November 5, 2019


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| Company name: | Funai Soken Holdings, Inc. | |
| Representative: | Sakae Takashima, | President & Group CEO: |
| | (Securities Code: 9757, Tokyo Stock Exchange 1st Section) | |
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# Notice of Acquisition of Treasury Shares and Tender Offer for Treasury Shares

Funai Soken Holdings, Inc. (hereinafter referred to as the "Company") hereby announces that, at the meeting of the Board of Directors held on November 5, 2019, the Company adopted resolutions described below with respect to the acquisition of treasury shares pursuant to Paragraph 1 of Article 156 of the Companies Act (Act No. 86 of 2005, including subsequent amendments thereto; hereinafter referred to as the "Companies Act") as applied by Paragraph 3 of Article 165 of the Companies Act and under the provisions of the Company's Articles of Incorporation, and with respect to the implementation of a tender offer for treasury shares (hereinafter referred to as the "Tender Offer") as the specific method of acquisition of treasury shares.

1. Purposes of the Purchase, etc.

To increase shareholder value over the medium- to long-term, the Company's basic policy is to (i) formulate an ideal level of shareholders' equity, (ii) increase shareholder returns, and (iii) improve capital efficiency through proactive business investments aimed at growing profits. Its basic policy of efficiency is to focus on management that takes into account capital cost and maintain consolidated return on equity (ROE) of 10% or more, for which the Company works on promotion of investment in new businesses and expansion of revenue through strengthening of the core business. The Company's policy on shareholder returns is to implement and continue with dividend payment that takes into consideration its business performance while flexibly carrying out acquisition of treasury shares, ultimately to maintain a return-to-shareholders ratio of 50% or higher.

Further, the Company's Articles of Incorporation stipulate that it may acquire treasury shares through market transactions based on a resolution of its Board of Directors pursuant to the provision of Paragraph 2 of Article 165 of the Companies Act. The aim of this provision is to implement a flexible capital policy by

delegating the authority for acquisition of treasury shares, etc. to the Board of Directors. The Company has heretofore implemented acquisitions of its own shares. Since the first section of Osaka Securities Exchange Co., Ltd. was consolidated into the First Section of Tokyo Stock Exchange, Inc. (hereinafter referred to as "TSE") following the integration of the spot markets in July 2013, the Company acquired 251,000 shares for 264,761,900 yen during the acquisition period from February 25, 2015, to May 25, 2015, in accordance with a resolution at the meeting of the Board of Directors held on February 21, 2015; 342,900 shares for 499,889,300 yen during the acquisition period from August 8, 2016, to December 30, 2016, in accordance with a resolution at the meeting of the Board of Directors held on August 5, 2016; and 440,500 shares for 999,858,300 yen during the acquisition period from March 23, 2018, to December 31, 2018, in accordance with a resolution at the meeting of the Board of Directors held on March 22, 2018, all by means of market purchases on TSE.

It was under such circumstances that, in early July 2019, the Company received notice from Funai Honsha KK, the Company's major and largest shareholder (number of shares held as of June 30, 2019: 5,722,179 shares; shareholding ratio [Note]: 11.34%) that it intended to sell a part of its stake in the Company's common stock worth about 3,000,000,000 yen. Funai Honsha KK is an asset management company, the majority of whose voting rights are held by Kazuko Funai (number of shares held as of June 30, 2019: 1,567,501 shares; shareholding ratio: 3.11%), the spouse of late Yukio Funai, the Company's founder and former supreme advisor, and the fifth largest shareholder of the Company, and Katsuhito Funai, the second son of Yukio Funai and the ninth largest shareholder of the Company, (number of shares held as of June 30, 2019: 1,056,960; shareholding ratio: 2.09%) serves as the representative director of the company.

(Note) "Shareholding ratio" refers to the ratio with respect to 50,476,069 shares, which is obtained by deducting the 2,523,931 treasury shares held by the Company as of September 30, 2019 from the Company's total of 53,000,000 issued shares stated in the Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending Dec. 31, 2019, announced on November 5, 2019 (the figures are rounded off to the second decimal place; the same shall apply to calculations of shareholding ratios hereinafter).

