been eliminated.

Further, even though a majority of minority condition has not been set in the Tender Offer, a minimum number of shares to be purchased has been set so that the shareholding ratio of the Tender Offeror and ITOCHU will be at least 60% if the Tender Offer is successfully completed. Although it is believed that the minimum will function as a measure to secure fairness to a certain extent in the sense that the Tender Offer will not be successfully completed without a considerable number of general shareholders tendering their shares, given that reasonable grounds for the number of shares in that minimum cannot be confirmed, it is believed that setting such minimum may not be sufficient in light of the purpose of majority of minority conditions. However, given that other sufficient measures to secure fairness in the Transactions have been taken, even if a majority of minority has not been set, and the setting of a minimum may not be sufficient in light of the purpose of majority of minority, it is believed the fairness of the procedures in the Transactions will not be prejudiced solely because of the setting of that minimum.

iii. In regards to the appropriateness of the transaction terms of the Transaction, based on the points stated below, the purchase method and the types of consideration for the purchase are considered to be reasonable, but although the Tender Offer Price is reasonable to a certain extent from the perspective of providing the general investors of the Target Company an opportunity to earn a return on their investments and is not considered inappropriate, it is not at a level where the board of directors of the Target Company could recommend that the general shareholders tender their shares in the Tender Offer.

- In regards to the purchase method of the Transaction, the Tender Offer is the first step, and the Share Consolidation is the second step. This method is commonly adopted in transactions to take a company private, similar to this Transaction. Moreover, in regards to the types of consideration for the purchase, to avoid the businesses of ITOCHU and the Target Company differing, and the risk of the share price of ITOCHU decreasing, it is reasonable for the Target Company shareholders to take the two-step method, which is to conduct a tender offer as a first step with cash as consideration, then to conduct a Share Consolidation by rounding the fractions of cash, instead of adopting a one-step transaction with ITOCHU’s shares as a consideration.
- The basis for the calculation using the DCF Method in the PwC Stock Valuation Report and the DCF Method in the Merrill Lynch Stock Valuation Report, which includes the purpose of the decision, decision procedures, and details about the Target Company’s business plans, is not particularly unreasonable.

- In regards to the PwC Stock Valuation Report, both the method and the details of the calculation are reasonable and trustworthy. The Tender Offer Price exceeds the upper limit of the range of the calculation results by the market share price method and the comparable company analysis method in the PwC Stock Valuation Report, but is below the lower limit of the range of calculation results using the DCF Method.
- Neither the method nor the details of the calculation set out in the Merrill Lynch Stock Valuation Report are arbitrary, and they are trustworthy. The Tender Offer Price exceeds the upper limit of the range of the calculation results by the market price analysis in the Merrill Lynch Stock Valuation Report, and is within the range of calculation results by the comparable company analysis and the DCF Method.
- Although the Tender Offer Price is a price with a certain premium on the market price, that premium is below both the average and the median of tender offers for all shares that have been announced in similar transactions (other tender offers with a purchase size of at least 50 billion yen for the purpose of making a company private that have been announced from 2010), and it is not recognized that a sufficient premium has been added in comparison to similar transactions.
- The special committee is substantially involved in the discussions and negotiations between ITOCHU and the Target Company regarding the transaction terms of the Transaction, such as the Tender Offer Price. Serious discussions were held in a manner which ensured that a reasonable effort would be made to conduct the Transaction based on transaction terms that would be as advantageous as possible for the general shareholders; in other words, in a manner which ensured that the transaction is conducted as between independent parties. However, the Tender Offer Price could not be agreed upon with ITOCHU.
- It is believed that the Tender Offer Price is not disadvantageous to the minority shareholders in the sense that a certain premium has been added to the market share price of the Target Company Shares. Further, in addition to the previous sentence, the special committee believes that given that the Tender Offer Price is within the range of valuation results obtained using the DCF Analysis in the Merrill Lynch Japan Securities Stock Valuation Report that was prepared by Merrill Lynch Japan Securities and approved as a third-party appraisal firm that is independent from the Target Company, and that the special committee has judged such valuation method and contents to be credible because it has not discovered any particular unreasonable points in such valuation method or the contents as described above, the Tender Offer Price has a certain level of reasonableness from the perspective of providing the general shareholders of the Target Company an opportunity to earn a return on their investments and it cannot be recognized that the Tender Offer Price lacks validity. However, given that the Tender Offer Price is below the minimum of the range of the results of the valuation using the DCF Analysis in the PwC Stock Valuation Report and it is not recognized that a sufficient premium has been added to the market share price of the shares of the Target Company in comparison to similar transactions, it cannot be recognized that the Tender Offer Price is at a level where the Target Company can actively recommend that its general shareholders should tender their shares in the Tender Offer.

iv. As stated in i. above, the Transaction including the Tender Offer and the measures thereafter are considered to enhance the Target Company's corporate value. Therefore, it is appropriate for the board of directors of the Target Company to support the Tender Offer. As stated in ii above, fair procedures have been implemented from the perspective of ensuring the general shareholders' interests, and as stated in iii above, the purchase method and the types of consideration for the purchase in the Transaction are recognized as reasonable from the perspective of providing the general shareholders of the Target Company an opportunity to earn a return on their investments, and also, because the Tender Offer Price is reasonable to a certain extent and appropriate. However, because the Tender Offer Price is not at a level where the board of directors of the Target Company could recommend that the general shareholders tender their shares in the Tender Offer, the board of directors of the Target Company cannot recommend that Target Company shareholders tender their shares in the Tender Offer. Therefore, it seems appropriate to leave the decision about whether or not to tender shares in the Tender Offer to the Target Company shareholders.

