November 13, 2020

To whom it may concern:

Nitori Holdings Co., Ltd.

Announcement on "Notice Concerning Commencement of Tender Offer for Share Certificates of Shimachu Co., Ltd. (Securities Code: 8184), and Execution of Management Integration Agreement with Shimachu Co., Ltd." and "Notice Concerning Commencement of Tender Offer for Share Certificates of Shimachu Co., Ltd. (8184) and Execution of Management Integration Agreement with Shimachu Co., Ltd."

Nitori Holdings Co., Ltd. (the "Company") resolved today to commence a tender offer to acquire Shimachu Co., Ltd. ("Shimachu") (the "Tender Offer") on November 16, 2020. In addition, the Company and Shimachu agreed on management integration through the Tender Offer, and executed management integration agreement (the "Integration Agreement") today.

The Company publishes below (i) "Notice Concerning Commencement of Tender Offer for Share Certificates of Shimachu Co., Ltd. (Securities Code: 8184), and Execution of Management Integration Agreement with Shimachu Co., Ltd.," which is disclosed on TDnet today, and (ii) " Notice Concerning Commencement of Tender Offer for Share Certificates of Shimachu Co., Ltd. (8184) and Execution of Management Integration Agreement with Shimachu Co., Ltd.," which is an explanatory material regarding the Tender Offer and the Integration Agreement.

Contact for this matter

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[Translation]

November 13, 2020

To whom it may concern:

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Notice Concerning Commencement of Tender Offer for Share Certificates of Shimachu Co., Ltd. (Securities Code: 8184), and Execution of Management Integration Agreement with Shimachu Co., Ltd.

As announced in "Notice Concerning Planned Commencement of Tender Offer for Share Certificates of Shimachu Co., Ltd. (Securities Code: 8184)" dated October 29, 2020 (the "Companys Press Release Dated October 29"), Nitori Holdings Co., Ltd. (the "Company" or the "Tender Offeror") resolved at its board of directors meeting held on the same date to implement a tender offer (the "Tender Offer") under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "Act") for all of the shares of the common stock of Shimachu Co., Ltd. (securities code: 8184, First Section of Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange"); the "Target") that are listed on the First Section of the Tokyo Stock Exchange (the "Target Shares") (excluding the Target Shares owned by the Company and the treasury shares owned by the Target) for the purpose of making the Target a wholly-owned subsidiary of the Company subject to the satisfaction of all of the preconditions described below (the "Tender Offer Conditions") (or waiver by the Company of the Tender Offer Conditions (but limited to the below-mentioned Conditions (II) and (III)) as a condition for commencement of the Tender Offer.

(I) The implementation of the Tender Offer does not conflict, in any material respect, with any of the licenses and approvals under applicable laws and regulations or any of the terms and conditions of such licenses and approvals (the "License and Approval"), or violate any of the procedures necessary for the License and Approval, nor is any such conflict or violation reasonably expected to occur (With respect to the expiration of the Non-acquisition Period and the Period for Measures (each as defined in "(II) Conditions for withdrawal of the Tender Offer, detail of such conditions and method of disclosure of withdrawal" under "(9) Other conditions and methods of purchase" under "2. Outline of Tender Offer" under "I. Tender Offer" below) under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, as amended; the "Antitrust Act") required for the implementation of the Tender Offer, this condition will be deemed to have been satisfied if the Company determines that these periods are reasonably expected to expire on or before the day preceding the last day of the tender offer period under the Tender Offer (the "Tender Offer Period").);

(II) There has occurred no event that would give rise to a material adverse effect on the Targets financial status (which means any event justifying withdrawal of a tender offer as provided in the proviso to Article 27-11, Paragraph 1 of the Act); and

(III) The tender offer by DCM Holdings Co., Ltd. ("DCM Holdings") for the Target Shares ("DCM Holdings Tender Offer") published in "Notice Concerning Commencement of Tender Offer for the Common Shares of Shimachu Co., Ltd. (Securities Code: 8184), and Execution of Management Integration Agreement with Shimachu Co., Ltd." dated October 2, 2020 ("DCM Holdings Tender Offer Commencement Press Release") has not been successfully completed (including a situation where DCM Holdings Tender Offer is continuing).

With respect to the acquisition of the Target Shares through the Tender Offer (the "Share Acquisition"), the Company filed a Prior Notification (as defined in "(II) Conditions for withdrawal of the Tender Offer, detail of such conditions and method of disclosure of withdrawal" under "(9) Other conditions and methods of purchase" under "2. Outline of Tender Offer" under "I. Tender Offer" below) with the Fair Trade Commission of Japan ("JFTC") as of October 27, 2020, and the relevant Prior Notification was accepted on the same day. Considering the substance of the consultation between the Company and the JFTC regarding the Prior Notification that took place between the date of acceptance of the notification and the date of this Press Release, the Company has determined that all of the following are reasonably expected: (i) the expiration of the Non-acquisition Period and the Period for Measures on or before the day preceding the last day of the Tender Offer Period; (ii) no issuance of a Prior Notice of Cease and Desist Order (as defined in "(II) Conditions for withdrawal of the Tender Offer, detail of such conditions and method of disclosure of withdrawal" under "(9) Other conditions and methods of purchase" under "2. Outline of Tender Offer" under "I. Tender Offer" below); and (iii) non receipt of any urgent temporary suspension order from the court. Thus, the Company has confirmed the satisfaction of Condition (I) above, and has also confirmed the satisfaction of Conditions (II) and (III) above (Regarding Condition (III) above, in DCM Holdings Tender Offer Commencement Press Release, the tender offer period under DCM Holdings Tender Offer is stated as the period starting from October 5, 2020 (Monday) and ending on November 16, 2020 (Monday).).

Therefore, the Company decided today to commence the Tender Offer on November 16, 2020.

In addition, as a result of continued discussions between the Company and the Target since November 1, 2020 regarding the implementation of a management integration between the two companies (the "Management Integration") through the Tender Offer, as described below, on November 13, 2020, the Company and the Target reached an agreement to effect the Management Integration, and executed an agreement for the Management Integration (the "Management Integration Agreement"). The Company and the Target are to implement the Management Integration in a spirit of coexistence and shared prosperity with the aim of maximizing the corporate value of the Company Group (collectively referring to the Company and the consolidated subsidiaries and equity method affiliates of the Company; hereinafter the same), including the Target, after the Tender Offer (for the terms of the Management Integration

Agreement, see "(6) Matters related to material agreements concerning Tender Offer" under "1. Purpose of Tender Offer" under "I. Tender Offer" below.).

I. Tender Offer

1. Purpose of Tender Offer

(1) Outline of the Tender Offer

As of the date of this Press Release, the Company owns 100 shares of the Target Shares (ownership ratio (Note 1): 0.00%). In the Tender Offer, the Company sets the minimum planned purchase quantity at 19,477,600 shares (ownership ratio: 50.00%), and if the total number of share certificates, etc. tendered in the Tender Offer (the "Tendered Share Certificates") falls short of 19,477,600 shares, the Company will purchase none of the Tendered Share Certificates (Note 2). Such minimum planned purchase quantity satisfies the majority-of-minority condition (the majority of the number of the Target Shares (excluding treasury shares of the Target) held by shareholders with no interest in the Company). Meanwhile, given that the purpose of the Tender Offer is to obtain all of the Target Shares (excluding the Target Shares owned by the Company and the treasury shares owned by the Target), the Company has not set any maximum planned purchase quantity. The Company will purchase all of the Tendered Share Certificates, if the total number of the Tendered Share Certificates is no less than the minimum planned purchase quantity (19,477,600 shares).

As stated in "(4) Policy regarding reorganization following completion of the Tender Offer (so-called "two-step acquisition")" below, the Company plans to follow the series of necessary procedures to make the Company the sole shareholder of the Target upon the successful completion of the Tender Offer.

(Note 1) "Ownership ratio" refers to the ratio (rounded to the nearest hundredth; hereinafter the same unless otherwise provided with respect to the description of the ownership ratio) to the number of shares (38,955,287 shares) obtained by deducting the number of treasury shares owned by the Target as of August 31, 2020 (3,653,817 shares) from the total number of issued shares of the Target as of August 31, 2020 (42,609,104 shares), both as stated in "Summary of Non-consolidated Financial Results for the Year Ended August 31, 2020 (Based on Japanese GAAP)" published by the Target on October 2, 2020 (the "Earnings Briefing"). Hereinafter the same applies.

(Note 2) The minimum planned purchase quantity is calculated by deducting (X) the number of Target Shares owned by the Company as of the date of this Press Release (100 shares) from (Y) 19,477,700 shares, which is the product of (x) the majority (194,777) of the number of voting rights (389,552) pertaining to the number of shares (38,955,287 shares) obtained by deducting the number of treasury shares owned by the Target as of August 31, 2020 (3,653,817 shares) from the total number of issued shares of the Target as of August 31, 2020 (42,609,104 shares), both as stated in the Earnings Briefing, multiplied by (y) 100, which is the number of shares constituting a unit of the Targets stock.

As stated above, in the Tender Offer, the Company sets the minimum planned purchase quantity at 19,477,600 shares (ownership ratio: 50.00%). Although the Company aims to make the Target a wholly-owned subsidiary of the Company in the Tender Offer, the Company has considered that (i) the minimum planned purchase quantity is set at 19,477,700 shares (ownership ratio: 50.00%) in DCM Holdings Tender Offer (Note 3) and (ii) if the Company sets the minimum planned purchase quantity higher than that of DCM Holdings Tender Offer, the Targets shareholders may assume that the Tender Offer is less likely to be consummated compared to DCM Holdings Tender Offer. Therefore, the Company set the minimum planned purchase quantity for the Tender Offer by deducting the number of the Target Shares owned by the Company as of the date of this Press Release (100 shares) from 19,477,700 shares which is the minimum planned purchase quantity in DCM Holdings Tender Offer.

Accordingly, after consummation of the Tender Offer, the number of voting rights pertaining to the number of the Target Shares owned by the Company could fall below two-thirds of the voting rights of the Targets total shareholders. As a result of this, it could be difficult to obtain approval for the agenda regarding the Share Consolidation (as defined below) at the Extraordinary Shareholders Meeting (as defined below) as stated in "(4) Policy regarding reorganization following completion of the Tender Offer (so-called two-step acquisition)" below. However, even if such approval is not obtained, as the Company aims to acquire all of the Target Shares (excluding the Target Shares held by the Company and treasury shares of the Target), the Company plans to acquire additional shares of the Target Shares until it has acquired the number of shares equivalent to two-thirds of the voting rights pertaining to the total number of issued shares of the Target less the number of treasury shares held by the Target. As of the date of this Press Release, nothing has been determined with respect to the specific timing and method of additional acquisition of the Target Shares by the Company (For details, please see "(5) Possibility of delisting and reasons thereof" below).

(Note 3) According to DCM Holdings Tender Offer Commencement Press Release, DCM Holdings has set the minimum planned purchase quantity at 19,477,700 shares (ownership ratio: 50.00%), because it has taken into consideration the possibility of the existence of a certain number of passive index funds among the Targets shareholders who refrains, as a matter of policy, from tendering their shares in response to a tender offer regardless of the appropriateness of the transaction terms. Specifically, DCM Holdings has received a preliminary finding from SMBC Nikko Securities Inc. that in terms of ownership ratio, approximately 25% of the Target Shares are held by Japanese and overseas passive index funds although SMBC Nikko Securities Inc. was unable to make a precise assessment and stringent estimation. For this reason, DCM Holdings recognizes that the ownership ratio of the Targets shareholders who will decide on whether or not to respond to the tender based on the appropriateness of the transaction terms may be no more than around 75%, after subtracting the aforesaid 25% ownership ratio of passive index funds from 100% shareholding. Under such circumstances, if the minimum planned purchase quantity of DCM Holdings Tender Offer is set to around two-thirds of total shareholding (ownership ratio: approximately 66.67%), DCM Holdings Tender Offer will fail to be consummated if among the shareholders who will be responding to the tender based on the appropriateness of the transaction terms, those holding more than 8.33% of the Target Shares refrain from tendering their shares. This means that even if many shareholders respond to DCM Holdings Tender Offer upon determining that the terms are appropriate, DCM Holdings will not be able to provide such shareholders with a reasonable opportunity to sell their shares. Therefore, DCM Holdings has set the minimum planned purchase quantity at 19,477,700 shares (ownership ratio: 50.00%), which is the minimum number that satisfies the majority-of-minority condition (the majority of the number of the Target Shares (excluding treasury shares of the Target) held by shareholders with no interest in DCM Holdings). The Company has not verified the ownership ratio of passive index funds described above. As of the date of this Press Release, as the Company holds 100 shares (ownership ratio: 0.00%) of the Target Shares, the minimum planned purchase quantity of the Tender Offer (19,477,600 shares) satisfies the majority-of-minority condition (the majority of the number of the Target Shares (excluding treasury shares of the Target) held by shareholders with no interest in the Company). According to DCM Holdings Tender Offer Commencement Press Release, a passive index fund is "a fund that aims to match its investment performance with a benchmark index to provide returns similar to that of stock or other investment asset market." The Company uses the term as having the same meaning.

As published in the Companys Press Release Dated October 29, in view of the announcement of the Targets board of directors and the special committee consisting of the Independent Outside Directors of the Target (the "Target Special Committee") that they are prepared to accept competitive offers even after the commencement of the DCM Holdings Tender Offer, the Company hoped to make, following the process therefor, a proposal for the Management Integration between the Company and the Target through the Tender Offer.

On October 29, 2020, the Company proposed to make proposal to the Targets board of directors and the Target Special Committee for the Management Integration with the Company and making the Target a wholly-owned subsidiary of the Company through the Tender Offer, as well as to provide explanations about the Companys proposal including the Tender Offer to the Targets board of directors and the Target Special Committee so t hat they will properly understand the substance of the Companys proposal and approve the Tender Offer. Following the proposal by the Target, the Company had opportunities to provide explanations about the Tender Offer and the outline of the Management Integration, (i) to the representative directors, etc. of the Target on November 1, 2020, (ii) to the Target Special Committee on November 4, 2020, and (iii) to the representative directors, etc. of the Target and the Target Special Committee on November 9, 2020 respectively. In relation to the explanations about the Tender Offer and the Management Integration by the Company, the Company has received feedbacks from the Target Special Committee, that the synergies the Company had proposed to the Target (For more information, please refer to "(III) Reasons why the Company is implementing the Tender Offer " under "(2) Background and reasons to the decision to implement the Tender Offer" below.) surpass the synergies DCM Holdings had proposed in DCM Holdings Tende r Offer Commencement Press Release in medium to long-term perspective.