In response, in late September 2019, the Company began studying in detail the acquisition of such shares as treasury shares, considering the impact on the liquidity and market price of the shares in the Company's common stock by temporarily releasing a significant number of shares into the market as well as the Company's financial standings.

As a result, in late September 2019, the Company came to a conclusion that the acquisition of such shares as treasury shares can not only be expected to circumvent the temporary deterioration in the supply-demand balance of the shares in the Company's common stock but also would contribute to raising the Company's earnings per share (EPS), return on equity (ROE), and other indicators of capital efficiency, leading to increased returns to its shareholders.

As for the specific methods for acquiring its own shares, after repeated considerations from the perspectives of maintaining fairness among shareholders and transactional transparency, in late September 2019, the Company judged a tender offer as the appropriate method. Regarding the purchase price under the Tender Offer (hereinafter referred to as the "Tender Offer Purchase Price"), the Company believes that emphasis must be placed on clarity and objectivity of criteria as well as market prices as the basis for appropriate pricing of the shares in the Company's common stock, taking into consideration factors such as the fact the shares in the Company's common stock are traded on a financial instrument exchange and that publicly traded companies often carry out acquisitions of their own shares through market purchases on financial instrument exchanges. In addition, from the perspective of respecting the interests of those shareholders who would not tender the shares they hold to the Tender Offer and continue to retain ownership of the shares in the Company's common stock, in late September 2019, the Company determined that purchase at a price with a certain level of discount from the market price would be appropriate to control the outflow of capital from the Company as much as possible. With regard to the discount rate, the Company has decided to refer to past examples of acquisition of treasury shares through tender offer by other companies.

Funds required for the settlement of the Tender Offer will be appropriated by own funds. In light of the 11,635,512,000 yen in cash and deposits on a consolidated basis that the Company had as of September 30, 2019, and cash flows from its business activities to be generated in the future, the Company believes that its financial soundness and stability would be maintained after the Tender Offer.

Based on the above consideration, in the beginning of October, 2019, the Company asked Funai Honsha KK if it would apply for the Tender Offer at a price with a certain level of discount from the market price for the aggregate purchase price of up to about 1,500,000,000 yen given the Company's financial standing. In response, the Company received an answer from Funai Honsha KK, on the same day, that it would positively consider applying for the Tender Offer based on the proposed conditions.

Subsequently, the Company studied the Tender Offer Purchase Price, and had negotiations with Funai Honsha KK regarding the concrete terms and conditions of the Tender Offer in late October 2019. The Company proposed Funai Honsha KK that the Tender Offer Purchase Price should be a price discounted at about 10% from the simple average of the closing prices of the shares in the Company's common stock on the First Section of TSE for three months up to November 1, 2019, the business day immediately prior to the date of the Board of Directors meeting at which the implementation of the Tender Offer was to be resolved (November 5, 2019), which is the lower of the simple average of closing price of the shares in the Company's common stock for the past one month and past three months (simple average of the past one month: 2,554 yen; simple average of the past three months: 2,394 yen [rounded off to the nearest whole yen; the same shall apply hereinafter to calculations of the simple average of closing price]) and that the number of shares planned to be acquired from Funai Honsha KK should be roughly equivalent to 1,500,000,000 yen in the aggregate purchase price.

As a result, on November 1, 2019, the Company received an answer from Funai Honsha KK that, if the Company resolved to implement the Tender Offer, it would tender 696,100 shares (shareholding ratio:

1.38%; hereinafter referred to as the “Tender Agreement Shares”) in the Company’s common stock under the above terms and conditions.

Following the above considerations and determinations, the Company resolved at a meeting of the Board of Directors held on November 5, 2019, to implement an acquisition of treasury shares by means of Tender Offer pursuant to Paragraph 1 of Article 156 of the Companies Act as applied by Paragraph 3 of Article 165 of the Companies Act and in accordance with the provisions of the Company’s Articles of Incorporation, and also to set a Tender Offer Purchase Price of 2,155 yen (rounded off to the nearest whole yen; the same shall apply hereinafter to calculations of the Tender Offer Purchase Price), which is the price discounted at 10% from 2,394 yen, the simple average of the closing prices of the shares in the Company’s common stock on the First Section of TSE for the three months ended November 1, 2019, the business day immediately prior to November 5, 2019, the date of the meeting of the Board of Directors at which the resolution on the implementation of the Tender Offer was adopted. In addition, the maximum number of shares that the Company plans to acquire in the Tender Offer has been resolved to be 696,100 shares (shareholding ratio: 1.38%), the same as the number of the Tender Agreement Shares.