v. As explained in i. above, it is recognized that the Transactions and the subsequent initiatives will contribute to the improvement of the corporate value of the Target Company, so it is believed that the decision by the board of directors of the Target Company to express an opinion endorsing the Tender Offer will not be disadvantageous to the minority shareholders of the Target Company. Further, as explained in ii. above, fair procedures are being carried out to secure the interests of the general shareholders in the Transactions, and as explained in iii. above, with respect to the transaction terms of the Transactions, the purchase method and the type of consideration for the purchase are considered reasonable. While it is not believed that the Tender Offer Price is at a level where the Target Company can actively recommend that its general shareholders should tender their shares in the Tender Offer, the Tender Offer Price has a certain level of reasonableness as a tender offer price from the perspective of providing the general shareholders of the Target Company an opportunity to earn a return on their investments, and it cannot be recognized that the Tender Offer Price lacks validity from the perspective of providing the general shareholders of the Target Company an opportunity to earn a return on their investments, so it is believed that decision by the board of directors of the Target Company to leave the decision of whether to tender shares in the Tender Offer to the judgment of the shareholders of the Target Company after disclosure of the grounds therefor instead of actively recommending that the shareholders of the Target Company tender their shares in the Tender Offer will not be disadvantageous for the minority shareholders of the Target Company. Further, if the Target Company is taken private after the successful completion of the Tender Offer, given that it is expected money in an amount equivalent to the Tender Offer Price per share will be delivered to shareholders other than ITOCHU and the Tender Offeror if there is a request to convene the Extraordinary Shareholders Meeting where the Share Consolidation by the Tender Offer is an agenda item and a proposal for the Share Consolidation is approved at that Extraordinary Shareholders Meeting, if the Target Company receives a request to convene the Extraordinary Shareholders Meeting from the Tender Offer, it plans to convene the Extraordinary Shareholders Meeting where a shareholders' proposal for the Share Consolidation is an agenda item in response to that request. Hence, based on the fact that, among other things, the taking of the Target Company private after the Tender Offer will be led by the Tender Offeror and the role of the Target Company will be limited, as explained in i. above, given that it is believed the

Transactions and the subsequent measures will contribute to the improvement of the corporate value of the Target Company and the amount expected to be delivered to the shareholders at the time of the Share Consolidation will be the same as the Tender Offer Price, it is believed the decision by the board of directors to make the Target Company private through the Share Consolidation after the successful completion of the Tender Offer in the Transactions will not be disadvantageous to the minority shareholders of the Target Company because the Tender Offer Price has a certain level of reasonableness from the perspective of providing the general shareholders of the Target Company an opportunity to earn a return on their investments and it cannot be recognized that the Tender Offer Price lacks validity, it will take time and be costly to leave the convocation of the Extraordinary Shareholders Meeting to a decision of a competent court, instead of the Target Company requesting the Tender Offeror to convene the Extraordinary Shareholders Meeting, which might be against the interests of its minority shareholders, and it is possible for the shareholders that oppose the Share Consolidation to make a request to the Target Company to purchase their shares and file a petition with a competent court for a determination of the share price. Further, a minimum number of shares to be purchased has been set in the Tender Offer so that the ownership ratio of the Tender Offeror and ITOCHU after the Tender Offer will be 60%, so the Target Company might not be taken private even if the Tender Offer is successfully completed. With respect to that point, considering factors such as the attendance rates at past shareholders meetings of the Target Company, even 60% is effectively nearly two-thirds of the shareholders in attendance, so considering that the shareholders that have not tendered their shares in the Tender Offer might exercise their voting rights to approve the Tender Offer (for example, ITOCHU expects there are ETFs listed on the TSE and passive index funds other than ETFs listed on the TSE that will approve the agenda items of the shareholders meeting for the Share Consolidation even if they do not tender their shares in the Tender Offer), it is believed it is unlikely the Share Consolidation will not be approved and the Target Company will not be taken private. The special committee therefore believes that it cannot be said that the shareholders of the Target Company will be put in an extremely unstable position.

(iv) Obtaining Advice from an Independent Legal Advisor Acting for the Target Company

As stated in “(iii) Establishment of an Independent Special Committee at the Target Company” above, in order to obtain expert advice concerning the fairness of the procedures, the Target Company appointed Mori Hamada & Matsumoto as a legal adviser independent from the Tender Offeror, ITOCHU, Tokyo Century, ZEN-NOH, Nochu, and the Target Company, and obtained legal advice, including advice concerning measures to be taken to ensure the fairness of procedures in the Transaction, various procedures of the Transaction, and the Target Company’s decision-making methods concerning the Transaction and its processes, etc.

Mori Hamada & Matsumoto is not a related party of the Tender Offeror, ITOCHU, Tokyo Century, ZEN-NOH, Nochu, and the Target Company, and does not have any significant interest in relation to the Transaction, including the Tender Offer.

(v) Acquisition of a Stock Valuation Report by the Special Committee from an Independent Third-Party Evaluation Firm

(i) Name of the Valuation Firm and the Relationship with the Target Company and the Tender Offeror

In deliberating on the Matters of Inquiry, the special committee requested that PwC, its own financial advisor and third-party evaluation organization independent from the Tender Offeror and the Target Company value the value of the Target Company Shares, conduct a financial analysis incidental thereto in order to ensure the appropriateness of the transaction terms, including the Tender Offer Price, of the Transaction, and obtained the PwC Stock Valuation Report as of July 7, 2020.