Alongside the explanations to the representative directors, etc. of the Target and the Target Special Committee by the Company described above, the Targets board of directors and the Target Special Committee have indicated their intention to the Company on November 5, 2020, to negotiate on the Management Integration Agreement in considering and assessing the Management Integration the Company proposes. On and after the date, the Company has been discussing the Management Integration and negotiation on the Management Integration Agreement with the Targets board of directors and the Target Special Committee (such discussion and negotiation have been done on continual basis through exchanging e-mails, discussing on conference calls, and discussing at a face-to face meeting which took place on November 9, 2020 as described above.). In such negotiation, the Company came to believe that the Target was looking at the difference with the terms and conditions for the management integration agreement executed with DCM Holdings (the "Management Integration Agreement (DCM Holdings)") as one of the perspectives in the assessment. Therefore the Company decided as its basic policy to reach agreement on the terms and conditions with the Target, taking into account the terms and conditions of the Management Integration Agreement (DCM Holdings).

In the negotiation of the Management Integration Agreement, the Targets board of directors and the Target Special Committee requested that (i) the employment of the Target's employees and the Target's management system be maintained for five years since the commencement date of the settlement for the Tender Offer, considering that (a) the Management Integration Agreement (DCM Holdings) provides that the Target's employment and management system will be maintained for three years and for the immediate future, respectively, but (b) the Target considers to implement its five-year business plan to be established based on the discussion with the Company, and (ii) the Target dispatch its person(s) as executive officer(s) of the Company given that the Company will send one person as a director to the Target (This request (ii) was addressing the Company's prior position that it would be unacceptable for the Company to appoint a person of the Target as a director of the Company. Meanwhile, under the Management Integration Agreement (DCM Holdings), DCM Holdings and the Target have agreed to dispatch directors to each other.).

The Company has accepted the request (i) above because executing the five-year business plan by the current employees and management of the Target will possibly maximize the corporate value of both companies. As for the request (ii) above, in light of making the collaboration between both companies closer, the Company suggested that (A) the Company dispatch three persons to the Target as its directors, and instead, (B) the Target dispatch one person to the Company as its director and four persons as its executive officers. This suggestion has been accepted by the Target. Further, in the negotiation of the Management Integration Agreement, for the purpose of obtaining the Target's support of the Tender Offer, the Company suggested a provision where the Target is obligated to decide to support the Tender Offer and to recommend to its shareholders to tender their shares in the Tender Offer, and such suggestion has been accepted by the Targets board of directors and the Target Special Committee.

As a result, both companies have come to share common understandings on November 9, 2020, that (i) the following synergies are expected to be realized through the Management Integration, (ii) measures for early realization of such synergies should be promptly implemented after the Target becomes the Companys subsidiary through the Tender Offer, and (iii) a management integration agreement should be executed to establish a business alliance between both companies and any other management structures of the Target after the Tender Offer, in order to realize such synergies. Both companies see the following synergies as not conflicting and contradicting with the substance of the synergies which the Company has proposed to the Target (For more information, please refer to "(III) Reasons why the Company is implementing the

Tender Offer " under "(2) Background and reasons to the decision to implement the Tender Offer" below.), and they embody such substance more.

(a) Expanding sales opportunities for high-quality furniture and contributing to realization of enriched lifestyles for a wider range of customers by the expansion of Targets stores nationwide

- The Targets furnitur e, carefully selected utilizing its strong relationship with leading furniture manufacturers, are set at a higher price range than those of the Companys, and they are differentiated from the Companys furniture (which are mainly private brand (PB) furniture) in terms of the price range and customer preference. It can be expected that sales will expand by opening shops in new areas (areas other than the Tokyo metropolitan area and the Kansai area) utilizing the Companys store development capabilities, and that delivery will be efficiently done using the Company s e-commerce and furniture delivery networks.
- In addition, the nationwide deployment by the Target of its furniture with price range that are different from those of the Companys will contribute to the realization of even more enriched lifestyle for customers through the provision of a wider range of options to meet their various needs as the Company Group, including the Target after the Management Integration.

(b) Expansion of sales by mutual supplementation between the Targets home center products and the Companys home fashion products, and improvement of the Targets profit margin by the development of PB products through the sharing of the Companys PB product development capabilities and the Targets knowledge and other know -how in its business field

- In addition to the sale of furniture, the Target, as a home improvement retail business, also sells a lot of products including DIY, outdoor, gardening, and pet supplies that allow the enrichment of customers lifestyles. On the other hand, the Company has expanded its range to products such as curtains, rugs, bedding, dining and kitchenware, and small appliances, which enrich the daily lives of even more customers, in addition to furniture, sold from the time of the Companys establishment. It is expected that the mutual complementation of products of both companies will make it possible to meet customers needs for both exterior a nd interior living environments, contributing to the increase in revenue of both companies preexisting stores.
- By having the Target utilize PB product development know-how of the Company, (around 90% of its products are PB products), the Targets PB produ ct development efforts will be further accelerated, and by using the Companys PB products as a base for some of the products that both companies have in common, the Targets profit margin is expected to improve.
- In addition, the combination of the Companys product development capabilities and the Targets product development know-how in the field of home improvement retails is expected to make possible the creation of even more novel and attractive PB products by both companies, which will exceed the expectations of the customers of both companies.

(c) Joint use of logistics functions including distribution centers, and improved efficiency of product delivery including furniture, expanding the customer base and increasing customer satisfaction by sharing know-how for delivery management

- With the Targets existing store network and logistics base, added to the Companys distribution network managed and operated in a unified manner in order to achieve both cost efficiency and speed, it will be possible to build a more efficient logistics network, and by combining the two companies volume of goods, the companies could benefit from the economy of scale (reduction in costs due to increased production and sales volume) more. Through this, both companies logistics costs will be reduced, and more frequent product deliveries will become possible.
- As a result, it will be able to further improve the customers satisfaction with the Company Group, including the Target after integration, by reducing the lead time required to deliver products to customers and reducing delivery costs, etc.
- In particular, the Companys nationwide last one mile furniture distribution network (Note 4) is expected to contribute to improving the efficiency of the delivery of the Targets furniture, expanding the customer base and further increasing customer satisfaction, at an early stage.

(Note 4) It refers to the distribution network which transports products from the Company Groups stores or distribution bases to end users. The same applies hereinafter.

(d) Cost reduction and improvement of operational efficiency at the Target by the provision of function and know-how pertaining to the various supply chains possessed by the Company Group in its capacity as a "Manufacturing, Logistics, IT and Retail Sales" business

- By utilizing the function and know-how of the Company Groups vertically-integrated supply chain, covering product planning, manufacture, distribution, and sales by itself, the Target can expect cost reduction through improving efficiency at each process of the Targets business.
- In addition, not only the drastic cost reduction at the Target, but also further improvements in operational efficiency are expected, such as cost reduction by joint procurement of furniture and fixtures used at stores, and realization of cost-effective advertisement and promotional activities by utilizing the Company Groups advertising agency company, etc.

(e) Active expansion of its stores along with the variety of customers needs, or in densely populated areas, through sharing of know-how for operation and management of stores including tenants invitation

- By sharing know-how for attracting a variety of tenants and developing alternative operational styles suitable for densely populated areas, and the relationships built with potential tenant companies, all of which the Company established through the development of the Nitori Mall business, which operates shopping malls, and the Deco Home business, a small-scale home fashion stores business with a goal of creating stores where customer can drop by every day, with a variety of popular basic items mainly for daily necessities, it will be possible to improve the speed of the business development, such as attracting a variety of tenants in the Targets stores and opening stores in densely populated areas.

(f) Diversifying forms to open the Targets stores, and promoting expansion of operating areas of the Targets stores, through mutual opening of Shop in Shop stores in the Tokyo metropolitan area and other urban areas

- The Company has been one of the first in the home improvement retail and furniture sectors to promote the opening of stores in urban areas, and by making use of the Companys business infrastructure, the Target will be able to open stores in various forms.
- In addition, by sharing know-how for the Companys store devel opment, etc., the Target will be able to open stores in a wider range of areas, not only in the Tokyo metropolitan area or other urban areas but also in various regions throughout Japan, with the Targets high -quality furniture at a price range different to that of the Companys.
- Through these, it is expected that the Target will realize further growth even in the shrinking domestic market.

(g) Enhancement and development of EC of both companies through sharing of know-how for operation and management of EC sites and EC apps, utilization of EC members information, product delivery management for EC sales, or any other know-how for EC business

- The Targets e -commerce operations framework will be further strengthened by sharing the Companys enhanced e -commerce foundations, where there has been 44.3 billion yen of sales in the fiscal year ending February 2020, and which has around 40 million of the total members, including Nitori Card members, app members and Nitori Net members (of which about 7.8 million members are app members).
- In particular, with regard to furniture, by utilizing the Companys nationwide furniture distribution network, it will become possible to provide customers all over Japan with services for assembly and installation, which are necessities specific to furniture, as well as the collection of used furniture, at lower price standard than now.
- In addition, with the mutual complementation between the Targets home center products and the Companys home fashion products and the development of no vel and attractive PB products utilizing the product development know-how shared by both companies mentioned in above (b), the Company Group as a whole, including the Target after the integration, will be able to introduce a wider range of products to customers at lower prices through e-commerce channels.

(h) Expansion of sales and increasing customer satisfaction of both companies through acquisition of mutual and new customers by the adoption of a shared reward points system

- The introduction of shared reward points will lead to the introduction of both companies products to customers of both at more reasonable prices, enabling the expansion of sales and increasing customer satisfaction of both companies.

(i) Promoting overseas sales of the Targets products and overseas development of the Targets stores in the future, through sharing of know -how for the Companys overseas store network and overseas store openings, or any other mutual cooperation

- By utilizing know-how for overseas store network and overseas store openings the Company Group has, the Target will be able to pursue overseas sales of the Targets products and overseas development of the Targets stores in the future, leading to the Targets medium to long -term growth overseas.

Following the common understandings between the Company and the Target mentioned above, the Company agreed with the Target on November 13, 2020 to carry out the Management Integration, and executed the Management Integration Agreement. In the Management Integration Agreement, it is agreed that the Targets board of directors shall (i) decide to agree with the Tender Offer, and to recommend the Targets shareholders to tender in the Tender Offer, as well as (ii) decide to withdraw the announced approval to, and the opinion recommending to tender in, the DCM Holdings Tender Offer, by the resolution of the Targets board of directors took place on October 2, 2020. For more information about the Management Integration Agreement, please refer to "(6) Matters related to material agreements concerning Tender Offer" below.

Also, according to the "Announcement of Opinion Regarding Tender Offer for the Companys Shares by Nitori Holdings Co., Ltd., and Execution of Management Integration Agreement with Nitori Holdings Co., Ltd." published by the Target on November 13, 2020 (the "Targets Announcement Press Release (Nitori Holdings)"), the Target has approved at the meeting of the Targets board of directors that took place on November 13, 2020 the execution of the Management Integration Agreement, and has (i) decided to agree with the Tender Offer, and to recommend the Targets shareholders to tender in the Tender Offer, as well as (ii) decided to withdraw the announced approval to, and the opinion recommending to tender in, the DCM Holdings Tender Offer, by the resolution of the Targets board of directors that took place on October 2, 2020. For more information about the decision of the Targets board of directors, please refer to the Targets Announcement Press Release (Nitori Holdings) a nd "(IV) Process of and grounds for decision-making by the Target" under "(2) Background and reasons to the decision to implement the Tender Offer" below.

As of the date of this Press Release, the Company does not have a full understanding of the progress at the Target (including the Target Special Committee) in considering the Management Integration yet, therefore the Company plans to submit an Amendment to the Tender Offer Registration Statement for the Tender Offer to Director-General of the Kanto Local Finance Bureau, in which such progress of consideration is described, promptly after it obtains such full understanding. After the Company submits the Amendment to Director-General of the Kanto Local Finance Bureau, it will promptly announce the content.

(2) Background and reasons to the decision to implement the Tender Offer

(I) Outline of Tender Offeror

The Company was established in March 1972 as Nitori Furniture Wholesale Center Co., Ltd. in order to sell furniture. Then, the Company changed its trade name to Nitori Furniture Co., Ltd. (in June 1978) and Nitori Co., Ltd. (in July 1986), and its common shares became listed on the Sapporo Securities Exchange (the "Sapporo Securities Exchange") in September 1989 and the First Section of the Tokyo Stock Exchange in October 2002.

Then, the Company changed its trade name to Nitori Holdings Co., Ltd., the current trade name, in August 2010 as it switched to a holding company system. As of the date of this Press Release, the Companys shares are listed on the First Section of the Tokyo Stock Exchange and the Sapporo Securities Exchange.

The Company Group primarily conducts the following businesses focused on the sale of furniture and interior goods.

- Sale of large furniture and household products;
- Renovation services for home;
- Corporate services which make a proposal for offices and facilities;
- "Nitori Net" online shopping site for furniture and interior; and
- "N+" business which suggests total coordinates for female clothing.

The Company Group has a mission statement, "To provide the foundation of prosperous home living to the global community" and this vision is shared by each employee as the cornerstone of how they behave. The Company Group makes it a corporate activity policy to devote all of its energy to achieve its long-term vision statement. Accordingly, it is the Company Groups basic principle to improve its strength of "Manufacturing, Logistics, IT and Retail Sales" business model by which the Company Group conducts product planning, manufacturing, logistics and sales by itself, and through the establishment of the global chain, provide high quality products at an affordable price and suggest the enjoyment of perfect coordination of living environment to more customers in the world.

In order to achieve the mission statement described above, the Company Group has devised the management strategy to achieve the mid-long term vision to "hold 1,000 stores by 2022 and hold 3,000 stores by 2032." In order to achieve the mid-long term vision, the Company Group will provide products and services that respond to the demographic changes or changes in living needs and technological progress as well as seek to expand business areas in Japan while it will vigorously expand the mechanism, system and know-how of human resource development cultivated in Japan globally.

In order to achieve the mid-long term vision, the Company Group has set the priority policies: (i) "Establish the path for the groups growth and take on new challenges," (ii) "Offer products, stores and services for prosperous living" and (iii) "Reform the organization and structure that supports the global chain." Specifically, with respect to (i) "Establish the path for the groups growth and take on new challenges," while the Company Group aims at sustainable growth of sale of furniture and interior goods in Japan operated by our subsidiary Nitori Co., Ltd. maintaining its innovation, it tries to develop new sources of revenue such as business development abroad with a central focus on China, enhancement of business format for small trade areas, expansion of B2B business and aggressive entry into a new market. With respect to (ii) "Offer products, stores and services for prosperous living," the Company Group strives to accurately understand the technological innovation in society and changes in consumers buying behavior, and review the products, stores and services thoroughly from the perspective of customers to continuously provide new value. With respect to (iii) "Reform the organization and structure that supports the global chain," in order to realize the changes above, the Company Group is renovating the core system, rebuilding the supply chain, transforming to the organization that deals with cross-sectional and technical issues and developing human resources. The number of stores of the Company Group as a whole is 607 stores consisting of 541 domestic stores and 66 overseas stores mainly in Asia as of the end of the period ended in February 2020.