The Company has received a reply from Funai Honsha KK that it would tender the Tender Agreement Shares (696,100 shares; shareholding ratio: 1.38%), which are part of the 5,722,179 shares (shareholding ratio: 11.34%) in the Company’s common stock Funai Honsha KK holds. Further, Funai Honsha KK explained to the Company that at the moment it intended to continue to hold the shares in the Company’s common stock that were to be held by it after the Tender Offer (5,026,079 shares [shareholding ratio: 9.96%] if all of the Tender Agreement Shares are acquired; if the total number of the share certificates tendered in the Tender Offer [hereinafter referred to as the “Share Certificates Tendered”] exceeds the number of shares the Company plans to acquire and part of the Tender Agreement Shares are not acquired, such shares will be also included).

The Company’s policy concerning the disposal or other treatment of treasury shares to be acquired through the Tender Offer is yet to be decided.

2. Details of the Board of Directors Resolution Concerning the Acquisition of Treasury Shares

(1) Details of resolution

| Class of share certificates, etc. | Total number of shares | Aggregate purchase amount |
|---|---|---|
| Shares in common stock | 696,200 shares(maximum) | 1,500,311,000 yen(maximum) |

(Note 1) Total number of issued shares: 53,000,000 shares (as of November 5, 2019)

(Note 2) Ratio to the total number of issued shares: 1.31% (the figure is rounded off to the second decimal place)

(Note 3) Acquisition period: From Wednesday, November 6, 2019, through Friday, December 27, 2019

(2) Publicly traded securities relating to treasury shares previously acquired pursuant to the resolution

Not applicable.

3. Summary of the Acquisition of Treasury Shares

(1) Time table

| | |
|---|---|
| (i) The Board of Directors resolution | Tuesday, November 5, 2019 |
| (ii) Public notice of start of the tender offer | Wednesday, November 6, 2019<br>Public notice shall be made electronically and notice to that effect is published in "The Nikkei" newspaper.<br>(URL for electronic public notice http://disclosure.edinet-fsa.go.jp/) |
| (iii) Submission of Tender Offer Statement | Wednesday, November 6, 2019 |
| (iv) Tender offer period | From Wednesday, November 6, 2019, through Tuesday, December 3, 2019 (20 business days) |

(2) Tender Offer Purchase Price

2,155 yen per share in common stock

(3) Grounds for calculation of the Tender Offer Purchase Price

(i) Basis of the calculation

When calculating the Tender Offer Purchase Price, the Company believes that emphasis must be placed on clarity and objectivity of criteria as well as market prices as the basis for appropriate pricing of the shares in the Company's common stock, taking into consideration factors such as the fact that the shares in the Company's common stock are traded on a financial instrument exchange and that publicly traded companies often carry out acquisitions of their own shares through market purchases on financial instrument exchanges. For this reason, the Company used as a reference the closing prices of the shares

in the Company's common stock on the First Section of TSE on November 1, 2019, the business day immediately prior to the date of the Board of Directors meeting at which the implementation of the Tender Offer was to be resolved (November 5, 2019), which was 2,687 yen. Considering that market share prices are subject to daily fluctuations depending on the economic circumstances and various other factors, the Company judged that it was important to consider changes in the share price over a certain period to ensure a proper market value for the market price of the shares in the Company's common stock and accordingly referenced the simple average of the closing prices for one month and three months up to November 1, 2019 (simple average of the past one month: 2,554 yen; simple average of the past three months: 2,394 yen).

In addition, from the perspective of respecting the interests of those shareholders who would not tender the shares they hold to the Tender Offer and continue to retain ownership of the shares in the Company's common stock, in late September 2019, the Company determined that purchase at a price with a certain level of discount from the market price would be appropriate to control the outflow of capital from the Company as much as possible. With regard to the discount rate, the Company has decided to refer to past examples of acquisition of treasury shares through tender offer by other companies.