As stated in “(b) Target Company’s Decision-making Process and Reasons” in “(2) Background, Purpose and Decision-making Process of the Decision to Conduct the Tender Offer” in “2. Purpose of the Tender Offer” above, the board of directors of the Target Company also obtained the PwC Stock Valuation Report when it obtained the Report, all of which were submitted by the special committee, on July 8, 2020. It adopted a resolution stated in “(vii) Approval of All Directors Without Conflicts of Interest and Non-objection of All Corporate Auditors Without Conflicts of Interest of the Target Company” below, with consideration also given to the details of the PwC Stock Valuation Report.

PwC is not a related party of the Tender Offeror or the Target Company, and does not have any significant interest to be stated in relation to the Transaction including the Tender Offer. The Target Company did not receive the opinion on the fairness of the tender offer price (fairness opinion) from PwC.

As stated in “(ii) Background of Deliberations” in “(iii) Establishment of an Independent Special Committee at the Target Company” above, the special committee deliberated on the independence, expertise, past records, etc. of more than one candidate for a financial advisor and third-party evaluation organization, and then appointed PwC to be its own financial advisor and third-party evaluation organization. Fees paid to PwC concerning the Transaction are fixed fees only, which are paid regardless of the completion of the Transaction, and do not include contingent fees, which are paid subject to the completion of the Transaction including the Tender Offer and other conditions.

(ii) Overview of the Calculation

In order to collect and examine information required for calculating the value of the Target Company Shares, PwC obtained information and received explanations on the Target Company’s current business status and forecasted business outlook from the Target Company’s management, and calculated the value of the Target Company Shares based on such information, subject to the assumptions set forth in the below (Note) and certain other conditions.

After considering the methodologies to be applied to calculate the value of the Target Company Shares among the various share valuation methodologies, and based on the premise that the Target Company was a going concern and from the perspective that it would be

appropriate to assess the share value of the Target Company Shares using multiple methods upon consideration of matters such as its financial status and trends in the share price of the Target Company Shares, PwC calculated the value of the Target Company Shares using: (a) the market price method as the share has an observable market price; (b) the comparable company method as there were multiple listed companies engaged in businesses similar to that of the Target Company and it was possible to draw analogies with the market valuations of comparable companies; and, (c) the DCF Method for reflecting the status of future business activities in the valuation.

The following is the ranges of values per the Target Company Shares that were calculated by PwC based on each calculation method set out above.

Market share price method:	1,766 yen – 2,068 yen
Comparable company comparison method:	1,694 yen – 2,168 yen
DCF Method:	2,472 yen – 3,040 yen

In the market share price method, July 7, 2020 was set as the reference date, the value of the Target Company Shares (per share) was calculated to range from 1,766 yen to 2,068 yen (rounded to the nearest yen), based on the closing price as of the reference date (1,766 yen), the simple average closing price for the one month (1,908 yen), three months (1,878 yen) and six months (2,068 yen) up to the reference date for the Target Company Shares on the First Section of the TSE, respectively.

In the comparable company method, the value of the Target Company Shares was analyzed through comparison with the share price and financial indicators which show the profitability, etc. of listed companies that operated business relatively similar to the Target Company's. The value of the Target Company Shares (per share) was calculated to range from 1,694 yen to 2,168 yen, based on the PER compared to Seven & i Holdings Co., Ltd. and Lawson, Inc. as comparable listed companies, each of which was selected among the listed companies in Japan that engage mainly in the convenience store business, comprehensively taking into account their similarities to the Target Company in terms of market capitalization, scale of business, business operating area and other factors.

In the DCF Method, the value of the Target Company Shares (per share) was calculated to range from 2,472 yen to 3,040 yen which results from analyzing the Target Company's corporate value by discounting to the present value at a certain discount rate the free cash flow that the Target Company is expected to generate in the second quarter of the fiscal year ending February 2021 and onward based on factors such as its business plans for the period from the second quarter of the fiscal year ending February 2021 to the fiscal year ending February 2025 prepared by the Target Company, the interview with the Target Company management and publicly available information. The discount rate (weighted-average cost of capital) adopted was 3.31% to 3.91%, the perpetual growth method was applied in the valuation of the going concern value of the Target Company and the perpetual growth rate was 0%.



Specific figures in the Consolidated Financial Forecast that was prepared by the Target Company and used by PwC as the basis for the DCF Analysis, is as stated in “(ii) Overview of the calculation” in “(ii) Acquisition of a Stock Valuation Report by the Target Company from an Independent Third-Party Valuation Firm” above.

(Note) In the valuation of the Target Company Shares, PwC adopted all relevant information received from the Target Company as is, in principle, and all relevant publicly available information as is, assuming that all of such materials and information, etc. were accurate and complete and that there was no fact that might have a material impact on the valuation of the Target Company Shares, which has not been disclosed to PwC, etc. and PwC has not independently verified the accuracy and completeness thereof. In addition, PwC has not independently valued or assessed the assets or liabilities (including off-the-book assets and liabilities and other contingent liabilities) of the Target Company and its affiliates and has not requested a third-party body for the said valuation, estimate or assessment. Furthermore, PwC assumed that the financial projections provided by the Target Company (including business plans and other information) were prepared by the management of the Target Company based on the best estimates and judgment at this time. The valuation performed by PwC reflected the information and economic conditions prior to July 7, 2020.