(II) Targets business

According to the disclosed information such as the annual securities report for the 60th period filed by the Target on November 29, 2019 (the "Target Annual Securities Report"), "Shimamura Cabinet Factory" was founded by Chutaro Shimamura in Kasukabe City, Saitama Prefecture in 1890. Then, in November 1969, the Target changed its structure to kabushiki kaisha and was established under the trade name of Shimachu Furniture Co., Ltd. In April 1978, the Target expanded into the home improvement retail industry as part of the housing-related industry, and in May 1979, conducted the absorption-type merger by which Kabushiki Kaisha Kobunsha (established in March 1947) became the pro forma surviving company, and changed its trade name to Shimachu Co., Ltd. In November of the same year, the Target went public on the Tokyo over-the-counter market, listed on the Second Section of the Tokyo Stock Exchange in February 1982, and was designated on the First Section of the Tokyo Stock Exchange in February 1991.

According to the disclosed information such as the Target Annual Securities Report, under the business philosophy of aiming at building stores that are full of satisfaction, surprise and smile to give customers a "special everyday", the Target has established the basic policy of satisfying customers needs concerning their homes and lifestyles and providing "customer satisfaction." In order to conduct business that places importance on the benefits of shareholders while maintaining high profitability and financial soundness, the Target manages its business aiming to improve ROE and dividend payout ratio. Furthermore, while the conventional store layout of the Target was that home center goods were sold at the first floor and furniture and interior goods were sold at the second floor, as a medium-term management strategy, the Target has been expanding into new businesses by joining a franchise and proactively installing tenants to conform with the needs of the local community in order to increase profitability and build stores that meet the needs of customers. While business environment surrounding retail business is expected to continue to be severe due to contraction of market size as a result of a declining population, intensifying domestic market share competition as a result of expanding e-commerce market, chronic labor shortage and cost increases throughout the supply chain, the Target has identified the following key issues regarding store operation to improve operating profit.

(i) Store development
  - Renovate existing stores and proactively increase floor space
  - Reduce the number of old-format stores and proactively open Shop in Shop locations

(ii) Business format development
  - Proactive development of sales spaces that propose new lifestyles
  - Improve the ability to attract more customers by bringing in new tenants and franchises
  - Develop an e-commerce system for interior products

Furthermore, in the "2021 Medium-Term Management Plan", which has a planning period of three years from the period ended in August 2019 through the period ending in August 2021, the Target set the achievement of ROE 5% as a target for the period ending in August 2021, and presented various measures for the target.

Such measures include, as a cost structural reform, improvement of gross margin by implementing predicative ordering system and aggregating the frequency of product delivery, and reduction of selling, general and administrative expenses by revolutionized logistics and labor-saving initiatives.

According to the Earnings Briefing, the number of stores of the Target is 60 stores as of the end of August 2020.

(III) Reasons why the Company is implementing the Tender Offer

Since 2017, the Company has been considering new entry into the home improvement retail industry through M&A, without limiting a target company, as a concrete measure for growth. As a part of such consideration, the Company highly values the business of the Target, a leading business operator in the home improvement retail industry. Also, since 2017, the Company has been considering that there is high degree of compatibility between the Company which conducts businesses focused on the sale of furniture and interior goods and the Target which expanded its business from the sale of furniture to the home improvement retail business, and has considered capital and business alliance or management integration with the Target as one option. However, since the Company did not know whether the Target intended to execute capital and business alliance or management integration with another company, the Company had not made a further concrete consideration.

Meanwhile, with the spread of COVID-19, customers awareness toward "living" and their lifestyles have changed, and needs for "prosperous living" obviously increased. Since April 2020, the Company came to think that the Company is able to make customers lives more prosperous by providing wider range of products through entry into home improvement retail business by means of M&A that provides the Company with extensive knowledge and know-how of another company in the home improvement retail industry, in addition to the sale of furniture and interior goods the Company Group has been conducting. In other words, the Company recognized that the entry into home improvement retail business is a mission and an urgent issue for the Company Group which aims to achieve a mission statement of "To provide the foundation of prosperous home living to the global community." Then, on September 18, 2020, the Company learnt from press reports and the Targets published materials that the Target is considering to become a subsidiary of DCM Holdings through DCM Holdings Tender Offer. After the press reports described above, the Company decided to concretely consider management integration with the Target. In late September, 2020, the Company appointed Daiwa Securities Co., Ltd. (the "Daiwa Securities") as a financial advisor and third-party valuation organization, and Anderson Mori & Tomotsune as a legal advisor, respectively as outside advisors independent from the Company, the Target and DCM Holdings, and established a consideration process and system for the management integration between the Company and the Target through the Tender Offer and commenced concrete consideration.

In light of the basic policy, key issues and various initiatives of the Target described in "(II) Targets business" above, the Company believes that participation of the Target in the Company Group not only (i) enables the Company to enter into the home improvement retail industry, but also (ii) enables the Target to utilize the experience and strength of the Company Group as a range of measures of the Target including opening of Shop in Shop locations, development of new business format, development of sales spaces that propose new lifestyles, development of an e-commerce system and cost reduction through development of logistics are similar to the Company Groups initiatives it has taken based on its "Manufacturing, Logistics, IT and Retail Sales" business model, and greatly contribute to the expansion and growth of both companies and possibly maximize the corporate value of both companies.

In other words, the Company considers that firm alliance between the Company and the Target which is realized by making the Target a wholly-owned subsidiary of the Company through the Tender Offer creates synergy as described below and enables the Company to provide comprehensive services regarding living to customers by expanding the product lineup such as home center goods and general goods in addition to furniture and interior goods and conduct businesses that respond to a variety of lifestyles of customers. In particular, based on the mechanism to realize "Offering the Unexpected" that the Company has developed from its establishment, the Company procures raw materials directly from manufacturers, not from wholesales, manufactures products in-house to reduce cost and conduct storage, import, logistics and building of systems in-house, and evolves its "Manufacturing, Logistics, IT and Retail Sales" business model to reduce every cost, which enables the Company to provide better products at low prices to customers. Thus, the Company thinks that alliance with the Target will enable the Company to offer the "Unexpected" in its products in wider areas. The Company has considered a business alliance between the Company Group and the Target without capital ties as one option. However, such a business alliance without capital ties or partial equity participation in the Target will not necessarily facilitate distribution of management resources to mid-long term business strategy or prompt decision-making while protecting benefits of shareholders as the Target gives consideration to the benefits of its general shareholders and takes into account short-term effects on the stock price. Therefore, the Company thinks that it is necessary for the Company to make the Target a wholly-owned subsidiary of the Company in order to promptly and fully realize synergy as described below for the Company and the Target. As stated in "(5) Possibility of delisting and reasons thereof" below, if the Company makes the Target a wholly-owned subsidiary of the Company, the Target Shares will be delisted. However, the Company expects no disadvantage as a result of such delisting.

Concrete descriptions of synergy and measures to realize synergy are as follows.

The Company believes that it will be difficult for it to quantify the effect of the synergies to be realized by DCM Holdings, stated in the DCM Holdings Tender Offer Commencement Press Release, in monetary terms. Therefore, this Press Release neither discusses nor analyzes the superiority of the synergies that the Company believes will be generated, as stated below, in comparison with the synergies described by DCM Holdings in DCM Holdings Tender Offer Commencement Press Release.

The Company and the Target see the synergies agreed on by the Company and the Target described in "(1) Outline of Tender Offer" as not conflicting and contradicting with the substance of the following synergies which the Company considers. The Company and the Target believe that the synergies agreed on by the Company and the Target Company embody the following synergies more.

(1) Expanding sales opportunities for high-quality furniture and contributing to realization of enriched lifestyles for a wider range of customers by the expansion of Targets stores nation wide
The Target has been selling furniture for 130 years, since its establishment as "Shimamura Cabinet Factory" in 1890. The Company believes that the Target s furniture, carefully selected utilizing its strong relationship with leading furniture manufacturers over a long period of time, are set at a higher price range than those of the Company s, and have received strong and enduring support from many customers. The Company recognizes that the Target s furniture is differentiated from the Company s (which are mainly private brand (PB) furniture) in terms of the price range and customer preference.
The Company believes that more customers will have the opportunity to purchase the Target s furniture if they are sold in a wider area and is planning to expand the opportunity to purchase the Target s furniture. The Target mainly has opened stores in the Tokyo metropolitan area and the Kansai region; upon opening new stores in new areas where it has not previously done so, the Companys store development capabilities may be utilized. In addition, the Company believes that its e-commerce and furniture distribution networks will make it possible to efficiently build a system for the delivery of the Target s furniture to customers nationwide.
The Company believes that the nationwide deployment of Target s products with prices that are different from those of the Company s will contribute to the realization of even more enriched lifestyles for customers through the provision of a wider range of options to meet their various needs as the Company Group, including the Target after integration.

(2) Expansion of sales by mutual supplementation between the Targets home center (HC) products with the Companys home fashion (HFa) products, and improvement of profit margin by the sharing of know-how on the development of private brand (PB) products
In addition to the sale of furniture, the Target, as a home improvement retail business, also sells DIY, outdoor, gardening, and pet supplies that allow the enrichment of customer s lifestyles. On the other hand, the Company has expanded its range to products such as curtains, rugs, bedding, dining and kitchenware, and small appliances, which enrich the daily lives of even more customers, in addition to furniture, sold from the time of the Company s establishment. The Company believes that the complementary products of both companies will make it possible to meet customers needs for both exterior and interior living environments, contributing to the increase in revenue of both companies preexisting stores.
In addition, according to the information disclosed by the Target in its "2021 Medium-term Management Plan," as part of its efforts to improve gross profit margins, the Target has initiated the development of its private brand products, already launching some of such products. As a result of the Company Groups intensified focus in the development of private brand products from 1979, approximately 90% of the products

sold by the Company Group are now PB products. The Company Group has established an independent standard of quality for the quality management of its PB products, aiming for the securement of quality. In the field of manufacturing, the Company received the Minister of Economy, Trade and Industry Award at the commendation for excellent companies in product safety measures in 2016 and 2018 respectively for the establishment of its quality management system, including the conduct of thorough guidance and inspections not only at the Company s own furniture plant in Vietnam and curtain plant in Thailand, but also of the local manufacturing contractors. Such continuous and daily efforts to improve and reform quality has made it possible to provide high-quality products at low prices, and also serves as the source of the Company s growth potential. By having the Target utilize the Companys PB product development know -how, it will become possible to further accelerate the Targets PB product development efforts. The Company also believes that by using its PB products as a base for some of the products that both companies have in common, the Target will be able to develop PB products efficiently in a short period of time.

In addition, with regard to the expansion of its product lineup, the Company s firmly-rooted corporate culture is such that each and every employee constantly searches for products fulfilling the customer s wishes and pursues the development of customer-oriented products, as demonstrated by the product development competition called "wished-for products" hosted by the Company, in which all employees are mandated to participate. The combination of the Companys product development capabilities and the product development know-how of the Target in the field of home improvement retails will make possible the creation of even more novel and attractive PB products by both companies, which will exceed the expectations of the customers of both companies.

(3) Reduction of costs and improvement of asset efficiency through joint use of logistics functions

The Company Group holds three logistics bases respectively in China (Taicang), Taiwan (Taoyuan), and Vietnam (Ho Chi Minh), as well as owning two overseas subsidiaries, to improve the efficiency of product transportation related to procurement from its own plants and overseas manufacturing contractors. The subsidiaries are in charge of the import business and hold offices in China (Shanghai and Shenzhen), Thailand, Vietnam, Malaysia, Indonesia, India, and Bangladesh, and promote measures to enhance their transportation capabilities, such as conducting around 25% of the customs clearance operations by themselves. These products are transported by trunk line to the Companys 11 distribution centers located throughout Japan. Depending on the customers method of order placement and produc t category, the distribution center delivers (1) large furniture requiring assembly and installation to end users from one of the 78 distribution centers nationwide where salespersons with specialized skills for customer delivery are located, (2) other interior goods from stores nationwide to end users, and (3) products via e-commerce to end users through 11 delivery centers located within the country. The Company manages and operates all such logistics on its own in order to achieve both cost efficiency and speed. In addition, the Company is intending to continue to establish, expand, and reorganize its domestic distribution centers and review the delivery method of its product to the stores, as well as the frequency of such deliveries, aiming to further advance its distribution network.

The Company believes that with the addition of the Targets existing store network and logistics base to the abovementioned distribution network possessed by the Company, it will be able to build a more efficient logistics network, and by combining the two companies volume of goods, the companies could benefit from the economy of scale (reduction in costs due to increased production and sales volume). The Company believes that through this, both companies logistics costs be reduced, and more frequent product transfers will become possible. The Company also believes that as a result of this, it will be able to further improve the customers satisfaction with the Company Group, including the Target after integration, by reducing the lead time required to deliver products to customers and improving delivery costs. In particular the Company believes that its nationwide last one mile furniture distribution network will contribute to improving the efficiency of the transportation of the Targets furniture, expanding the customer base and further increasing customer satisfaction, at an early stage.

(4) Acceleration of cost reduction and improvement by the provision of function and know-how pertaining to the various supply chains possessed by the Company Group in its capacity as a "Manufacturing, Logistics, IT and Retail Sales" business

As described in "(I) Outline of Tender Offeror" above, the Company Group has established its own supply chain covering product planning, manufacture, distribution, and sales. The Company Groups aim with regard to its daily operations is to further enhance its vertically-integrated supply chain. By being constantly mindful of the entire supply chain when considering matters, and utilizing the know-how accumulated in each individual part of the supply chain across the entire system, the Company Group has established a business model that enables it to overcome the constraints of each process, continuously improving and reforming at every stage, from planning to sales, and up until the final delivery to customers.

By firmly linking the Target to this business model, and sharing this business model with it, such as with the improvement of profitability by the Target’s utilization of the Company’s overseas suppliers, cost reduction by joint procurement of furniture and fixtures used at stores, realization of cost-effective advertisement and promotional activities by the engagement of the Company Group’s advertising agency company (Nitori Public Co., Ltd., the Company’s consolidated subsidiary), the Company Group believes that it will be able to contribute not only to drastic cost reduction at the Target, but also to further improvements in operational efficiency.

(5) Pursuit of synergy with the Nitori Mall and Deco Home businesses

With regard to the development of the Targets business, various measures meeting the demand of customers at each store will be taken, including the introduction of a varied range of tenants and the development of franchising businesses, in order to create attractive stores for more customers to visit. The Target also plans to actively expand its stores in densely populated areas.