Based on the above consideration, in the beginning of October, 2019, the Company asked Funai Honsha KK if it would apply for the Tender Offer at a price with a certain level of discount from the market price for the aggregate purchase price of up to about 1,500,000,000 yen given the Company's financial standing. In response, the Company received an answer from Funai Honsha KK, on the same day, that it would positively consider applying for the Tender Offer based on the proposed conditions.

Subsequently, the Company studied the Tender Offer Purchase Price, and had negotiations with Funai Honsha KK regarding the concrete terms and conditions of the Tender Offer in late October 2019.

The Company proposed Funai Honsha KK that the Tender Offer Purchase Price should be a price discounted at about 10% from the simple average of the closing prices of the shares in Company's common stock on the First Section of TSE for three months up to November 1, 2019, the business day immediately prior to the date of the Board of Directors meeting at which the implementation of the Tender Offer was to be resolved (November 5, 2019), which is the lower of the simple average of closing price of the shares in the Company's common stock for the past one month and past three months (simple average of the past one month: 2,554 yen; simple average of the past three months: 2,394 yen) and that the number of shares planned to be acquired from Funai Honsha KK should be roughly equivalent to 1,500,000,000 yen in the aggregate purchase price.

As a result, on November 1, 2019, the Company received an answer from Funai Honsha KK that, if the Company resolved to implement the Tender Offer, it would tender the Tender Agreement Shares (696,100 shares; shareholding ratio: 1.38%) under the above terms and conditions.

In light of the above, the Company resolved at a meeting of the Board of Directors held on November 5, 2019, to set a Tender Offer Purchase Price of 2,155 yen, which is the price discounted at 10% from 2,394 yen, the simple average of the closing prices of the shares in the Company's common stock on the

First Section of TSE for the three months ended November 1, 2019, the business day immediately prior to the date of the meeting of the Board of Directors at which the resolution on the implementation of the Tender Offer was adopted.

The Tender Offer Purchase Price of 2,155 yen is the price discounted at 19.80% (rounded off to the second decimal place; the same shall apply to calculations of discount ratio hereinafter) from 2,687 yen, which is the closing price of the shares in the Company's common stock on the First Section of the TSE on November 1, 2019, the business day immediately prior to the date of the meeting of the Board of Directors at which the resolution on the implementation of the Tender Offer was adopted (November 5, 2019), at 15.62% from 2,554 yen, the simple average of the closing prices of the shares in Company's common stock for one month up to November 1, 2019, and at 9.98% from 2,394 yen, the simple average of the closing prices of the shares in Company's common stock for three months up to November 1, 2019.

On November 21, 2018, the Company acquired 26,600 shares for 60,784,700 yen (the simple average share price calculated by dividing the total amount with the number of shares is 2,285 yen [rounded off to the nearest whole yen]) in accordance with a resolution at the meeting of the Board of Directors held on March 22, 2018, by means of market purchases on TSE. There is a difference of 130 yen between the simple average share price of 2,285 yen and the Tender Offer Purchase Price of 2,155 yen. This is attributable to the fact that the Tender Offer Purchase Price was determined based on the (ii) Background of the calculation below, while the market purchase price is determined by the price of the shares in the market on the date of acquisition.

(ii) Background of the calculation

The Company's basic policy of increasing shareholder value over the medium- to long-term is to (i) formulate an ideal level of shareholders' equity, (ii) increase shareholder returns, and (iii) improve capital efficiency through proactive business investments aimed at growing profits. Its basic policy of efficiency is to focus on management that takes into account capital cost and maintain consolidated return on equity (ROE) of 10% or more, for which the Company works on promotion of investment in new businesses and expansion of revenue through strengthening of the core business. The Company's policy on shareholder returns is to implement and continue with dividend payment that takes into consideration its business performance while flexibly carrying out acquisition of treasury shares, ultimately to maintain a return-to-shareholders ratio of 50% or higher.

It was under such circumstances that, in early July 2019, the Company received notice from Funai Honsha KK that it intended to sell a part of its stake in the Company's common stock worth about 3,000,000,000 yen.

In response, in late September 2019, the Company began studying in detail the acquisition of such shares as treasury shares, considering the impact on the liquidity and market price of the shares in the Company's common stock by temporarily releasing a significant number of shares into the market as well as the Company's financial standings.