(vi) Building an Independent Deliberation System of the Target Company

As stated in “(b) Target Company’s Decision-making Process and Reasons” in “(2) Background, Purpose and Decision-making Process of the Decision to Conduct the Tender Offer” in “2. Purpose of the Tender Offer” above, the Target Company established a system within the Target Company to deliberate on, negotiate, and make decisions regarding the Transaction from a position independent of the Tender Offeror. More specifically, after the Target Company was sounded out by ITOCHU, on February 17, 2020, on an initial proposal to the effect that it would like to commence deliberations on taking the Target Company private, the Target Company immediately decided on the following measures, and those measures are still in place: in the process of negotiations between ITOCHU and the Target Company regarding the transaction terms for the Transaction, including the Tender Offer Price, and the process of preparing a business plan based on which the value of the Target Company Shares would be evaluated, from the perspective of eliminating structural conflicts of interest issues, (a) except for the involvement of Director Mikio Nishiwaki, who originally worked for ITOCHU, and of the persons seconded from ITOCHU who were essential for the preparation of the business plan, the Target Company’s officers and employees who had been officers or employees of the ITOCHU Group in the past as well as the Target Company’s officers and employees who were concurrently serving as officers or employees of the ITOCHU Group would not be involved in those processes; (b) and the persons seconded from ITOCHU who were involved in the preparation of the business plan would not be involved in the process of negotiations regarding transaction terms of the Transaction. The Target Company also decided that when conducting deliberations regarding the Transaction, Directors Toshio Kato, Naoyoshi Tsukamoto, and Jun Takahashi, who were independent from the ITOCHU Group, and Director Mikio Nishiwaki, who was transferred from the ITOCHU Group more than two years before, would be involved as directors in charge of the negotiations. The Target Company obtained approval from the special committee to the effect that there was no problem, from the perspective of independence, with the framework for deliberations of the Transaction (including the scope of officers and employees of the Target Company that would be involved in deliberations, negotiations, and decision-making regarding the Transaction, and their duties) internally established by the Target Company.

Of the Directors of the Target Company, Director Mikio Nishiwaki joined ITOCHU in 1982 and belonged to ITOCHU until 2018, which was when he joined the Target Company. However, Director Mikio Nishiwaki is currently in the position of the General Manager of the Finance & Accounting Division of the Target Company, familiar with quantitative deliberations at the Target Company, and essential for the preparation of the Target Company's business plan and valuation of the Target Company's enterprise value based on the business plan. Accordingly, considering that the Target Company would establish an independent special committee and take measures to ensure fairness, he participated in deliberations regarding the Transaction, including attendance at the special committee, on condition that strict vigilance be maintained so that Director Mikio Nishiwaki's roles in negotiations with ITOCHU will be as limited as possible (in that he will refrain from engaging in any direct negotiations with ITOCHU and will only be involved in the preparation of the business plan necessary for the negotiations), in the mutual containment among officers in charge of negotiations and monitoring by the special committee.

(vii) Approval of All Directors Without Conflicts of Interest and Non-objection of All Corporate Auditors Without Conflicts of Interest of the Target Company

As stated in “(b) Target Company's Decision-making Process and Reasons” in “(2) Background, Purpose and Decision-making Process of the Decision to Conduct the Tender Offer” in “2. Purpose of the Tender Offer” above, the board of directors of the Target Company deliberately discussed and deliberated on whether the Transaction including the Tender Offer contributes to enhancing the corporate value of the Target Company and whether the transaction terms, including the Tender Offer Price, of the Transaction are appropriate, respecting the determination of the special committee shown in the Report to the maximum extent, based on the details of legal advice from Mori Hamada & Matsumoto, advice from a financial viewpoint from Merrill Lynch, and the Merrill Lynch Stock Valuation Report, and the details of the PwC Stock Valuation Report submitted through the special committee.

As a result, as stated in “(b) Target Company's Decision-making Process and Reasons” in “(2) Background, Purpose and Decision-making Process of the Decision to Conduct the Tender Offer” in “2. Purpose of the Tender Offer,” the Target Company judged that (i) the Transactions including the Tender Offer will contribute to the corporate value of the Target Company but (ii) although the Tender Offer Price of 2,300 yen has a certain level of reasonableness from the perspective of providing the general shareholders of the Target Company an opportunity to earn a return on their investments and it cannot be recognized that the Tender Offer Price lacks validity, the Tender Offer Price is not at a level where the Target Company can actively recommend that its general shareholders should tender their shares in the Tender Offer. As a result, the directors of the Target Company who participated in the discussion and resolution at its board of directors meeting held today, unanimously expressed an opinion to support the Tender Offer and resolved to leave the decision up to its general shareholders whether they should tender their shares in the Tender Offer.

Out of 12 directors of the Target Company, Director Koji Takayanagi, Director Isao Kubo, and Director Mikio Nishiwaki originally worked for ITOCHU, and Director Takashi Sawada had a position as an employee of ITOCHU, although more than twenty years have passed since he worked for ITOCHU. Accordingly, from the perspective of eliminating the possibility of structural conflicts of interest affecting the Transaction as much as possible, eight directors, excluding Director Koji Takayanagi, Director Isao Kubo, Director Mikio Nishiwaki, and Director Takashi Sawada held discussions and made the above unanimous resolution at the above board of directors meeting of the Target Company held today.

Also, all corporate auditors present at the above board of directors meeting (out of four corporate auditors, three (including two outside corporate auditors) were present at the meeting) expressed

an opinion that they had no objection to the above resolution.