The Company Group has, through the development of the Nitori Mall business, which operates shopping malls, and the Deco Home business, a small-scale home fashion stores business with a goal of creating stores where customer can drop by every day, with a variety of popular basic items mainly for daily necessities, attracted a variety of tenants and developed alternative operational styles suitable for densely populated areas. By sharing this know-how and the relationships built between potential tenant companies with the Target, the Company believes that it will be able to improve the speed of the Targets business development.

(6) Mutual opening of Shop in Shop stores in the Tokyo metropolitan area and other urban areas, and strategic opening of stores in wider areas

The Targets understanding is that in light of the demographic trends in Japan, making efforts towards opening new stores in the Tokyo metropolitan area and other urban areas is a key issue. The Company has been one of the first in the home improvement retail and furniture sectors to promote the opening of stores in urban areas, beginning with the opening of a store in Printemps Ginza (currently known as Marronnier Gate Ginza 2) in 2015. The establishment of its business model of "Manufacturing, Logistics, IT and Retail Sales" is one of the reasons why the Company has been able to generate profits despite the level of rent in urban areas.

By making use of the Companys business infrastructure, the Company believes that the Target will be able to open stores in various forms that are not tied to its own properties. In addition, the Company believes that the Target will be able to open stores in a wider range of areas, not only in the Tokyo metropolitan area or other urban areas but also in various regions throughout Japan, as a brand that provides high-quality furniture within a price range different to that of the Companys. It is the Companys belief that through this, the Target will be able to realize further growth even in the shrinking domestic market.

(7) Bolstering of e-commerce sales structure

The Target is currently selling furniture and interior products through e-commerce.

With a focus on its own Nitori Net, the Company also participates in Internet shopping sites operated by third parties. By adding products that are available exclusively online to the selection of products that are also offered at physical stores, the Company sells a wider range of products in e-commerce than at its offline stores. As a result of this, sales from e-commerce at the Company Group has been 44.3 billion yen in the fiscal year ending February 2020 (with a projection of 71 billion yen for the fiscal year ending February 2021). The total number of members, including Nitori Card members, app members and Nitori Net members, is around 40 million. In recent years, the Company has been actively promoting transfer to and new subscriptions for the app membership program, and is currently aiming to increase the number of such members from about 7.8 million (as of today) to 9 million by the end of February 2021.The Company is striving to improve its IT system, so that it may provide each and every app member with products and information that meet their individual interests in a timely manner. On the other hand, in the wake of the recent COVID-19 pandemic, the Company is improving its overall logistics system to meet the surge in e-commerce demand, which has expanded at a faster pace than expected. The Company believes that sharing its enhanced e-commerce foundations will further strengthen the Targets e -commerce operations framework. In particular, with regard to furniture, by utilizing the Companys nationwide furniture distribution network, it will become possible to provide customers all over Japan with services for assembly and installation, which are necessities specific to furniture, as well as the collection of used furniture, at prices lower than the costs currently paid by the customers to the Target. In addition, with the mutual complementation between the Targets home center products and the Companys home fashion products and the development of novel and attractive PB products utilizing the product development know-how shared by both companies, the Company believes that the Company Group as a whole, including the Target after the integration, will be able to introduce a wider range of products to customers at lower prices through e-commerce channels.

(8) Acquisition of mutual and new customers through the adoption of a shared reward points system
As mentioned above, the Company has developed its Nitori Card, app, and Nitori Net online membership systems, and a total of approximately 40 million people have become members so far. The Company has also adopted a unique points reward system, which gives customers the opportunity to purchase products at discounted prices, and has been well received. The Company believes that the introduction of shared reward points will lead to the introduction of both companies products to customers of both, at more reasonable prices.

(9) Sale of the Targets products in overseas stores and realization of future overseas store openings
The Company opened its first overseas store in Taiwan in 2007, and has since continued its expansion into overseas markets. As of the end of the fiscal year ended February 2020, the Company had 66 overseas stores, mainly in Asia especially. The key to success in overseas business development is understanding the needs of local customers and developing a business infrastructure fulfilling such demand. The Company believes that as the domestic market shrinks, the Target will be able to utilize the Company Groups overseas development know-how to strive towards medium to long-term growth overseas.

In light of the considerations as described above, the Company acquired the opportunity to have a meeting with Target on September 28, 2020, in order to first propose an extensive business alliance between the two companies (including in production and sales), while also floating the possibility of making the Target a wholly-owned subsidiary of the Company as one of the options. During this meeting, the Company informed the Target that a business alliance between the Company Group and the Target would be beneficial for both companies through the economy of scale (the reduction of cost due to the increase in the amount of production and sale), but the proposal did not progress to more specific negotiations. At this point, there had been news reports regarding the Target becoming a of DCM Holdings, but as both parties had made announcements stating that such alliance was not determined, the Company did not discuss anything specific in relation to the management integration of the Company and the Target (including the possibility of making the Target a wholly-owned subsidiary of the Company), and only suggested the possibility of a business alliance, as state above. Around the time, the Company learned from "Announcement of Opinion Regarding Tender Offer for the Companys Shares by DCM Holdings Co., Ltd., and Execution of Management Integration Agreement with DCM Holdings Co., Ltd." dated October 2, 2020 (the "Targets Announcement Press Release (DCM Holdings)"), that the Targets board of directors resolved to express an opinion in support of DCM Holdings Tender Offer and to recommend th at the Targets shareholders tender their shares in DCM Holdings Tender Offer on October 2, 2020.

The Company has learned from the Target's Announcement Press Release (DCM Holdings) that DCM Holdings made a detailed proposal for the management integration to the Target, that DCM Holdings would commence DCM Holdings Tender Offer as a means of management integration through making the Target a wholly-owned subsidiary of DCM Holdings and that the tender offer period of DCM Holdings Tender Offer would end on November 16, 2020. In addition, in the Target's Announcement Press Release (DCM Holdings), it is stated that the Target has commenced setting up a structure independent from DCM Holdings, the Target and DCM Holdings Tender Offer, to examine and determine the pros and cons for DCM Holdings Tender Offer, the appropriateness of its transaction terms and fairness of the procedures. Specifically, the Target has established the Target Special Committee comprised of independent outside directors of the Target and consulted with such committee regarding I and II below.

I. (a) To consider and determine the appropriateness of a series of transactions, including DCM Holdings Tender Offer (the "DCM Holdings Transactions") from the perspective of whether or not they will contribute to the enhancement of the Target's corporate value and (b) to consider whether or not the Target's board of directors should express its support of DCM Holdings Tender offer and whether or not to recommend that the shareholders of the Target tender their shares in DCM Holdings Tender Offer, and to make a recommendation to the Target's board of directors, in examination and determination of the appropriateness of the terms and conditions of the DCM Holdings Transactions and the fairness of the procedures, from the perspective of promoting the interests of the general shareholders of the Target.

II. To consider whether the following decisions on the DCM Holdings Transactions, including DCM Holdings Tender Offer, to be made by the Target's board of directors, is not disadvantageous to the general shareholders of the Target, and to state its opinion to the Target's board of directors: (i) a decision to express its opinion in support of DCM Holdings Tender Offer and recommend that the Target's shareholders tender their shares in DCM Holdings Tender Offer, and (ii) a decision on the procedures for making the Target a wholly-owned subsidiary through a demand for sale of shares or a share consolidation, etc., to be conducted after DCM Holdings Tender Offer as part of the DCM Holdings Transactions.

In addition, the Company has learned from the Target's Announcement Press Release (DCM Holdings) that the Target's board of directors had resolved that decisions regarding DCM Holdings Tender Offer, including approval or disapproval of the Tender Offer, shall be made by the Target's board of directors, in utmost respect of the judgment of the Target Special Committee, and that if the Target Special Committee determines that the implementation of DCM Holdings Tender Offer or the terms and conditions of the transactions are not appropriate, the Target's board of directors shall not express its support of DCM Holdings Tender Offer. Furthermore, the Company has learned from the Target's Announcement Press Release (DCM Holdings) that the Target has not entered into any agreement which includes a transaction protection clause that may prohibit the Target from contacting Competitive Offerors or any other agreement that may restrict any Competitive Offerors' contact with the Target, and thus Target has ensured not to prevent opportunities for any Competitive Offerors including the

Company to make proposals, and that DCM Holdings has ensured an opportunity to receive offers from Competitive Offerors by setting the tender offer period at 30 business days, not the legally stipulated minimum duration of 20 business days.

The Company believes that it is possible for both the Company and the Target to realize synergy effects through management integration of the Company and the Target. And then, since the Target's board of directors and the Target Special Committee have expressed their willingness to accept competitive offers as stated above, the Company has come to the conclusion that the management integration of the Company and the Target can be realized by making a formal offer in accordance with such procedure and providing a sincere explanation to the Target's board of directors and the Target Special Committee.

Therefore, the Company has made preparations for the publication of the Companys Press Release Dated October 29 since October 2, 2020, in order to make concrete proposals to the Target for the management integration. In DCM Holdings Tender Offer Commencement Press Release, the tender offer period of DCM Holdings Tender Offer is stated as the period starting from October 5, 2020 (Monday) and ending on November 16, 2020 (Monday). In order to avoid a situation where DCM Holdings Tender Offer is completed before the commencement of the Tender Offer, the Company has decided to announce the planned commencement of the Tender Offer on October 29, 2020. Furthermore, the Company believes that it is important to ensure the transparency and fairness of the procedures of the Tender Offer for shareholders of the Target given that DCM Holdings Tender Offer is ongoing. Thus, the Company has not held any discussion with the Target since the meeting between the Company and the Target held in September 28, 2020 until the release of the Companys Press Release Dated October 29.

The Company believes, as it announced in the Companys Press Release Dated October 29, that the management integration of the Company and the Target can realize synergy effects and possibly maximize the corporate value of both companies. The Company has believed that the Tender Offer is a more attractive proposal for the Target and the shareholders of the Target in light of the following: (i) the Company was not aware of any fact that would materially impair or prevent the satisfaction of the Tender Offer Conditions as of the date of the release of the Companys Press Release Dated October 29 , and has believed that it will be able to commence the Tender Offer in around mid-November of 2020 upon the satisfaction of the Tender Offer Conditions, (ii) the price of the tender offer with respect to the Tender Offer (the "Tender Offer Price") (5,500 yen per share) has been set at a higher level than the tender offer price under DCM Holdings Tender Offer (4,2 00 yen per share) (For the process of determination of the Tender Offer Price, see "(II) Details of valuation" under "(4) Basis for valuation of Tender Offer Price, etc." under "2. Outline of Tender Offer" below.), and (iii) while the Company plans to apply the money borrowed from Mizuho Bank, Ltd. and its own funds to the settlement related to the Tender Offer, it has obtained a loan certificate dated October 28, 2020 from Mizuho Bank, Ltd. and has already secured funding for the settlement. Therefore, in view of the announcement of the board of directors of the Target and the Target Special Committee that they are prepared to accept competitive offers, as described above, the Company had wished to make a proposal on October 29, 2020 for Management Integration between the Company and the Target through the Tender Offer in accordance with the process of such offering.

On October 29, 2020, the Company proposed to make proposal to the Targets board of directors and the Target Special Committee for the Management Integration with the Company and making the Target a wholly-owned subsidiary of the Company through the Tender Offer, as well as to provide explanations about the Companys proposal including the Tender Offer to the Targets board of directors and the Target Special Committee so that they will properly understand the substance of the Companys proposal and approve the Tender Offer. Following the proposal by the Target, the Company had opportunities to provide explanations about the Tender Offer and the outline of the Management Integration, (i) to the representative directors, etc. of the Target on November 1, 2020, (ii) to the Target Special Committee on November 4, 2020, and (iii) to the representative directors, etc. of the Target and the Target Special Committee on November 9, 2020 respectively. In relation to the explanations about the Tender Offer and the Management Integration by the Company, the Company has received feedbacks from the Target Special Committee that the above-mentioned synergies the Company had proposed to the Target surpass the synergies DCM Holdings had proposed in DCM Holdings Tender Offer Commencement Press Release in medium to long-term perspective.

Alongside the explanations to the representative directors, etc. of the Target and the Target Special Committee by the Company described above, the Targets board of directors and the Target Special Committee have indicated their intention to the Company on November 5, 2020, to negotiate on the Management Integration Agreement in considering and assessing the Management Integration the Company proposes. On and after the day, the Company has been discussing the Management Integration and negotiation on the Management Integration Agreement with the Targets board of directors and the Target Special Committee (such discussion and negotiation have been done on continual basis through exchanging e-mails, discussing on conference calls, and discussing at a face-to face meeting which took place on November 9, 2020 as described above.). In such negotiation, the Company came to believe that the Target was looking at the difference with the terms and conditions for the Management Integration Agreement (DCM Holdings) as one of the perspectives in the assessment. Therefore the Company decided as its basic policy to reach agreement on the terms and conditions with the Target, taking into account the terms and conditions of the Management Integration Agreement (DCM Holdings).

In the negotiation of the Management Integration Agreement, the Targets board of directors and the Target Special Committee requested that (i) the employment of the Target's employees and the Target's management system be maintained for five years since the commencement date of the settlement for the Tender Offer, considering that (a) the Management Integration Agreement (DCM Holdings) provides that the Target's employment and management system will be maintained for three years and for the immediate future, respectively, but (b) the Target considers to implement its five-year business plan to be established based on the discussion with the Company, and (ii) the Target dispatch its person(s) as executive officer(s) of the Company given that the Company will send one person as a director to the Target (This request (ii) was addressing the Company's prior position that it would be unacceptable for the Company to appoint a person of the Target as a director of the Company. Meanwhile, under the Management Integration Agreement (DCM Holdings), DCM Holdings and the Target have agreed to dispatch directors to each other.).

The Company has accepted the request (i) above because executing the five-year business plan by the current employees and management of the Target will possibly maximize the corporate value of both companies. As for the request (ii) above, in light of making the collaboration between both companies closer, the Company suggested that (A) the Company dispatch three persons to the Target as its directors, and instead, (B) the Target dispatch one person to the Company as its director and four persons as its executive officers. This suggestion has been accepted by the Target. Further, in the negotiation of the Management Integration Agreement, for the purpose of obtaining the Target's support of the Tender Offer, the Company suggested a provision where the Target is obligated to decide to support the Tender Offer and to recommend to its shareholders to tender their shares in the Tender Offer, and such suggestion has been accepted by the Targets board of directors and the Target Special Committee.

As a result, both companies have come to share common understandings on November 9, 2020, that (i) the synergies described in "(1) Outline of Tender Offer" are expected to be realized through the Management Integration, (ii) measures for early realization of such synergies should be promptly implemented after the Target becomes the Companys subsidiary through the Tender Offer, and (iii) a management integration agreement should be executed to establish a business alliance between both companies and any other management structures of the Target after the Tender Offer, in order to realize such synergies.