As a result, in late September 2019, the Company came to a conclusion that the acquisition of such shares as treasury shares can not only be expected to circumvent the temporary deterioration in the supply-demand balance of the shares in the Company's common stock but also would contribute to raising the Company's earnings per share (EPS), return on equity (ROE), and other indicators of capital efficiency, leading to increased returns to its shareholders.

As for the specific methods for acquiring its own shares, after repeated considerations from the perspectives of maintaining fairness among shareholders and transactional transparency, in late September 2019, the Company judged a tender offer as the appropriate method. With regard to the Tender Offer Purchase Price, the Company believes that emphasis must be placed on clarity and objectivity of criteria as well as market prices as the basis for appropriate pricing of the shares in the Company's common stock, taking into consideration factors such as the fact the shares in the Company's common stock are traded on a financial instrument exchange and that publicly traded companies often carry out acquisitions of their own shares through market purchases on financial instrument exchanges. In addition, from the perspective of respecting the interests of those shareholders who would not tender the shares they hold to the Tender Offer and continue to retain ownership of the shares in the Company's common stock, in late September 2019, the Company determined that purchase at a price with a certain level of discount from the market price would be appropriate to control the outflow of capital from the Company as much as possible. With regard to the discount rate, the Company has decided to refer to past examples of acquisition of treasury shares through tender offer by other companies.

Based on the above consideration, in the beginning of October 2019, the Company asked Funai Honsha KK if it would apply for the Tender Offer at a price with a certain level of discount from the market price applied for the aggregate purchase price of up to about 1,500,000,000 yen given the Company's financial standing. In response, on the same day, the Company received an answer from Funai Honsha KK that it would positively consider applying for the Tender Offer based on the proposed conditions.

Subsequently, the Company studied the Tender Offer Purchase Price, and had negotiations with Funai Honsha KK regarding the concrete terms and conditions of the Tender Offer in late October 2019.

The Company proposed Funai Honsha KK that the Tender Offer Purchase Price should be a price discounted at about 10% from the simple average of the closing prices of the shares in Company's common stock on the First Section of TSE for three months up to November 1, 2019, the business day immediately prior to the date of the Board of Directors meeting at which the implementation of the Tender Offer was to be resolved (November 5, 2019), which is the lower of the simple average of closing price of the shares in the Company's common stock for the past one month and past three months (simple average of the past one month: 2,554 yen; simple average of the past three months: 2,394 yen) and that the number of shares planned to be acquired from Funai Honsha KK should be roughly equivalent to 1,500,000,000 yen in the aggregate purchase price.

As a result, on November 1, 2019, the Company received an answer from Funai Honsha KK that, if the Company resolved to implement the Tender Offer, it would tender the Tender Agreement Shares

(696,100 shares; shareholding ratio: 1.38%) under the above terms and conditions.

In light of the above, the Company resolved at a meeting of the Board of Directors held on November 5, 2019, to set a Tender Offer Purchase Price of 2,155 yen, which is the price discounted at 10% from 2,394 yen, the simple average of the closing prices of the shares in the Company's common stock on the First Section of TSE for the three months ended November 1, 2019, the business day immediately prior to November 5, 2019, the date of the meeting of the Board of Directors at which the resolution on the implementation of the Tender Offer was adopted.

(4) Planned number of share certificates, etc. to be acquired

| Class of share certificates, etc. | Planned number of acquisition | Expected number of excess shares | Total |
|---|---|---|---|
| Shares in common stock | 696,100 shares | – shares | 696,100 shares |

(Note 1) If the total number of the Share Certificates Tendered does not exceed the number of shares the Company plans to acquire (696,100 shares), the Company shall purchase all Share Certificates Tendered. If the total number of the Share Certificates Tendered exceeds the number of shares the Company plans to acquire (696,100 shares), the Company shall not purchase all or part of the excess portion and shall implement delivery-versus-payment settlement with regard to the shares in accordance with the pro rata method specified in Paragraph 2 of Article 27-22-2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, including subsequent amendments thereto), as applied mutatis mutandis pursuant to Paragraph 5 of Article 27-13 of the same Act and with Article 21 of the Cabinet Office Order on Disclosure Required for Tender Offer for Listed Share Certificates, etc. by Issuer (Ministry of Finance Order No. 95 of 1994, including subsequent amendments thereto). (If the number of Share Certificates Tendered contains a portion of shares less than one unit [100 shares], the maximum number of shares to be purchased, as calculated on the pro rata method, will be the number of Share Certificates Tendered by each shareholder.)