From the perspective of eliminating the possibility of structural conflicts of interest affecting the Transaction as much as possible, four directors of the Target Company, Director Koji Takayanagi, Director Isao Kubo, Director Mikio Nishiwaki, and Director Takashi Sawada, did not participate in the discussions and resolution of the board of directors meetings of the Target Company concerning the Transaction, including the above board of directors meeting of the Target Company held today, and they, except for Director Mikio Nishiwaki, did not participate in deliberations on the Transaction, and discussions and negotiations for the Transaction with ITOCHU, in the position of the Target Company. As stated in “(vi) Building an Independent Deliberation System of the Target Company” above, although Director Mikio Nishiwaki worked for ITOCHU from 1982 when he joined ITOCHU to 2018 when he joined the Target Company, he is currently in the position of the General Manager of the Finance & Accounting Division of the Target Company, familiar with quantitative deliberations at the Target Company, and essential for the preparation of the Target Company’s business plan and valuation of the Target Company’s enterprise value based on the business plan. Accordingly, considering that the Target Company would establish an independent special committee and take measures to ensure fairness, he participated in the evaluation of the Transaction, on condition that strict vigilance be maintained so that Director Mikio Nishiwaki’s roles in negotiations with ITOCHU will be as limited as possible (in that he will refrain from engaging in any direct negotiations with ITOCHU and will only be involved in the preparation of the business plan necessary for the negotiations), in the mutual containment among officers in charge of negotiations and monitoring by the special committee.

In addition, Mr. Kunihiro Nakade, a corporate auditor of the Target Company, did not participate in any of the above discussions by the board of directors and has refrained from expressing opinions on the above resolution of the board of directors, since he originally worked for ITOCHU.

(viii) Measures for Securing Opportunities for the Shareholders of the Target Company to Decide whether or not to Tender Their Shares in the Tender Offer

While the minimum period set forth in the applicable laws and regulations for a tender offer period is 20 business days, the Tender Offeror has allowed for a Tender Offer Period of 30 business days, which is comparatively long. By setting a comparatively long Tender Offer Period, the Tender Offeror intends to ensure that general shareholders of the Target Company have a proper opportunity to decide whether to tender their shares in the Tender Offer and that persons other than the Tender Offeror have an opportunity to make competing offers, etc., and thereby to ensure the appropriateness of the Tender Offer Price. Moreover, the Tender Offeror and the Target Company have not entered into any agreements the effect of which would be to limit contacts between any persons who would make competing offers and the Target Company, such as an agreement containing deal protection clauses which may prohibit the Target Company from making contacts with any persons who would make competing offers. In conjunction with the Tender Offer Period set as described above, by ensuring that opportunities are available for competing offers, etc. to be made, the fairness of the Tender Offer has been secured.

(iii) Relationship with the Valuation Firm

Nomura Securities, ITOCHU’s financial advisor, is not a related party of ITOCHU et al. and the Target Company, and does not have any significant interest to be stated in relation to the Tender Offer.

(5) Number of Shares Scheduled to Be Purchased

Number of Shares to Be Purchased	Lower Limit of Shares to Be Purchased	Upper Limit of Shares to Be Purchased
252,557,288 shares	50,114,060 shares	—

(Note 1) If the total number of Tendered Shares is below the lower limit of shares to be purchased (50,114,060 shares), the Tender Offeror will not purchase any of the Tendered Shares. If the total number of Tendered Shares is or exceeds the lower limit of shares to be purchased (50,114,060 shares), the Tender Offeror will purchase all the Tendered Shares.

(Note 2) Since no upper limit of shares to be purchased is set for the Tender Offer, the maximum number of Target Company Shares (252,557,288 shares) that can be acquired by the Tender Offeror through the Tender Offer is indicated as the number of shares to be purchased. As stated in the “Number of Shares to Be Purchased” above, the number of shares to be purchased is the number obtained by deducting the number of the Target Company Shares owned by ITOCHU et al., which do not plan to tender their shares in the Tender Offer as of today (253,550,784 shares) and the number of the treasury shares owned by the Target Company as of February 29, 2020 of which the Target Company notified the Tender Offeror (741,180 shares) from the total number of issued shares of the Target Company as of February 29, 2020 stated in the Target Company’s Securities Report (506,849,252 shares).

(Note 3) Shares of less than one unit are also subject to the Tender Offer. If shareholders exercise their right to request that the Target Company repurchase its shares of less than one unit in accordance with the Companies Act, the Target Company may purchase such shares during the Tender Offer Period pursuant to the procedures under laws and regulations.

(Note 4) The treasury shares held by the Target Company will not be purchased through the Tender Offer.

(6) Changes in the Ownership Ratio of Shares as a Result of the Purchase

Number of Voting Rights Pertaining to Shares Owned by the Tender Offeror Before the Purchase	—	(Ownership Ratio of Shares Before the Purchase) —
Number of Voting Rights Pertaining to Shares Owned by Special Related Parties Before the Purchase	2,100,518 voting rights	(Ownership Ratio of Shares Before the Purchase) 41.50%
Number of Voting Rights Pertaining to Shares Owned by the Tender Offeror After the Purchase	2,525,572 voting rights	(Ownership Ratio of Shares After the Purchase) 49.90%

Number of Voting Rights Pertaining to Shares Owned by Special Related Parties After the Purchase	2,100,291 voting rights	(Ownership Ratio of Shares After the Purchase) 41.50%
Number of Voting Rights of All Target Company Shareholders	5,053,977 voting rights	