Following the common understandings between the Company and the Target mentioned above, the Company agreed with the Target on November 13, 2020 to carry out the Management Integration, and executed the Management Integration Agreement. In the Management Integration Agreement, it is agreed on that the Targets board of directors shall (i) decide to agree with the Tender Offer, and to recommend the Targets shareholders to tender in the Tender Offer, as well as (ii) decide to withdraw the announced approval to, and the opinion recommending to tender in, the DCM Holdings Tender Offer, by the resolution of the Targets board of directors took place on October 2, 2020. For more information about the Management Integration Agreement, please refer to "(6) Matters related to material agreements concerning Tender Offer" below.

(IV) Process of and grounds for decision-making by the Target

According to the Targets Announcement Press Release (Nitori Holdings), the Target has approved at the Targets board of directors took place on November 13, 2020 the execution of the Management Integration Agreement, and has (i) decided to agree with the Tender Offer, and to recommend the Targets shareholders to tender in the Tender Offer, as well as (ii) decided to withdraw the announced approval to, and the opinion recommending to tender in, the DCM Holdings Tender Offer, by the resolution of the Targets board of directors took place on October 2, 2020. For more information about the decision of the Targets board of directors, please refer to the Targets Announcement Press Release (Nitori Holdings).

As of the date of this Press Release, the Company does not have a full understanding of the progress at the Target (including the Target Special Committee) in considering the Management Integration yet. Therefore the Company plans to submit an Amendment to the Tender Offer Registration Statement for the Tender Offer to Director-General of the Kanto Local Finance Bureau, in which such progress of consideration is described, promptly after it obtains such full understanding. After the Company submits the Amendment to Director-General of the Kanto Local Finance Bureau, it will promptly announce the content.

(3) Management policy after the Tender Offer

The Company and the Target believes that the companies can contribute to further development of business and maximization of corporate value of the Company and the Target, by utilizing superior points of both companies such as the business characteristics, value of products or development capabilities even after the Tender Offer, as well as by pursuing and realizing possible synergies in respective business areas through collaboration of the companies.

With respect to the business structure of the Target after the Tender Offer, the Company and the Target have agreed in the Management Integration Agreement (i) to dispatch three persons as a director from the Company to the Target, (ii) to have Takaaki Okano, the president and representative director of the Target, as a director of the Company and (iii) to add four other executive directors of the Target to the members of executive officers of the Company. Furthermore, it is decided in the Management Integration Agreement that the current system of executive directors of the Target shall be maintained at least for five years after the commencement date of the settlement for the Tender Offer, in consideration of the continuity of management and business of the Target, etc.

For the details of the Management Integration Agreement, please see "(6) Matters related to material agreements concerning Tender Offer."

(4) Post-Tender Offer reorganization policy (so-called Two-step acquisition)

As stated in "(1) Overview of Tender Offer" above, the Company's plan is to make the Target a wholly-owned subsidiary of the Company. Thus, when the Tender Offer is completed but the Company fails to acquire all of the Target Shares (excluding Target Shares owned by the Company and treasury shares owned by the Target) through the Tender Offer, after the Tender Offer is completed, the Company intends to implement procedures for acquiring all of the Target Shares (excluding Target Shares owned by the Company and treasury shares owned by the Target) in the following manner.

(A) Demand for sale of shares

Upon completion of the Tender Offer, if the Company acquires 90% or more of the total voting rights owned by all shareholders of the Target and the Company becomes a Special Controlling Shareholder as prescribed in Article 179, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same applies), the Company, in accordance with the provisions of Part II, Chapter 2, Section 4-2 of the Companies Act, intends to request the sale of all of the Target Shares owned by all shareholders of the Target (excluding the Company and the Target) promptly after the completion of the settlement of the Tender Offer (the "Demand for Sale of Shares"). With respect to the Demand for Sale of Shares, the Company plans to provide the shareholders of the Target (excluding the Company and the Target) with a cash amount equivalent to the Tender Offer Price in consideration for each Target Share. In such event, the Company will provide the Target with notice to such effect and seek approval from the Target for the Demand for Sale of Shares. If the Target approves of the Demand for Sale of Shares with a resolution of its board of directors, the Company will acquire all Target Shares owned by all shareholders of the Target (excluding the Company and the Target) as of the acquisition date designated in the Demand for Sale of Shares, in accordance with the procedures prescribed by the relevant laws and regulations, and without need for individual approval from the Target's shareholders. As consideration for each Target Share owned by such shareholder, the Company intends to provide each of such shareholders a cash amount equivalent to the Tender Offer Price.

As a provision under the Companies Act for the purpose of protecting the rights of minority shareholders in relation to the Demand for Sale of Shares, it is provided that any shareholder of the Target who did not tender in the Tender Offer may file a petition to a court for a determination of the purchase price of the Target Shares they own in accordance with Article 179-8 of the Companies Act and the provisions of other relevant laws and regulations.

(B) Share consolidation

If, following the completion of the Tender Offer, the total number of the voting rights in the Target held by the Company is two-thirds or higher and also less than 90% of all of the voting rights of the Target, the Company will request the Target to hold an extraordinary general meeting of shareholders of which proposals includes a consolidation of Target Shares in accordance with Article 180 of the Companies Act (the "Share Consolidation") and a change to the Target's articles of incorporation that will abolish provisions on share unit numbers (the "Extraordinary Shareholders' Meeting").

On the other hand, even in the case where the Company holds less than two-thirds of the total voting rights in the Target after the completion of the Tender Offer, taking into account the existence of shareholders of the Target Shares, such as passive index funds, who hold the Target Shares with policies of not tendering in tender offers regardless of the appropriateness of the terms of the transactions, the Company recognizes from DCM Holdings Tender Offer Commencement Press Release that there may be some shareholders who did not tender in the Tender Offer but are in favor of each of the above-mentioned proposals regarding the Share Consolidation and the change to the Target's articles of incorporation that will abolish provisions on share unit numbers, and therefore, plans to make these requests in order to confirm the intentions of those shareholders who did not tender in the Tender Offer (The Company has not independently confirmed the ownership ratio of passive index funds of the Target). Passive index fund herein means, as it is defined in DCM Holdings Tender Offer Commencement Press Release, "a fund that aims to match its investment performance with a benchmark index to provide returns similar to that of stock or other investment asset market".

Regarding the timing and other details of the Extraordinary Shareholders' Meeting, the Company will request the Target to promptly disclose such information upon determination thereof after consultation between the Company and the Target. The Company is going to agree with each of the above-mentioned proposals at the Extraordinary Shareholders' Meeting.

If the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the Target's shareholders will each, as of the date on which the Share Consolidation is to take effect, retain a number of Target Shares corresponding to the Share Consolidation ratio approved at the Extraordinary Shareholders' Meeting. If the Share Consolidation results in fractional shares that constitute less than one full share, the sum total of such fractional shares (if the total of fractional shares is less than one full share, the fractional shares will be discarded; the same shall apply hereinafter) will be sold to the Target or the Company in accordance with the terms of Article 235 of the Companies Act and the provisions of other relevant laws and regulations, and the owners of such fractional shares will be provided with cash in exchange. With respect to the sale price of the total number of fractional shares of the Target, the Company will request the Target to file a petition to a court for permission for voluntary sale, after ensuring that as a result of such sale of fractional shares, the cash amount to be provided to shareholders of the Target who did not tender their shares in the Tender Offer (excluding the Company and the Target) will be the same as the amount obtained when the number of Target Shares owned by such shareholders is multiplied by the Tender Offer Price.

Furthermore, although the consolidation ratio of the Share Consolidation is still undetermined as of the date of this Press Release, the Company will request the Target to ensure that the decided-upon ratio will result in fractional shares owned by shareholders of the Target who did not tender in the Tender Offer totaling less than one full share so that the Company will retain all of the Target Shares (excluding treasury shares owned by the Target).

If the Share Consolidation is implemented, and such Share Consolidation results in fractional shares that constitute less than one full share, the regulations of the Companies Act with respect to the protection of minority shareholders allow Target shareholders to demand that the Target purchase any fractional shares constituting less than one full share in their possession at a fair price, as well as to petition to a court for a determination regarding the price of the Target Shares, with satisfaction of certain stipulated conditions, and all in accordance with the provisions of Article 182-4 and 182-5 of the Companies Act and the provisions of other relevant laws and regulations. As described above, in the Share Consolidation, the number of the Target Shares owned by the Target's shareholders who did not tender their Target Shares in the Tender Offer (excluding the Company and the Target) is expected to be fractional shares that constitute less than one full share. Therefore, dissenting shareholders of the Target will be able to file the above-mentioned petition to a court.

The Tender Offer is not for the purpose of soliciting the approval of the Targets shareholders at the Extraordinary Shareholders' Meeting.

With respect to the procedures (A) and (B) described above, the implementation may take extra time, or the implementation method may be changed to other methods that have equivalent effects based on the status of amendments to, implementation of, and interpretation by relevant authorities of the relevant laws and regulations. However, even in such case, if the Tender Offer is completed, the method of the provision of money to the shareholders of the Target who did not tender their shares in the Tender Offer (excluding the Company and the Target) will be applied, and the amount of money to be delivered to each such shareholder in such case will be calculated to be the same as the Tender Offer Price multiplied by the number of Target Shares held by each such shareholder. Nevertheless, in the case where a petition is filed for the determination of the purchase price with respect to the Demand for Sale of Shares or for the determination of the price with respect to the Share Consolidation, the purchase price of the

Target Shares or the price with respect to the Demand for Sale of Shares shall be determined by the court.

After the completion of the Tender Offer, the Company will propose to the Target for consultation with respect to the specific procedures to be taken and the timing of implementation of such procedures in each of the above cases, and will request that the Target promptly make a public announcement upon determination thereof.

Note also that the shareholders of the Target are each personally responsible for consulting tax experts regarding application for the Tender Offer or the tax treatment in each of the above procedures.

(5) Likelihood of delisting and reasons thereof

Although the Target Shares are listed on the First Section of the Tokyo Stock Exchange as of the date of this Press Release, the Company has not set a maximum planned purchase quantity with respect to the Tender Offer, so it is possible that the Target Shares may be delisted following the designated procedures in accordance with the delisting criteria set out by the Tokyo Stock Exchange depending on the results of the Tender Offer. Furthermore, even in the event those criteria do not apply at the time of the completion of the Tender Offer, the Company intends to realize the transaction for acquiring all of the Target Shares (excluding Target Shares owned by the Company and treasury shares owned by the Target) in accordance with relevant laws and regulations, as described in “(4) Post-Tender Offer reorganization policy (so-called Two-step acquisition)” above, and thus in such case, the Target Shares will be delisted in accordance with the designated procedures in accordance with the delisting criteria set out by the Tokyo Stock Exchange. After delisting, the Target Shares will not be able to be traded on the First Section of the Tokyo Stock Exchange.

In the Tender Offer, the Company sets the minimum planned purchase quantity at 19,477,600 shares (ownership ratio: 50.00%). Although the Company aims to make the Target a wholly-owned subsidiary of the Company in the Tender Offer, the Company considered that (i) the minimum planned purchase quantity is set at 19,477,700 shares (ownership ratio: 50.00%) in DCM Holdings Tender Offer and (ii) if the Company sets the minimum planned purchase quantity higher than that of DCM Holdings Tender Offer, the Targets shareholders may a ssume that the Tender Offer is less likely to be consummated compared to DCM Holdings Tender Offer. Therefore, the Company set the minimum planned purchase quantity for the Tender Offer by deducting the number of the Target Shares owned by the Company as of the date of this Press Release (100 shares) from 19,477,700 shares which is the minimum planned purchase quantity in DCM Holdings Tender Offer.

Accordingly, after consummation of the Tender Offer, the number of voting rights pertaining to the number of the Target Shares owned by the Company could fall below two-thirds of the total voting rights of the Targets shareholders. As a result of this, it could be difficult to obtain approval for the agenda regarding the Share Consolidation at the Extraordinary Shareholders Meeting as stated in "(4) Policy regarding reorganization following completion of the Tender Offer (so-called two-step acquisition)" above. However, even if such approval is not obtained, as the Company aims to acquire all of the Target Shares (excluding the Target Shares held by the Company and treasury shares owned by the Target), the Company plans to acquire additional shares of the Target Shares until it has acquired the number of shares equivalent to two-thirds of the voting rights pertaining to the total number of issued shares of the Target less the number of treasury shares held by the Target. As of the date of this Press Release, nothing has been determined with respect to the specific timing and method of additional acquisition of the Target Shares by the Company.

(6) Matters related to material agreements concerning Tender Offer

As stated in "(1) Outline of the Tender Offer" above, the Company executed the Management Integration Agreement with the Target on November 13, 2020. Under the Management Integration Agreement, the Company and the Target have substantially agreed upon the following matters. The Management Integration Agreement provides that, among the following matters, the matters provided in "(iv) Business Alliance, Etc. after Tender Offer" shall become effective on the commencement date of settlement of the Tender Offer on the condition precedent that the Tender Offer is consummated. The Company plans to acquire additional shares of the Target Shares until it has acquired the number of shares equivalent to two-thirds of the voting rights pertaining to the total number of issued shares of the Target less the number of treasury shares held by the Target. As of the date of this Press Release, nothing has been determined with respect to the specific timing and method of additional acquisition of the Target Shares by the Company, and such additional acquisition has not been agreed in the Management Integration Agreement.

(i) Purpose

- The purpose of the Management Integration Agreement is to realize the Management Integration in a spirit of coexistence and shared prosperity and to maximize the corporate value of the Company Group including the Target after the Tender Offer by stipulating the business alliance between the Company Group and the Target and the management system, etc. of the Target after the Tender Offer.

(ii) Opinion to Support the Tender Offer

- If the Company commences the Tender Offer under the conditions for the Tender Offer as stated in this Press Release, the Targets board of directors will (i) decide to support the Tender Offer and to recommend to its shareholders to tender their shares in the Tender Offer, and (ii) decide to withdraw its opinion to support DCM Holdings Tender Offer and the opinio n to recommend to the shareholders to tender their shares by a resolution of the Targets board of directors on October 2, 2020.

(iii) Covenants concerning the Tender Offer

(a) Matters concerning the operation of business before the completion of the Tender Offer

- From the execution date of the Management Integration Agreement to the commencement date of settlement of the Tender Offer, the Target will operate its business within the scope of ordinary course of business. Provided, however, that the acts or omissions of the Target considered to be reasonably necessary based on the duty of care of its directors will not be restricted in any way.