(Note 2) Shares less than one unit shall be subject to the Tender Offer. In cases where a shareholder exercises the right to demand purchase of shares less than one unit pursuant to the Companies Act, the Company may purchase its own shares during the tender period of the Tender Offer (hereinafter referred to as the "Tender Offer Period") in accordance with the procedures specified by laws and regulations.

(5) Funds necessary for the purchase

1,523,095,500 yen

(Note) The amount of funds necessary for the purchase is the total of the estimated purchase payment (1,500,095,500 yen), purchase procedure fees, and expenses for public notice of the Tender Offer in newspapers, and printing expenses for the Tender Offer Statement and other necessary

documents.

(6) Settlement method

(i) Name and address of head office of the financial instruments business operator, bank, etc.

(Tender offer agent)

SMBC Nikko Securities Inc. 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

(ii) Settlement commencement date

Wednesday, December 25, 2019

(iii) Settlement method

Without delay after the end of the Tender Offer Period, notice of purchase pursuant to the Tender Offer will be sent to shareholders tendering through the Tender Offer (hereinafter referred to as the "Tendering Shareholder") (in the case of a foreign shareholder, etc., the shareholder's standing proxy) at their addresses or locations. Purchase will be made in cash. The amount equal to the purchase payment for the purchased shares less applicable withholding taxes (Note) will be remitted by the tender offer agent to the location designated by the Tendering Shareholder (in the case of a foreign shareholder, etc., the shareholder's standing proxy).

(Note) Imposition of taxes on shares purchased in a tender offer

* Please consult with your tax accountant or other professionals regarding the specific tax-related questions to come to your own judgment.

i. Individual shareholders who are residents in Japan or non-residents with a permanent establishment in Japan

If the proceeds received from tendering shares in the Tender Offer exceed the amount of the portion of the Company's capital, etc. (or the consolidated individual stated capital, etc. in the case of a consolidated corporation) attributable to the shares that are the basis for the payment, the excess portion will be considered and taxed as income from dividends. For such income from dividends, in principle, an amount equivalent to 20.315% (income tax and special income tax for reconstruction of 15.315% and inhabitant tax of 5%) will be withheld. However, in cases where Tendering Shareholders fall under major shareholders, etc. (hereinafter referred to as the "Major Shareholders, etc.") as provided in Paragraph 12 of Article 4-6-2 of the Order for Enforcement of the Act on Special Measures Concerning Taxation (Cabinet Order No. 43 of 1957, including subsequent amendments thereto), an amount equivalent to 20.42% (income tax and Special Income Tax for Reconstruction only) will be withheld. The remaining amount after deducting the amount considered as income from dividends from the proceeds received from tendering to the Tender Offer is regarded as income earned from the transfer of shares, etc. The amount after deducting acquisition costs of corresponding shares from income earned

from transfer is, in principle, subject to application of separate self-assessment taxation.
In cases where shares in a tax-free account stipulated by Article 37-14 (Tax-free status of income from transfers relating to small amounts of publicly traded shares in tax-free accounts; hereinafter referred to as the "Tax-free Account") of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including subsequent amendments thereto) are tendered pursuant to the Tender Offer and the financial instruments business operator with which the Tax-free Account was opened is SMBC Nikko Securities Inc., income from the transfer of shares pursuant to the Tender Offer is in principle tax free. If the Tax-free Account is opened with a financial instruments business operator other than SMBC Nikko Securities Inc., the treatment described above may not apply.

ii. Individual shareholders who are non-residents without a permanent establishment in Japan
For such income from dividends, an amount equivalent to 15.315% (income tax and special income tax for reconstruction only) will be withheld, in principle. In cases where the Tendering Shareholders fall under Major Shareholders, etc., an amount equivalent to 20.42% (income tax and special income tax for reconstruction only) will be withheld.

iii. Corporate shareholders
If the proceeds received from tendering shares in the Tender Offer exceed the amount of the portion of the Company's capital, etc. (or the consolidated individual stated capital, etc. in the case of a consolidated corporation) attributable to the shares that are the basis for the payment, the excess portion will be considered as dividends and, in principle, the amount equivalent to 15.315% (income tax and special income tax for reconstruction only) will be withheld.