- (Note 1) The “Number of Voting Rights Pertaining to Shares Owned by Special Related Parties Before the Purchase” and the “Number of Voting Rights Pertaining to Shares Owned by Special Related Parties After the Purchase” indicate the total number of voting rights of shares owned by each special related party (excluding those who are excluded from special related parties in the calculations of the ownership ratio of shares under each item of Article 27-2, paragraph 1 of the Act, pursuant to Article 3, paragraph 2, item 1 of the Cabinet Office Order on Disclosure Required for Tender Offer for Shares by Persons Other Than Issuers (Ministry of Finance Order No. 38 of 1990, as amended; hereinafter referred to as the “Cabinet Office Order”).
- (Note 2) The “Number of Voting Rights of All Target Company Shareholders” indicates the total number of voting rights held by all the shareholders as of February 29, 2020 as stated in the 39<sup>th</sup> FY Securities Report that the Target Company submitted on May 29, 2020 (given that the number of shares of 1 unit is 100 shares). However, because shares of less than one unit are also subject to the Tender Offer, in the calculations of the “Ratio of the Number of Voting Rights of the Shares to Be Purchased to the Number of Voting Rights of All Shareholders” and the “Ownership Ratio of Shares After the Purchase,” the denominator is the number of voting rights (5,061,080 voting rights) of the number of shares (506,108,072 shares) calculated by deducting the number of the treasury shares owned by the Target Company as of February 29, 2020 (741,180 shares) from the total number of issued shares as of the same date (506,849,252 shares) as stated in the Target Company’s Securities Report.
- (Note 3) The “Ownership Ratio of Shares Before the Purchase” and the “Ownership Ratio of Shares After the Purchase” have been rounded to two decimal places
- (Note 4) With respect to the “Ownership Ratio of Shares After the Purchase” in “Number of Voting Rights Pertaining to Shares Owned by Special Related Parties After the Purchase”, as stated in “(iii) Contribution Refund Agreement” in “(4) Matters Concerning Material Agreements Related to the Tender Offer” in “2. Purpose of the Tender Offer”, once ITOCHU receives the Target Company Share held by IRI pursuant to the Contribution Refund Agreement, that the Ownership Ratio of Shares After the Purchase will be 50.10%.

(7) Purchase Price 580,881 million yen  
(Note) The purchase price is the amount the number of shares to be purchased (252,557,288 shares) multiplied by the Tender Offer Price (2,300 yen).

(8) Method of Settlement

(i) Name and Location of the Head Office of the Financial Instruments Business Operator, Bank, etc. that Settles the Purchase

Nomura Securities Co., Ltd. 1-9-1, Nihonbashi, Chuo-ku, Tokyo

(ii) Commencement Date of Settlement

August 28, 2020 (Friday)

(iii) Method of Settlement

After the expiration of the Tender Offer Period, a notice of purchase through the Tender Offer is mailed to the address of the tendering shareholders (or the standing proxy in the case of foreign shareholders) without delay.

The purchase is made for cash. After the commencement date of settlement, the tendering shareholders may receive the purchase price for the Tender Offer without delay in a manner that they designate, such as remittance. (Remittance fees may be charged.)

(iv) Method of Returning Shares, etc.

If it is decided that none of the Tendered Shares are purchased pursuant to the conditions stated in “(i) Conditions Set Forth in Each Item of Article 27-13, Paragraph 4 of the Act” and “(ii) Conditions of Withdrawal, etc. of Tender Offer, Details Thereof and the Method of Disclosure of Withdrawal, etc.” in “(9) Other Conditions and Procedures of the Tender Offer” below, the shares to be returned are returned promptly after two business days following the last day of the Tender Offer Period (where the Tender Offer has been withdrawn, the day when the withdrawal was made) by restoring such shares to the state immediately before the tender application on the tendering shareholders’ accounts at the Tender Offer Agent. (If a tendering shareholder wishes to transfer his shares to the account of the tendering shareholder held at the other financial instruments business operator, etc., please contact the head office or a branch office of the Tender Offer Agent that accepted the tender application.)

\* To prevent the spread of COVID-19 infection, during the Tender Offer Period, special measures may be in place, such as a temporary suspension of over-the-counter business. For details, please contact the head office or a branch office of the Tender Offer Agent. For information regarding affected offices, special measures, etc., please refer to the Tender Offer Agent’s website (<https://www.nomura.co.jp/>).

(9) Other Conditions and Procedures of the Tender Offer

(i) Conditions Set Forth in Each Item of Article 27-13, Paragraph 4 of the Act and Details Thereof

If the total number of Tendered Shares is below the lower limit of shares to be purchased (50,114,060 shares), the Tender Offeror will not purchase any of the Tendered Shares. If the total number of Tendered Shares is or exceeds the lower limit of shares to be purchased (50,114,060 shares), the Tender Offeror will purchase all the Tendered Shares.

(ii) Conditions of Withdrawal, etc. of Tender Offer, Details Thereof and Method of Disclosure of Withdrawal, etc.

If any event listed in Article 14, paragraph 1, items 1(1) through 1(9) and items 1(12) through 1(18), items 3(1) through 3(8) and item 3(10) and Article 14, paragraph 2, items 3 through 6 of the Order occurs, the Tender Offer may be withdrawn. In the Tender Offer, the “facts equivalent to those set forth in (1) to (9)” set forth in Article 14, paragraph 1, item 3(10) of the Order mean (i) cases where statutory disclosure documents submitted by the Target Company in the past turn out to contain false statements regarding material matters or to omit statements regarding material matters to be stated, under which the Tender Offeror did not know that the statements were false or omitted and, in the exercise of reasonable care, could not have known them, and (ii) cases where facts set forth in (1) through (7) of the same item occur in any of the Target Company’s material subsidiaries.