(b) Procedures required for implementing the Tender Offer

- The Company will perform any procedures required for lawfully implementing the Tender Offer under laws and regulations or its articles of incorporation and other internal rules (including the filing of the notification under the Antitrust Act and the lapse of the waiting period thereof), and the Target will provide cooperation reasonably necessary for performing such procedures.

(c) Procedures for making the Target a wholly-owned subsidiary after the Tender Offer

- On and after the commencement date of settlement of the Tender Offer, if the Company performs the procedures for making the Target a wholly-owned subsidiary through demand for sale of shares or share consolidation, the Target will provide cooperation reasonably necessary for performing such procedures; provided, however, that the acts or omissions of the Target considered to be reasonably necessary based on the duty of care of its directors will not be restricted in any way.

(iv) Business Alliance, Etc. after Tender Offer

(a) Contents of Business Alliance, Etc. after Tender Offer

- In order to maximize the synergies of the Management Integration, the Company and the Target will, on and after the commencement date of the settlement of the Tender Offer, implement the business alliance with respect to each of the following matters, and the Company will cause each company of the Company Group to implement each of the following matters:

(1) Expanding sales opportunities for high-quality furniture and contributing to realization of enriched lifestyles for a wider range of customers by the expansion of Targets stores nationwide;
(2) Expansion of sales by mutual supplementation between the Targets home center products and the Companys home fashion products, and improvement of the Targets profit margin by the development of PB products through the sharing of the Companys PB product development capabilities and the Targets knowledge and other know-how in its business field;
(3) Joint use of logistics functions including distribution centers, and improved efficiency of product delivery including furniture, expanding the customer base and increasing customer satisfaction by sharing know-how for delivery management;
(4) Cost reduction and improvement of operational efficiency at the Target by the provision of function and know-how pertaining to the various supply chains possessed by the Company Group in its capacity as a "Manufacturing, Logistics, IT and Retail Sales" business;
(5) Active expansion of its stores along with the variety of customers needs, or in densely

populated areas, through sharing of know-how for operation and management of stores including tenants invitation;

(6) Diversifying forms to open the Targets stores, and promoting expansion of operating areas of the Targets stores, through mutual opening of Shop in Shop stores in the Tokyo metropolitan area and other urban areas;

(7) Enhancement and development of EC of both companies through sharing of know-how for operation and management of EC sites and EC apps, utilization of EC members information, product delivery management for EC sales, or any other know-how for EC business;

(8) Expansion of sales and increasing customer satisfaction of both companies through acquisition of mutual and new customers by the adoption of a shared reward points system;

(9) Promoting overseas sales of the Targets products and overseas development of the Targets stores in the future, through sharing of know-how for the Companys overseas store network and overseas store openings, or any other mutual cooperation; and

(10) Other matters separately agreed upon between the parties.

(b) Integration Promotion Committee

- For smooth implementation of the Management Integration, an Integration Promotion Committee consisting of persons designated respectively by the Company and the Target will be established as of the commencement date of the settlement for the Tender Offer, and thereafter, the Integration Promotion Committee will share the information necessary for the Management Integration and discuss and decide on the five-year business plan of the Target ("Five-year Business Plan"), the alliance matters regarding the creation of synergies between the Company Group and the Target and other matters relating to the implementation of the Management Integration.

(c) Management system of the Target

- If the content of the Five-year Business Plan is determined, the greatest efforts will be made to achieve the same to the reasonable extent.
- Considering the period for the Five-year Business Plan and the continuity of management and business of the Target, etc., the current system for the executive directors of the Target will be maintained for at least five years after the commencement date of the settlement of the Tender Offer, and the conditions for appointment of such directors will be reasonably determined through faithful consultation based on the current conditions.

- Promptly, within a reasonable range, after the commencement date of the settlement of the Tender Offer, three persons separately designated by the Company will be newly appointed as directors of the Target.

(d) Management system of the Company

- Promptly, within a reasonable range, after the commencement date of the settlement of the Tender Offer, Mr. Takaaki Okano, who is the president and representative director of the Target, will be newly appointed as director of the Company, and other four executive directors of the Target will be newly appointed as executive officers of the Company.

(e) Employment of Employees and Maintenance of Employment Conditions of the Target

- For at least five years after the commencement of the settlement for the Tender Offer, basically, the employees of the Target will be maintained and the conditions of their employment will not be less than the level as of the date of the execution of the Management Integration Agreement.
- If the Company Group promotes personnel exchange with the employees of the Target (including job transfer), the intention of the employees of the Target will be appropriately taken into account.

(f) Trade name of the Target

- On and after the commencement date of the settlement of the Tender Offer, the trade name of the Target will not be changed, and the trademarks and brands of the Target will be maintained.
- On and after the commencement date of the settlement of the Tender Offer, if any stores of the Target are integrated or abolished, an agreement will be made through faithful consultation.

(g) Headquarters location of the Target

- The headquarters location of the Target will not be changed for the time being after the commencement date of the settlement of the Tender Offer.

(h) Matters for Prior Consultation and Advance Consent

- In case the Target decides on certain important matters after the commencement of the settlement for the Tender Offer, it will consult with the Company on matters to be decided or implemented in advance, and will obtain the Companys written consent (provided that the Company will not unreasonably reject, withhold, delay or impose conditions on such consent) ; provided, however, that there will be no limitation on the acts or omissions that the Target deems reasonably necessary based on the duty of care of its directors.

(i) Matter concerning the system for mutually sharing information

- After the commencement date of the settlement of the Tender Offer, the Target and the Company Group will discuss and determine the structuring of the system for mutually communicating and sharing various information regarding their respective business.

2. Outline of Tender Offer

(1) Outline of Target

(i) Name	SHIMACHU CO., LTD.
(ii) Address	8-3-32, Kamiochiai, Chuo-ku, Saitama-shi, Saitama
(iii) Name and title of representative	Takaaki Okano, President and Representative Director

(iv) Description of business	Retail business for furniture and interior goods (curtains, carpet, interior small items, etc.), and home center goods (daily necessaries, gardening, pets, timber, tools, etc.)
(v) Capital stock	16,533,000,000 yen (as of August 31, 2020)
(vi) Date of incorporation	November 15, 1969
(vii) Major shareholders and shareholding ratios (as of February 29, 2020)	Japan Trustee Services Bank, Ltd. (Trust Account) 7.88% The Master Trust Bank of Japan, Ltd. (Trust Account) 7.28% Japan Trustee Services Bank, Ltd. (Trust Account 9) 5.69% NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST (Standing Proxy: Tokyo Branch of The Hongkong and Shanghai Banking Corporation Limited) 5.67% IRIS OHYAMA Inc. 4.80% Saitama Resona Bank, Limited 3.22% NORTHERN TRUST CO. (AVFC) RE U.S.TAX EXEMPTED PENSION FUNDS (Standing Proxy: Tokyo Branch of The Hongkong and Shanghai Banking Corporation Limited) 2.95% Hitoshi Shimamura 2.42% Minami Aoyama Real Estate Co., Ltd. 2.17% NORTHERN TRUST CO. (AVFC)ACCOUNT NON TREATY (Standing Proxy: Tokyo Branch of The Hongkong and Shanghai Banking Corporation Limited) 2.05%
(viii) Relationship between the Tender Offeror and Target	
Capital relationship	The Company owns 100 shares of the Target Shares (ownership ratio: 0.00%) as of the date of this Press Release.
Personal relationship	N/A
Business relationship	N/A
Applicability to related parties	N/A

(Note) "Major shareholders and shareholding ratios (as of February 29, 2020)" is based on the information stated in "Status of Major Shareholders" of the 2nd quarterly report for the 61st fiscal year filed by the Target on April 10, 2020.

(2) Schedule of Tender Offer

(I) Schedule

Tender Offer commencement public notice date	November 16, 2020 (Monday)
Name of newspaper in which a public notice is placed	A public notice will be given electronically, and a notice to that effect will be placed in the *Nihon Keizai Shimbun*. URL of the electronic public notice: https://disclosure.edinet-fsa.go.jp/
Tender Offer Registration Statement filing date	November 16, 2020 (Monday)

(II) Notified initial period for purchases, etc.

From November 16, 2020 (Monday) to December 28, 2020 (Monday) (30 business days)

(III) Possibility of extension at the Targets request

Not applicable

(3) Tender Offer Price, etc.

5,500 yen per share of common shares

(4) Basis for valuation of Tender Offer Price, etc.

(I) Basis for valuation

In determining the Tender Offer Price, the Company requested Daiwa Securities, a financial advisor, to calculate the value of the Target Shares as a third-party valuation organization independent of the Company, Target and DCM Holdings.

After reviewing the calculation method to be adopted for the calculation of the share value of the Target from among the multiple share value calculation methods, based on the determination that it is appropriate to evaluate the value of the Target Shares from multiple dimensions, and under the premise that the Target is a going concern, Daiwa Securities calculated the value of the Target Shares using the following methods: a market share price analysis (considering the trend of the market price of the shares); a comparable company analysis (because there are multiple listed companies comparable to the Target, and it is possible to estimate the value of the Target Shares by comparing similar companies); and a discounted cash flow method (the "DCF analysis") (in order to reflect the status of future business activities in the calculation).

On October 28, 2020, the Company obtained a report on the valuation of the Target Shares (the "Valuation Report") from Daiwa Securities. The Company has not obtained any written opinion regarding the fairness of the Tender Offer Price (i.e., a fairness opinion) from Daiwa Securities. The results of calculation by Daiwa Securities of the per-share value of the Target Shares are as follows. The following results do not include synergistic effect.

Market share price analysis (1)	2,849 yen – 2,945 yen
Market share price analysis (2)	3,157 yen – 4,890 yen
Comparable company analysis	2,239 yen – 4,114 yen
DCF analysis	2,964 yen – 5,763 yen

Under the market share price analysis (1), where September 18, 2020 (the most recent trading day before the speculative reports regarding DCM Holdings Tender Offer were released (after the close of trading on September 18, 2020)) was the reference date, the per-share value of the Target Shares was calculated to be in the range from 2,849 yen to 2,945 yen based on the following prices of the Target Shares on the First Section of the Tokyo Stock Exchange: the closing price on the reference date (2,878 yen); the simple average of the closing prices over the past one month immediately preceding the reference date (August 19, 2020 to September 18, 2020) (2,924 yen, round to the nearest whole number; hereinafter the same shall apply with respect to the calculations of simple average closing price.); the simple average of the closing prices over the past three months immediately preceding the reference date (June 19, 2020 to September 18, 2020) (2,945 yen); and the simple average of the closing prices over the past six months immediately preceding the reference date (March 19, 2020 to September 18, 2020) (2,849 yen).

Under the market share price analysis (2), where October 28, 2020 was the reference date, the per-share value of the Target Shares was calculated to be in the range from 3,157 yen to 4,890 yen based on the following prices of the Target Shares on the First Section of the Tokyo Stock Exchange: the closing price on the reference date (4,890 yen); the simple average of the closing prices over the past one month immediately preceding the reference date (September 29, 2020 to October 28, 2020) (4,266 yen); the simple average of the closing prices over the past three months immediately preceding the reference date (July 29, 2020 to October 28, 2020) (3,432 yen); and the simple average of the closing prices over the past six months immediately preceding the reference date (April 30, 2020 to October 28, 2020) (3,157 yen).

Under the comparable company analysis, the value of the Target Shares is calculated by comparing the value of the Target Shares with the market price and the financial indices indicating profitability, etc., of listed companies engaged in a business relatively similar to that of the Target, and the per-share value of the Target Shares is calculated to be in the range from 2,239 yen to 4,114 yen.

Under the DCF analysis, the corporate value and share value of the Target were calculated by discounting the free cash flows expected to be generated after the term ending in August 2021 by the Target to present value at a certain discount rate, based on the business plan of the Target for 5 fiscal years from the fiscal year ending August 2021 through the fiscal year ending in August 2025 that the Company projected considering various factors such as recent business performance and publicly disclosed information, and based on the knowledge the Company has about the Targets business. Using this method, the per-share value of the Target Shares was calculated to be in the range from 2,964 yen to 5,763 yen. In addition, the synergistic effects expected to be realized through the Tender Offer are not included at this point.

Based on the content and results of the calculation presented in the Valuation Report, comprehensively considering factors such as the tender offer price under DCM Holdings tender offer, the market price trend of the Target Shares, examples of premiums actually paid in tender offers conducted by parties other than issuer in expectation of making the target a wholly owned subsidiary, prospects for tenders of the Target Shares in the Tender Offer, the Company determined that it is appropriate to present a price with an appropriate premium to the market price of the Target Shares and, ultimately decided on October 29, 2020 to set the Tender Offer Price at 5,500 yen per share.

The Tender Offer Price of 5,500 yen per share is the price obtained by adding respective percentage of premiums to each of the corresponding prices below: 91.10% (rounded to the nearest hundredth; the same shall apply to all other premium value percentages in this paragraph.) to 2,878 yen which is the closing price of the Target Shares on the First Section of the Tokyo Stock Exchange on September 18, 2020 (the most recent trading day before the speculative reports regarding DCM Holdings Tender Offer were released (after the close of trading on September 18, 2020)); 88.10% to 2,924 yen which is the simple average of the closing prices over the past one month (August 19, 2020 to September 18, 2020); 86.76% to 2,945 yen which is the simple average of the prices over the past three months (June 19, 2020 to September 18, 2020); and 93.05% to 2,849 yen which is the simple average of the closing prices over the past six months (March 19, 2020 to September 18, 2020). In addition, Tender Offer Price is the price obtained by adding respective percentage of premiums to each of the corresponding prices below: 12.47% to 4,890 yen which is the closing price of the Target Shares on the First Section of the Tokyo Stock Exchange on October 28, 2020, the business day immediately before the day of the public announcement of the implementation of this Tender Offer; 28.93% to 4,266 yen which is the simple average of the closing prices over the past one month (September 29, 2020 to October 28, 2020); 60.26% to 3,432 yen which is the simple average of the closing prices for the three months (July 29, 2020 to October 28, 2020); and 74.22% to 3,157 yen which is the simple average of the closing prices over the past six months (April 30, 2020 to October 28, 2020). Also, the Tender Offer Price is the price obtained by adding 30.95% premium to the 4,200 yen per share which was the tender offer price in DCM Holdings Tender Offer.

In addition, the Tender Offer Price of 5,500 yen per share is the price obtained by adding respective percentage of premiums to each of the corresponding prices below: 0.18% to 5,490 yen, which is the closing price of the Target Shares on the First Section of the Tokyo Stock Exchange on November 12, 2020, the business day immediately before the day of the public announcement of the commencement of this Tender Offer; 11.47% to 4,934 yen, which is the simple average of the closing prices over the past one month (October 13, 2020 to November 12, 2020); 43.23% to 3,840 yen, which is the simple average of the closing prices over the past three months (August 13, 2020 to November 12, 2020); and 63.64% to 3,361 yen, which is the simple average of the closing prices over the past six months (May 13, 2020 to November 12, 2020).