Foreign shareholders, etc., who wish to apply for a reduction of or exemption from income tax and special income tax for reconstruction for such deemed dividends in accordance with applicable tax conventions, are requested to submit an application form for income tax convention to the tender offer agent by the end of the Tender Offer Period.

(7) Other

(i) The Tender Offer is not directly or indirectly conducted within the United States, or aimed at the United States, does not use the United States Postal Service or any other method or means of interstate commerce or international commerce (including, but not limited to, telephone, telex, facsimile, email, and internet communication), and is not conducted through securities exchange facilities in the United States. Under the Tender Offer, shares may not be tendered using the above methods, means, or through the above facilities or from within the United States.
In addition, no Tender Offer Statements or relevant purchase documents will, or may, be sent or distributed to, within, or from the United States by postal or other means. Any application for the Tender Offer that violates, directly or indirectly, the aforementioned restrictions will not be accepted.

When responding to the Tender Offer, Tendering Shareholders (or their standing proxy in the case of foreign shareholders, etc.) will be requested to declare and guarantee the following conditions: The Tendering Shareholder is not located in the United States either at the time of application for the Tender Offer or when sending a tender offer application form; the Tendering Shareholder has not received or sent any information or documents (including copies) related to the Tender Offer, within, to or from the United States; the Tendering Shareholder has not used the United States Postal Service or other methods or means of interstate commerce or international commerce (including, but not limited to, telephone, telex, facsimile transmission, email, and internet communication) or securities exchange facilities in the United States, directly or indirectly, for the purchase, placing a signature on the tender offer application form or provision of the tender offer application form; and the Tendering Shareholder is not acting as agent, entrustee or delegatee without discretionary power for another person in the United States (excluding cases where the corresponding person provides all the instructions related to the Tender Offer outside the United States).

(ii) The Company has received a reply from Funai Honsha KK that it would tender the Tender Agreement Shares (696,100 shares; shareholding ratio: 1.38%), which are part of the 5,722,179 shares (shareholding ratio: 11.34%) in the Company's common stock Funai Honsha KK holds. Further, Funai Honsha KK explained to the Company that at the moment it intended to continue to hold the shares in the Company's common stock that are to be held by it after the Tender Offer (5,026,079 shares [shareholding ratio: 9.96%] if all of the Tender Agreement Shares are acquired; if the total number of the Share Certificates Tendered exceeds the number of shares the Company plans to acquire and part of the Tender Agreement Shares are not acquired, such shares will be also included).

(iii) On November 5, 2019, the Company announced the Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending Dec. 31, 2019. The overview of the Company's consolidated financial results for the third quarter based on the said announcement is as described below. The said content was not subject to quarterly review by an audit firm as stipulated by Paragraph 2-1 of Article 193 of the Companies Act. For details, please refer to the content of the concerned announcement.

(a) Consolidated Statement of Income

| Accounting period | Fiscal Year Ending December 2019 (Nine months through September 30, 2019) |
|---|---|
| Net sales | 18,607 million yen |
| Cost of sales | 12,244 million yen |
| Selling, general and administrative expenses | 2,253 million yen |
| Non-operating income | 73 million yen |
| Non-operating expenses | 55 million yen |
| Net income attributable to owners of the parent company | 2,730 million yen |

(b) Consolidated data per share

| Accounting period | Fiscal Year Ending December 2019 (Nine months through September 30, 2019) |
|---|---|
| Earnings per share | 54.10 yen |
| Dividend per share | 17.00 yen |

Reference: Status of treasury shares as of November 5, 2019

Total number of issued shares (excluding treasury shares): 50,475,929 shares

Number of treasury shares: 2,524,071 shares

(Note) The number of treasury shares does not reflect the changes due to exercise of the shareholders' right to demand purchase of shares less than one unit after November 1, 2019.

End