In order to withdraw the Tender Offer, the Tender Offeror will issue an electronic public notice and post the notice to that effect in the Nihon Keizai Shimbun. However, if it is difficult to issue an electronic public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method stipulated in Article 20 of the Cabinet Office Ordinance and subsequently issue a public notice as soon as possible.

(iii) Conditions to Reduce Purchase Price, Details Thereof and Method of Disclosure of Reduction

In accordance with Article 27-6, paragraph 1, item 1 of the Act, if the Target Company conducts any act listed in Article 13, paragraph 1 of the Order during the Tender Offer Period, the purchase price may be reduced pursuant to the standards set forth in Article 19, paragraph 1 of the Cabinet Office Ordinance. In order to reduce the purchase price, the Tender Offeror will issue an electronic public notice and post the notice to that effect in the Nihon Keizai Shimbun. However, if it is difficult to issue an electronic public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method stipulated in Article 20 of the Cabinet Office Ordinance and subsequently issue a public notice as soon as possible. If the purchase price is reduced, Tendered Shares that were tendered on or before the date of the public notice are also purchased at the reduced purchase price.

(iv) Matters Concerning Tendering Shareholders’ Rights to Cancel Their Agreements

The tendering shareholders may cancel their agreements on the Tender Offer at any time during the Tender Offer Period. If a tendering shareholder wishes to cancel the agreement, the tendering shareholder must deliver or mail a written notice stating its intention to cancel the agreement on the

Tender Offer (hereinafter referred to as the “Cancellation Notice”) to the head office or a branch office of the Tender Offer Agent that accepted the tender application by no later than 3:30 p.m. on the last day of the Tender Offer Period. In the case of mail, the cancellation is conditional on the Cancellation Notice reaching the recipient by no later than 3:30 p.m. on the last day of the Tender Offer Period.

In order to cancel the agreement for which a tendering shareholder applied through online service, the tendering shareholder must cancel the agreement via the online service (<https://hometrading.nomura.co.jp/>) or deliver or mail the Cancellation Notice. In the case of cancellation via the online service, the tendering shareholder must complete the cancellation procedure no later than 3:30 p.m. on the last day of the Tender Offer Period, following the instructions shown on the relevant screens. The tendering shareholder cannot cancel the agreement made at the head office or a branch office of the Tender Offer Agent via the online service. In the case of delivery or mail of the Cancellation Notice, the tendering shareholder must request in advance that the relevant office issue the form of the Cancellation Notice and deliver or mail it to the office no later than 3:30 p.m. on the last day of the Tender Offer Period. In the case of mail, the cancellation is conditional on the Cancellation Notice reaching the recipient by no later than 3:30 p.m. on the last day of the Tender Offer Period.

The Tender Offeror will not make any claim for damages or a penalty payment to the tendering shareholders due to the cancellation of their agreement. In addition, the Tender Offeror will bear the cost of returning the Tendered Shares to the tendering shareholders.

(v) Method of Disclosure in Case of Change in the Purchase Terms of the Tender Offer

If the Tender Offeror wishes to change the purchase terms (excluding cases where it is prohibited by Article 27-6, paragraph 1 of the Act or Article 13 of the Order), it will issue an electronic public notice regarding the details of the change and post the notice to that effect in the Nihon Keizai Shimbun. However, if it is difficult to issue an electronic public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method stipulated in Article 20 of the Cabinet Office Ordinance and subsequently issue a public notice immediately. If the purchase terms have been changed, Tendered Shares that were tendered on or before the date of the public notice are also purchased based on the changed purchase terms.

(vi) Method of Disclosure in Case of Filing of Amendment Statement

If the Tender Offeror files an amendment statement with the Chief of the Kanto Local Finance Bureau (excluding the cases set forth in the proviso to Article 27-8, paragraph 11 of the Act), the Tender Offeror will immediately make a public announcement on the details relating to those described in the public notice of the commencement of the Tender Offer among other things in the amendment statement, by the method stipulated in Article 20 of the Cabinet Office Ordinance. The Tender Offeror will also immediately amend the explanatory statement of the Tender Offer and deliver the amended explanatory statement of the Tender Offer to the tendering shareholders to whom the explanatory statement of the Tender Offer has already been delivered. However, if the scope of the amendment is limited, the amendment may be made by preparing a document stating the reason for the amendment and the subject matters before and after the amendment, and delivering the document to the tendering shareholders.



(vii) Method of Disclosure of Results of Tender Offer

The results of the Tender Offer will be publicly announced on the day following the last day of the Tender Offer Period using the method stipulated in Article 9-4 of the Order and Article 30-2 of the Cabinet Office Ordinance.

(10) Date of Public Notice of Commencement of the Tender Offer

July 9, 2020 (Thursday)

(11) Tender Offer Agent

Nomura Securities Co., Ltd. 1-9-1, Nihonbashi, Chuo-ku, Tokyo

4. Policies After the Tender Offer and Future Outlook

Please refer to “(2) Background, Purpose and Decision-making Process of the Decision to Conduct the Tender Offer,” “(5) Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest,” “(6) Policies for Reorganization After the Tender Offer (Matters Concerning the So-Called Two-Step Acquisition),” and “(7) The Possibility of Delisting and Reasons Thereof” in “2. Purpose of the Tender Offer” above.