On October 20, 2020, the Company acquired the Target Shares (100 shares) at the then-market price (4,200 yen per share) through market transactions. Unlike the Tender Offer, however, there was no premium added because the market transactions were conducted through competitive transactions on the First Section of the Tokyo Stock Exchange.

(II) Details of valuation

(How Tender Offer Price was determined)

As described in "(III) Reasons why the Company is implementing the Tender Offer" under "(2) Background and reasons to the decision to implement the Tender Offer" under "1. Purpose of Tender Offer," the Company acquired the opportunity to have a meeting with Target on September 28, 2020, in order to first propose an extensive business alliance between the two companies (including in production and sales, etc.), while also floating the possibility of making the Target a wholly-owned subsidiary of the Company as one of the options. During this meeting, the Company informed the Target that a business alliance between the Company Group and the Target would be beneficial for both companies through the economy of scale (the reduction of cost due to the increase in the amount of production and sale), but the proposal did not progress to more specific negotiations. At this point, there had been news reports regarding the Target becoming a subsidiary of DCM Holdings, but as both parties had made announcements stating that such alliance was not determined, the Company did not discuss anything specific in relation to the management integration of the Company and the Target (including the possibility of making the Target a wholly-owned subsidiary of the Company), and only suggested the possibility of a business alliance, as state above. Around the time, the Company learned from the Targets Announcement Press Release (DCM Hold ings), that the Targets board of directors resolved to express an opinion in support of DCM Holdings Tender Offer and to recommend that the Targets shareholders tender their shares in DCM Holdings Tender Offer on October 2, 2020.

The Company has learned from the Targets Announcement Press Release (DCM Holdings) that the Targets board of directors had resolved that decisions regarding DCM Holdings Tender Offer, including approval or disapproval of the Tender Offer, shall be made by the Targets board of directors, in utmost respect of the judgment of the Target Special Committee, and that if the Target Special Committee determines that the implementation of DCM Holdings Tender Offer or the terms and conditions of the transactions are not appropriate, the Targets board of directors shall not express its support of DCM Holdings Tender Offer. Furthermore, the Company has also come to know from the Targets Announcement Press Release (DCM Holdings) that the Target has not entered into any agreement which includes a transaction protection clause that may prohibit the Target from contacting Competitive Offerors or any other agreement that may restrict any Competitive Offerors' contact with the Target, and thus Target has ensured not to prevent opportunities for any Competitive Offerors including the Company to make acquisition proposals, and that DCM Holdings has ensured an opportunity of offering by Competitive Offerors by setting the tender offer period at 30 business days, not the legally stipulated minimum duration of 20 business days.

The Company believes that it is possible for both the Company and the Target to realize synergy effects through management integration of the Company and the Target. And then, since the

Targets board of directors and the Target Special Committee have expressed their willingness to accept competitive offers by aforementioned means, the Company has come to the conclusion that the management integration of the Company and the Target can be realized by making a formal offer in accordance with such procedure and providing a sincere explanation to the Targets board of directors and the Target Special Committee.

Furthermore, the Company believes that it is important to ensure the transparency and fairness of the Tender Offer for shareholders of the Target given that DCM Holdings Tender Offer is ongoing. Thus, the Company did not hold any discussion with the Target after the meeting between the Company and the Target held in September 28, 2020 until the public announcement of the Companys Press Release Dated October 29.

As announced in the Companys Press Release Dated October 29, the Company believes that the management integration of the Company and the Target can realize synergy effects and possibly maximize the corporate value of both companies. Therefore, in view of the announcement of the board of directors of the Target and the Target Special Committee that they are prepared to accept competitive offers, as described above, the Company has decided to make, following the process therefor, a proposal for management integration between the Company and the Target through the Tender Offer, and on October 29, 2020, the Company decided to implement the Tender Offer and also decided the Tender Offer Price.

After the decision above, the Company discussed the Management Integration with the Target, but did not negotiate the Tender Offer Price in such discussion.

(i) Name of the third party from which the Company requested opinion for valuation

In determining the Tender Offer Price, the Company requested Daiwa Securities, a financial advisor, to calculate the value of the Target Shares as a third-party valuation organization independent of the Company, Target and DCM Holdings. On October 28, 2020, the Company obtained the Valuation Report from Daiwa Securities. Daiwa Securities does not constitute a related party to the Company, Target and DCM Holdings, and has no material interest regarding the Tender Offer. The Company has not obtained any written opinion regarding the fairness of the Tender Offer Price (i.e., a fairness opinion) from Daiwa Securities.

(ii) Overview of the opinion

In accordance with the Valuation Report, the methods adopted and the ranges of the per-share value of the Target Shares calculated based on such methods are as follows:

Market share price analysis (1)	2,849 yen – 2,945 yen
Market share price analysis (2)	3,157 yen – 4,890 yen
Comparable company analysis	2,239 yen – 4,114 yen
DCF analysis	2,964 yen – 5,763 yen

(iii) How the Tender Offer Price was determined based on the opinion

In determining the Tender Offer Price, based on the content and results of the calculation presented in the Valuation Report, comprehensively considering factors such as the tender offer price under DCM Holdings Tender Offer, the market price trend of the Target Shares, examples of premiums actually paid in tender offers conducted by parties other than issuer in expectation of making the target a wholly owned subsidiary, prospects for tenders of the Target Shares in the Tender Offer, the Company determined that it was appropriate to present a price with an appropriate premium to the market price of the Target Shares and, on October 29, 2020, ultimately determined to set the Tender Offer Price at 5,500 yen per share.

(III) Relationship with valuation organization

Daiwa Securities, a financial advisor of the Company, does not constitute a related party to the Company, Target and DCM Holdings and has no material interest regarding the Tender Offer.

(5) Number of share certificates to be purchased

Planned purchase quantity	Minimum planned purchase quantity	Maximum planned purchase quantity
38,955,187 shares	19,477,600 shares	- shares

(Note 1) The Company will not purchase all of the Tendered Share Certificates, if the total number of the Tendered Share Certificates is less than the minimum planned purchase quantity (19,477,600 shares). The Company will purchase all of the Tendered Share Certificates, if the total number of the Tendered Share Certificates is no less than the minimum planned purchase quantity (19,477,600 shares).

(Note 2) As the Company has not set any maximum planned purchase quantity, the planned purchase quantity indicated is the maximum number of Target Shares that the Company will acquire through the Tender Offer. The maximum number of Target Shares is 38,955,187 shares, which is obtained by deducting the number of treasury shares owned by the Target as of the August 31, 2020 (3,653,817 shares) as indicated in the Earnings Briefing and the number of the Target Shares owned by the Company as of the date of this Press Release (100 shares) from the total number of issued shares as of August 31, 2020 (42,609,104 shares) as indicated in the Earnings Briefing.

(Note 3) Fractional shares are also subject to the Tender Offer. Please note that, in the event the Target s shareholder exercises its right to demand a purchase of fractional shares in accordance with the Companies Act, the Target may purchase its own shares during the Tender Offer Period in accordance with the procedures set forth in applicable laws and regulations.

(Note 4) There is no plan to acquire the treasury shares owned by the Target in the Tender Offer.

(6) Changes in ownership ratio of share certificates by after Tender Offer

Number of voting rights represented by share certificates owned by Tender Offeror before Tender Offer	1	(Ownership ratio of share certificates before Tender Offer: 0.00%)
Number of voting rights represented by share certificates owned by specially related parties before Tender Offer	0	(Ownership ratio of share certificates before Tender Offer: 0.00 %)

Number of voting rights represented by share certificates owned by Tender Offeror after Tender Offer	389,552	(Ownership ratio of share certificates after Tender Offer: 100.00%)
Number of voting rights represented by share certificates owned by specially related parties after Tender Offer	0	(Ownership ratio of share certificates after Tender Offer: 0.00%)
Total number of voting rights owned by all shareholders of Target	415,898	

(Note 1) "Number of voting rights represented by share certificates owned by specially related parties before Tender Offer" shows the total number of voting rights represented by share certificates owned by each specially related party (excluding any persons who are excluded from specially related parties pursuant to Article 3(2)(i) 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 November 26, 1990, as amended; the ("Ordinance")) in the calculation of the ownership ratio of share certificates pursuant to each item of Article 27-2(1) of the Act). Further, since the share certificates owned by each specially related party (excluding the treasury shares owned by the Target) are also subject to the Tender Offer, the "Number of voting rights represented by share certificates owned by specially related parties after Tender Offer" is indicated as zero (0).

(Note 2) "Total number of voting rights owned by all shareholders of Target" is the number of the voting rights owned by all shareholders as of February 29, 2020 as indicated in the 3rd quarterly report for the 61st fiscal year filed by the Target on July 10, 2020. Given that the fractional shares are also subject to the Tender Offer, however, for the purpose of calculating the "Ownership ratio of share certificates before Tender Offer" and "Ownership ratio of share certificates after Tender Offer," the denominator is 389,552 (the number of voting rights represented by the number of shares (38,955,287 shares), which is obtained by deducting the number of treasury shares owned by the Target as of August 31, 2020 (3,653,817 shares) from the total number of issued shares of the Target as of the same date (42,609,104 shares), both as indicated in the Earnings Briefing).

(Note 3) "Ownership ratio of share certificates before Tender Offer" and "Ownership ratio of share certificates after Tender Offer" are both rounded to the nearest hundredth.

(7) Aggregate Tender Offer Price: 214,253,528,500 yen

(Note) The aggregate Tender Office Price indicated above is calculated by multiplying the planned purchase quantity (38,955,187 shares) as described in "(5) Number of share certificates to be purchased" by the Tender Offer Price (5,500 yen per share).

(8) Settlement method

(I) Name and headquarters address of financial instruments business operator or bank, etc., to settle the purchase, etc.

Daiwa Securities Co., Ltd. 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

(II) Commencement date of settlement for the Tender Offer

January 6, 2021 (Wednesday)

(III) Settlement method

Without delay after the conclusion of the Tender Offer Period, the Company will post to the address of each tendering shareholder, etc. (or, in the case of foreign shareholders, their standing proxies) a notice of purchase, etc., through the Tender Offer.
Purchases will be made in cash. In accordance with the instructions of the tendering shareholder, etc., the sales price of the share certificates purchased will be remitted by the tender offer agent to a location designated by the tendering shareholder, etc. (or, in the case of foreign shareholders, their standing proxies) (a remittance charge may be payable) or be paid into the account of the tendering shareholder, etc. at the tender offer agent where the tender has been accepted, without delay after the commencement date of settlement for the Tender Offer.

(IV) Method of returning share certificates

If not all of Tendered Share Certificates are purchased in accordance with the conditions set out in "(I) Conditions set forth in each item of Article 27-13(4) of the Act, and detail of such conditions" or "(II) Conditions for withdrawal of the Tender Offer, detail of such conditions and method of disclosure of withdrawal" under "(9) Other conditions and methods of purchase" below, the share certificates that are required to be returned will be returned in the condition that they were in when they were tendered, without delay, two business days or more after the last day of the Tender Offer Period (or, if the Tender Offer is withdrawn, the date on which the withdrawal was made).

(9) Other conditions and methods of purchase

(I) Conditions set forth in each item of Article 27-13(4) of the Act, and detail of such conditions

The Company will not purchase all of the Tendered Share Certificates, if the total number of the Tendered Share Certificates is less than the minimum planned purchase quantity (19,477,600 shares). The Company will purchase all of the Tendered Share Certificates, if the total number of the Tendered Share Certificates is no less than the minimum planned purchase quantity (19,477,600 shares).

(II) Conditions for withdrawal of the Tender Offer, detail of such conditions and method of disclosure of withdrawal

Upon occurrence of any of the matters as provided in Article 14(1)(i)(a) through (i) and (l) through (s), (iii)(a) through (h) and (j), (iv) and Article 14(2)(iii) through (vi) of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended; the ("Enforcement Order")), the Tender Offer may be withdrawn.

For the purpose of the Tender Offer, "the matters equivalent to those listed in (a) through (r)" as provided in Article 14(1)(i)(s) of the Enforcement Order refer to (i) the case where a decision-making body for the execution of business of the Target (a) has resolved to distribute dividends of surplus with a record date preceding the commencement date of settlement for the Tender Offer (except where the amount of money or other properties to be distributed to shareholders is estimated to be less than the amount equivalent to 10% of the book value of net assets of the Target on its non-consolidated balance sheet as of the end of the most recent business year (18,158 million yen (Note))) or has resolved to submit to the Targets shareholders meeting a proposal to make such a distribution of surplus, or (b) has resolved to distribute dividends of surplus with a record date preceding the commencement date of settlement for the Tender Offer without showing the specific amount of dividends of surplus, leaving a possibility of making a distribution of dividends in an amount exceeding 10% of the book value of net assets of the Target on its non-consolidated balance sheet as of the end of the most recent business year and (ii) the case where a decision-making body for the execution of business of the Target has resolved to acquire treasury shares (except where the amount of money or other properties to be delivered in exchange for the acquisition of the shares is estimated to be less than the amount equivalent to 10% of the book value of net assets of the Target on its non-consolidated balance sheet as of the end of the most recent business year (18,158 million yen)) or has resolved to submit to the Targets shareholders meeting a proposal for such acquisition of treasury shares. In addition, for the purpose of the Tender Offer, "the facts equivalent to those listed in (a) through (i)" as provided in Article 14(1)(iii)(j) of the Enforcement Order refer to the case where any of the statutory disclosure documents filed by the Target in the past is found to contain any false statement with respect to any material matter or omit to state any material matter required to be stated.

(Note) Assuming that there has been no change in the total number of issued shares and the number of treasury shares, this threshold is equivalent to a dividend per share of 467 yen (Specifically, this amount has been calculated by dividing (x) 18,158 million yen, or 10% of the net assets of 181,584 million yen (any fraction less than 1 million yen being rounded down) as of August 31, 2020 as stated in the Earnings Briefing by (y) the number of shares (38,955,287 shares) obtained by deducting the number of treasury shares owned by the Target as of August 31, 2020 (3,653,817 shares) from the total number of issued shares of the Target as of August 31, 2020 (42,609,104 shares), both as stated in the Earnings Briefing, with fractions of 1 yen in the calculation result rounded up to the nearest yen.).

In addition, pursuant to Article 10, Paragraph 2 of the Antitrust Act, the Company is required to file a plan for the the Share Acquisition with the JFTC in advance (such filling is hereinafter refered to as the "Prior Notification"), and may not acquire the Shares in principle until 30 days (or a shorter period as allowed in certain cases) have passed from the date of acceptance of the Prior Notification (such period during which the acquisition of shares is prohibited is hereinafter refered to as the "Non-acquisition Period") in accordance with Paragraph 8 of the Article.

Article 10, Paragraph 1 of the Antitrust Act prohibits the acquisition of shares in another company that would substantially restrain competition in any particular field of trade, and the JFTC may order the necessary measures to eliminate acts in violation of this provision (Article 17-2, item 1 of the Antitrust Act; the "Cease and Desist Order") or may file petition for an emergency suspension order with the courts (Article 70-4, item 1 of the Antitrust Act; the

"Petition for an Urgent Temporary Suspension Order "). If the JFTC intends to issue the Cease and Desist Order when the Prior Notification mentioned above is made, the JFTC must hear the opinions of a person who should be addressee of the Cease and Desist Order (Article 49 of the Antitrust Act), and when hearing the opinions, the JFTC must notify a person who should be addressee of the contents of the scheduled Cease and Desist Order (Article 50, Paragraph 1 of the Antitrust Act; the "Prior Notice of Cease and Desist Order"). A Prior Notice of Cease and Desist Order relating to share acquisition must be given within a certain period (in principle, within 30 days of the date of receipt of the Prior Notification, but this period may be extended or shortened; the "Period for Measures") (Article 10, Paragraph 9 of the Antitrust Act).

If the JFTC decides not to give the Prior Notification of the Cease and Desist Order, it shall give notice to that effect (the "Notice to the Effect that Cease and Desist Order Will not be Issued") (Article 9 of Rules on Applications for Approval, Reporting, Notification, etc. Pursuant to the Provisions of Articles 9 to 16 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (The Fair Trade Commission Rule No. 1 of 1953)).

The Company made a Prior Notification regarding the Share Acquisition to the JFTC as of October 27, 2020 and the relevant Prior Notification was accepted on the same day. Accordingly, the Non-acquisition Period and the Period for Measures will expire upon the passage of November 26, 2020, in principle. As of today, the Company has received neither Prior Notification of the Cease and Desist Order nor the Notice to the Effect that Cease and Desist Order Will not be Issued from the JFTC.

With respect to the Companys Prior Notification to the JFTC pursuant to the provisions of Article 10, Paragraph 2 of the Antitrust Act by the day before the expiration of the Tender Offer Period (including extension thereof), the Company may withdraw the Tender Offer, etc. if: (a) the Company receives from the JFTC the Prior Notice of Cease and Desist Order ordering the disposition of all or part of the shares of the Target, the transfer of a part of its business or any other equivalent disposition; (b) the Period for Measures for which the Prior Notice of Cease and Desist Order should be given under the Antitrust Act does not expire; or (c) the Company receives a Petition for an Urgent Suspension Order from the court as a person engaging in an act suspected of violating the provisions of Article 10, Paragraph 1 of the Antitrust Act, and if it has failed to obtain the "Permission, etc." prescribed in Article 14, Paragraph 1, item 4 of the Enforcement Order. If Period for Measures ends without the Prior Notice of Cease and Desist Order and the request for a report, etc. under Article 10, Paragraph 9 of the Antitrust Act from the JFTC, or if the Company receives a Notice to the Effect that Cease and Desist Order Will not be Issued from the JFTC, the Company shall immediately submit an amendment to the Tender Offer Notification to the Director-General of the Kanto Local Finance Bureau in accordance with Article 27, Paragraph 8, item 2 of the Act.

If the Company intends to withdraw the Tender Offer, it will issue an electronic public notice and publish the notice in the Nihon Keizai Shimbun. However, if it is difficult to give public notice by the last day of the Tender Offer Period, the Company shall give public notice by the method prescribed in Article 20 of the Cabinet Office Ordinance and give public notice immediately thereafter.

(III) Whether there are any conditions for the reduction of the Tender Offcer Price, the details thereof and the method of disclosure of such reduction

Pursuant to the provisions of Article 27-6, Paragraph 1, item (i) of the Act, if the Target conducts the act presecribed in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offer Price. may be reduced in accordance with the criteria prescribed in Article 19, Paragraph 1 of the Cabinet Office Ordinance. If the Company intends to reduce the Tender Offer Price, the Company will issue an electronic public notice and publish the notice in the Nihon Keizai Shimbun. However, if it is difficult to give public notice by the last day of the Tender Offer Period, the Company shall give public notice by the method prescribed in Article 20 of the Cabinet Office Ordinance and give public notice immediately thereafter. If the Tender Offer Price. is reduced, the Company will purchase the Tendered Share Certificates prior to the public notice at the reduced Tender Offer Price.

(IV) Matters concerning the right of tendering shareholders, etc. to cancel the contract

The tendering shareholders, etc. may cancel the contract for the Tender Offer at any time during the Tender Offer Period. If the Company cancels the contract, it shall deliver or send a cancellation document (the acceptance form for application for the a tender offer and a document to the effect that the contract for the tender offer will be cancelled) to the head office or branch offices throughout Japan of the Tender Offer Agent that accepts the cancellation document by 16:00 p.m. on the last day of the Tender Offer Period. However, in the case of sending the cancellation document, the cancellation document shall be reached by 16:00 p.m. on the last day of the Tender Offer Period.

The person authorized to receive the cancellation document:

Daiwa Securities Co., Ltd. 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
(Other Daiwa Securities branches throughout Japan)

The Company will not seek damages or penalties from tendering shareholders, etc. in connection with the cancellation of the contract. The Company shall also bear costs required for the return of the Tendered Share Certificates. If the cancellation is requested, the Tendered Share Certificates will be returned promptly after the procedures are completed by the method described in "(IV) Method of returning share certificates" under "(8) Method of settlement."

(V) The method of disclosure in the case where the terms of tender offer, etc. have been changed

During the Tender Offer Period, the Company may change the terms of tender offer, etc., except as otherwise prohibited by Article 27-6, Paragraph 1 of the Act and Article 13 of the Enforcement Order. If the Company intends to change the terms of tender offer, etc., it shall issue an electronic public notice of the contents of the change, etc., and publish the notice in the Nihon Keizai Shimbun. However, if it is difficult to give public notice by the last day of the Tender Offer Period, the Company shall give public notice by the method prescribed in Article 20 of the Cabinet Office Ordinance and give public notice immediately thereafter. If the terms of tender offer, etc. are changed, the Company will purchase, etc. the Tendered Share Certificates tendered prior to the date of the public notice pursuant to the changed terms of tender offer, etc.

(VI) The method of disclosure in the case where an amendment is submitted

When the Company submits an amendment to the tender offer notification to the Director-General of the Kanto Local Finance Bureau (except for the cases prescribed in the proviso of Article 27- 8, Paragraph 11 of the Act), the Company will publicly and promptly announce the contents of the amendment to the tender offer commencement public notice out of the contents of the amendment to the tender offer notification, in the manner prescribed in Article 20 of the Cabinet Office Ordinance. In addition, the Company will immediately amend the Tender Offer Explanation Statement and will immediately deliver the amended Tender Offer Explanation Statement to tendering shareholders, etc., to whom the Tender Offer Explanation Statement has already been delivered. However, if the scope of such amendment is limited to a small portion, the Company will amend by preparing and delivering a document describing the reasons for such amendment, matters amended and the contents after such amendment to the tendering shareholders, etc.

(VII) Method of disclosure of the results of a Tender Offer

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

(10) Tender offer commencement public notice date

November 16, 2020 (Monday)

(11) Tender Offer Agent

Daiwa Securities Co., Ltd. 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

3. Management Policy Following Completion of the Tender Offer and Future Outlook

For the management policy following the Tender Offer, please refer to "(3) Management policy after the Tender Offer," "(4) Policy regarding reorganization following completion of the Tender Offer (so-called two -step acquisition)," and "(5) Possibility of delisting and reasons thereof" under "1. Purpose of Tender Offer" above.
The effect of the Tender Offer on the earnings forecast for the current fiscal year is currently under scrutiny, and in the future, if there is a need to revise the earnings forecast or if there are any matters to be disclosed, the Company will promptly disclose any such information.

4. Other Information

(1) Agreements between the Tender Offeror and the Target or its officers and the detail of such

agreements

According to the Target's Announcement Press Release (Nitori Holdings), at the meeting of the Target's Board of Directors held on November 13, 2020, the Target expressed its opinion in favor of the Tender Offer and resolved to recommend that all of the shareholders of the Target tender their shares in the Tender Offer.

The Company entered into the Management Integration Agreement with the Target on November 13, 2020. For details, see "(VI) Matters related to material agreements concerning Tender Offer" under "1. Purpose of Tender Offer" above.

(2) Other information deemed necessary for investors to judge whether or not to accept the tender offer

(I) Release of "Earnings Briefing for the fiscal year ended August 2020 (Japanese GAAP) (Non-consolidated)"

The Target released the Earnings Briefing ("Earnings Briefing for the fiscal year ended August 2020 (Japanese GAAP) (Non-consolidated)") as of October 2, 2020, which is summarized below. Please note that the information contained therein has not been audited by the audit firm in accordance with the provisions of Article 193-2, Paragraph 1 of the Act. The following summary is an excerpt from the information released by the Target. For details, please refer to the content of the release.

(a) Status of profit and loss

Fiscal year/month	Fiscal year ended August 2020 (Non-consolidated)
Sales	146,694 million yen
Cost of sales	97,251 million yen
Selling, general and administrative expenses	46,691 million yen
Operating profit	9,598 million yen
Ordinary profit	10,094 million yen
Net profit	6,422 million yen

(b) Status per share

Fiscal year/month	Fiscal year ended August 2020 (Non-consolidated)
Net profit per share	156.80 yen
Dividend per share	50.00 yen
Net asset value per share	4,661.36 yen

(II) Release of "Announcement of revised dividend forecast for the fiscal year ending August 2020"

The Target resolved at the meeting of its board of directors held on October 2, 2020, to revise the dividend forecast for the fiscal year ended August 2020 that had been released on July 9, 2020 and not to pay any year-end dividend for the fiscal year. For details, please refer to the "Announcement of revised dividend forecast for the fiscal year ending August 2020" released by the Target on October 2, 2020.

II. Execution of Management Integration Agreement

1. Reason for Management Integration

See "(III) Reasons why the Company is implementing the Tender Offer" under "(2) Background and reasons to the decision to implement the Tender Offer," under "1. Purpose of Tender Offer" under "I. Tender Offer" above.

2. Details of Management Integration

See "(6) Matters related to material agreements concerning Tender Offer" under "1. Purpose of Tender Offer" under "I. Tender Offer" above.

3. Outline of the other party to Management Integration

See "(1) Outline of Target" under "2. Outline of Tender Offer" under "I. Tender Offer" above. As described in "(6) Matters related to material agreements concerning Tender Offer" under "1. Purpose of Tender Offer" under "I. Tender Offer" above, the Company will newly appoint Takaaki Okano, president and representative director of the Target, as a director of the Company, and four other executive directors of the Target as executive officers of the Company, within a reasonable time after the commencement date of the settlement of the Tender Offer.

4. Schedule of Management Integration

Public announcement date of Management Integration	November 13, 2020
Execution date of Management Integration Agreement	Same as above
Commencement of Tender Offer	November 16, 2020 (scheduled)
Completion of Tender Offer	December 28, 2020 (scheduled)
Commencement date of settlement of Tender Offer	January 6, 2021 (scheduled)
Effective date of provisions of Management Integration Agreement that were subject to conditions precedent (Note)	January 6, 2021 (scheduled)
Effective date of Demand for Sale of Shares or Share Consolidation	From February 2021 to April 2021 (scheduled)

(Note) The said provisions refer to the part of the Management Integration Agreement that sets forth the "Matters concerning the business alliance after the Tender Offer." For details, see "(6) Matters related to material agreements concerning the Tender Offer" under "1. Purpose of Tender Offer" under "I. Tender Offer" above.

5. Future outlook

See "3. Management Policy Following Completion of the Tender Offer and Future Outlook" under "I. Tender Offer" above.

End

- This press release is intended to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first read the Tender Offer Explanation Statement concerning the Tender Offer and make an offer to sell their shares at their own discretion. This press release shall neither be, nor constitute a part of, an offer to sell or purchase, or solicitation to sell or purchase, any securities, and neither this press release (or a part of this press release) nor its distribution shall be interpreted to constitute the basis of any agreement in relation to the Tender Offer, and this press release may not be relied upon at the time of entering into any such agreement.

- 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. Specifically, Section 13(e) and Section 14(d) the Securities Exchange Act of 1934 (as amended; "Securities Exchange Act") and the rules promulgated under such Section do not apply to the Tender Offer, and the Tender Offer is not necessarily in compliance with the procedures and standards thereunder. It is not necessarily the case that all financial information in this press release are equivalent to financial statements of companies in the United States. It may be difficult to enforce any right or claim arising under U.S. federal securities laws because the Tender Offeror and the Target are incorporated outside the United States and all of their directors are non-U.S. residents. Shareholders may not be able to sue a company outside the United States and its directors 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 outside the United States or its subsidiaries and affiliates to subject themselves to the jurisdiction of a U.S. court.

- The financial advisor of the Tender Offeror or the Target and their respective affiliates may, within their ordinary course of business, purchase, or conduct any act toward the purchase of, the shares of the common stock of the Target for their own account or for their customers' accounts outside the Tender Offer prior to the commencement of, or during, the period of the Tender Offer, etc. in accordance with the requirements of Rule 14e-5(b) under the Securities Exchange Act to the extent permissible under the Financial Instruments and Exchange Act and other applicable laws and regulations in Japan. If any information concerning such purchase is disclosed in Japan, the disclosure of such information will be made in the United States in a similar manner.

- All the procedures in connection with the Tender Offer shall be taken in the Japanese language. While a part or all of the documents in connection with the Tender Offer may be prepared in English, the Japanese documents shall prevail in case of any discrepancies between Japanese documents and corresponding English documents.

- This press release contains "forward-looking statements" as defined in Section 27A of the Securities Act of 1933 (as amended) and Section 21E of the Securities Exchange Act. The actual results may be significantly different from the projections implied or expressly stated as "forward-looking statements" due to known or unknown risks, uncertainties or other factors. None of the Tender Offeror, the Target or any of their respective affiliates assures that such express or implied projections set forth herein as "forward-looking statements" will eventually prove to be correct. "Forward-looking statements" contained herein were prepared based on the information available to the Tender Offeror as of the date of this press release and, unless required by laws and regulations, neither Tender Offeror nor its related parties including related companies shall have the obligation to update or correct the statements made herein in order to reflect the future events or circumstances.

- Some countries or regions may impose restrictions on the announcement, issue or distribution of this press release. In such cases, please take note of such restrictions and comply with them. In countries or regions where the implementation of the Tender Offer is illegal, even upon receiving this press release, such receipt shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.