5. Other Information

(1) Whether There Is Any Agreement Between the Tender Offeror and the Target Company or Its Directors; Details Thereof If Applicable

For the decision-making process of the Target Company’s board of directors, please refer to the Target Company Disclosure and “(vii) Approval of All Directors Without Conflicts of Interest and Non-objection of All Corporate Auditors Without Conflicts of Interest of the Target Company” in “Measures to Ensure the Fairness of the Tender Offer Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest” in “(ii) Background of Calculation” in “(4) Basis for Calculation of the Tender Offer Price” in “3. Outline of the Tender Offer” above.

(2) Other Information Deemed Necessary for Investors to Determine Whether to Tender Their Shares in the Tender Offer

(i) Revision of the Dividend Forecast for the Fiscal Year Ending February 2021 (the 40th Term)

The Target Company resolved to revise the dividend forecast published by the Target Company on April 13, 2020 and not to pay dividends at the fiscal year ending February 2021 (the 40th term), on condition that the Tender Offer is completed at the Target Company’s board of directors meeting held today. For details, please refer to the “Announcement Regarding Recording of Other Revenue and Other Expenses

(IFRS) and Revision of Earnings Forecast and Dividend Forecast” published by the Target Company today.

(ii) Revision of the Earnings Forecast

The Target Company published their “Notice of the Posting of Other Income and Other Expenses (IFRS) and Revisions to Earnings and Dividend Forecasts” as of today, and an overview of the announcement is shown below. The overview of the announcement below is a partial excerpt of the content announced by the Target Company, and the Tender Offeror is not in a position to independently verify the accuracy and truthfulness thereof and has not actually conducted such verification. For details, please refer to the content of the Target Company’s announcement.

	Gross operating revenue	Core Operating profit	Profit before taxes	Profit attributable to owners of parent	Basic earnings per share
Initial forecast (A) (announced April 13, 2020)	million yen 519,000	million yen 85,000	million yen 83,000	million yen 60,000	yen 118.55
Revised forecast (B)	460,000	57,000	94,000	60,000	118.55
Difference (B – A)	(59,000)	(28,000)	11,000	—	—
Difference (%)	(11.4)%	(32.9)%	13.3%	—	—
(Reference) Results for previous fiscal year (FY 2019)	517,060	64,547	46,221	43,529	86.01

(iii) Partial transfer of shares of the Target Company’s subsidiary, Taiwan FamilyMart Co., Ltd.

According to the “Notice of Partial Transfer of Shares Accompanying Transfer of Subsidiary,” published by the Target Company today, the Target Company decided at the board of directors meeting held today to transfer part of the shares of its subsidiary, Taiwan FamilyMart Co., Ltd, to Pan Pacific International Holdings Corporation or to a joint venture newly issued by a subsidiary of Pan Pacific International Holdings Corporation and the Target Company, and the Target Company has exchanged a Memorandum of Understanding with Pan Pacific International Holdings Corporation. For further details, please refer to the aforesaid notice.

6. Prospect of impact on business performance

There will be no change to “Net income attributable to ITOCHU’s shareholders” for the fiscal year ending March 31, 2021 in ITOCHU, which is planned at 400 billion yen.

[Solicitation Regulations]

This press release is intended to publicly release the Tender Offer, and was not prepared for the purpose of soliciting a tender for a sale. If you intend to tender an offer to sell shares in the Tender Offer, please make sure that you refer to the Tender Offer Explanatory Document regarding the Tender

Offer in advance, and tender shares at your own discretion. This press release is not a tender for, or a solicitation for a tender for, a sale or purchase of securities, and does not constitute a part of the foregoing. In addition, this press release (or any part of it) and any distribution hereof will not be the basis for any agreement concerning the Tender Offer, nor will it be relied upon when executing an agreement.

[Future Prospects]

This press release contains “forward-looking statements” including, among others, statements regarding the outlook for business developments, based on views of ITOCHU’s management, in the case where FamilyMart Co., Ltd. shares are acquired. Actual results may significantly differ from the outlook depending on many factors. Known or unknown risks, uncertainties or other factors may cause actual results to differ significantly from the projections implied or expressed in the forward-looking statements. Tender Offeror or its affiliates do not promise that the projections implied or expressly stated as “forward-looking statements” will actually be realized. “Forward-looking statements” contained herein were prepared based on the information held by the Tender Offeror as of the date of this press release and, unless required by the applicable Japanese laws and regulations, neither Tender Offeror nor its affiliates shall have the obligation to update or correct the statements made herein in order to reflect the future events or circumstances.

[U.S. Regulations]

The Tender Offer shall be implemented in compliance with the procedures and information disclosure standards provided by the Financial Instruments and Exchange Act of Japan, which procedures and standards are not necessarily identical to the procedures and information disclosure standards applied in the United States. Further, it may be difficult for a shareholder to enforce its rights or claims it may have arising under the U.S. securities laws, since the Tender Offeror and the Target Company are incorporated outside the United States and their officers and directors are not U.S. residents. Shareholders may not be able to bring a claim against a company and its officers and directors outside the United States in a non-U.S. court for violations of the U.S. securities laws. Furthermore, there is no guarantee that shareholders will be able to compel a company and its subsidiaries and affiliated companies outside the United States to subject themselves to the jurisdiction of a U.S. court.

[Other Countries]

In some countries or regions, the release, issuance, or distribution of this press release may be restricted by relevant laws, in which case, please keep such restriction in mind and comply with it. This press release does not constitute a solicitation for a tender for, a sale or purchase of shares in relation to the Tender Offer, and is deemed solely as a distribution of information material.