

August 6, 2019

For Immediate Release

Listed company name: **SANKYO CO., LTD.**
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Notice concerning Repurchase and Tender Offer of Own Shares

SANKYO CO., LTD. (the “Company”) announces that its Board of Directors’ meeting held on August 6, 2019 resolved to repurchase the Company’s shares through a tender offer (the “Tender Offer”) pursuant to the provisions of Article 156, Paragraph 1 of the Companies Act as amended (Law No. 86 of 2005; the “Companies Act”) as applied by replacing the terms pursuant to the provisions of Article 165, Paragraph 3 of the Act and the Company’s Articles of Incorporation. Details are as follows.

1. Objectives of purchase, etc.

The Company regards the return of profits to shareholders as one of the most important management priorities. The Company’s dividend policy is to maintain a payout ratio of 25% of consolidated profit attributable to owners of parent and the aim is to continuously increase dividends. Since its listing in 1991, the Company has a track record of maintaining shareholder return on a continuous and constant basis, recording not a single decrease in dividend. Based on such policy, the Company paid a full-year dividend of 150 yen (including an interim dividend of 75 yen) per share of common stock of the Company (the “Company Shares”) for the fiscal year ended March 31, 2019, while the same dividend amount is planned for the fiscal year ending March 31, 2020. Meanwhile, with a view to implementing a flexible capital policy adapting to changes in the management environment and to ensure further return of profits to shareholders, the Company stipulates in its Articles of Incorporation that the Company can repurchase its shares by the resolution of its Board of Directors, as provided for in Article 165, Paragraph 2 of the Companies Act.

The Company has repurchased its shares in the past for the purpose of enhancing shareholder return as well as capital efficiency. Specifically, the Company acquired the following: (i) 1,000,000 shares at 7,324,126,000 yen through an off-auction treasury stock purchase trading (ToSTNeT-3) or market purchase at Tokyo Stock Exchange, Inc. (the “TSE”), based on the resolution of the Board of Directors on June 13, 2008, to acquire 2,000,000 shares at the total amount of 17,000,000,000 yen during the period between June 16, 2008 and March 31, 2009; (ii) 2,830,700 shares at 12,080,726,489 yen through ToSTNeT-3 or market purchase at the TSE, based on the resolution of the Board of Directors on June 11, 2010, to acquire 3,000,000 shares at the total amount of 15,000,000,000 yen during the period between June 14, 2010 and December 30, 2010 (this closing date was changed to June 13, 2011 based on the resolution of the Board of Directors on December 7, 2010); (iii) 6,000,000 shares at 27,870,000,000 yen through ToSTNeT-3 at the TSE, based on the resolution of the Board of Directors on February 3, 2015, to acquire 6,000,000 shares at the total amount of 30,000,000,000 yen during the period between February 4, 2015 and March 25, 2015; (iv) 2,000,000 shares at 8,760,000,000 yen through ToSTNeT-3 at the TSE, based on the resolution of the Board of Directors on February 5, 2015, to acquire 2,000,000 shares at the total amount of 8,760,000,000 yen on February 6, 2015; and (v) 4,453,000 shares at 19,999,982,500 yen through ToSTNeT-3 or market purchase at the TSE, based on the resolution of the Board of Directors on July 7, 2015, to acquire 4,700,000 shares at the total amount of 20,000,000,000 yen during the period between July 8, 2015 and December 31, 2015.

Based on the aforementioned basic capital policy, in late October 2018, the Company started to consider the possibility of repurchasing its shares for the purpose of further enhancing shareholder return and capital efficiency. As a result, the Company decided that repurchasing the Company Shares as treasury stock shall contribute to increases in earnings per share (EPS) and enhance capital efficiency including return on equity (ROE), which will facilitate distribution of profits to shareholders, and that a considerable number of treasury stock could be repurchased in a relatively short period without compromising liquidity, by repurchasing shares held by major shareholders. Accordingly, in late October 2018, the Company approached a company to sell part of the Company Shares it holds, i.e. Kabushikigaisha Marf Corporation (“MC,” an asset management company whose voting rights are wholly held by Hideyuki Busujima, Representative Director and Chairman of

the Board of the Company, and Mr. Busujima concurrently serves as MC's Representative Director, while Toshiaki Ishiyama, the Company's Statutory Auditor, concurrently serves as MC's Director), which holds 28,346,000 shares in the Company (at ownership ratio (Note) of 34.92%) as its largest major shareholder. MC replied in late October 2018 that it would consider whether or not to sell their Company Shares.

Note: The ownership ratio is the ratio (rounded off to the second decimal place; the same applies hereunder for all calculations of the ownership ratio) to the total number of shares in the Company (81,175,366 shares), which is the total number of the Company's shares outstanding as of June 30, 2019 (89,597,500 shares), less the total number of the Company's treasury stock as of the same date (8,422,134 shares), stated in the Consolidated Financial Statements for the First Quarter of FY2020 announced on August 6, 2019.

Then, the Company considered the specific method for repurchasing the Company Shares from MC, to conclude in late October 2018 that a tender offer (the "Tender Offer") is the most appropriate method from the perspective of ensuring shareholder equality and transparency of the transaction. Meanwhile, in late October 2018, the Company decided that, the price, etc. of the Tender Offer (the "Tender Offer Price") shall be based on the market price as the fair price of the Company Shares, for the purpose of clarity and objectivity of the numerical basis. Based on this decision, in late October 2018, the Company decided that the offer should be made at a certain discount from the market price to stem the outflow of company assets, from the perspective of respecting the interests of shareholders opting to continuously hold the Company Shares without tendering their shares in the Tender Offer. In mid-January 2019, the Company made an inquiry to MC whether it would accept a tender offer at a certain discount from the market price of the Company Shares on the First Section of TSE ("TSE1"), which was met by a reply in late June 2019 to the effect that MC would positively consider acceptance for around 20 million shares.

Subsequently, the Company considered the discount rate for the Tender Offer based on the historical discount rates from market prices used in tender offers by other companies to repurchase their shares, before discussions with MC on specific terms of the Tender Offer in mid-July 2019. Also in late July 2019, the Company made a Tender Offer price proposal at around 10% discount from the simple average of the closing prices of the Company Shares on TSE1 for a period of one month up to the business day (August 5, 2019) immediately prior to the date the Board of Directors resolves to implement the Tender Offer (the "Resolution Date"), which is believed to fully reflect the financial results of the most recent period without being affected by short-term share price fluctuations. MC expressed its intention to accept the Tender Offer for 20,000,000 shares (24.64% ownership ratio), which is a part of its holding of the Company Shares, subject to the aforementioned terms.

After all the aforementioned considerations and decisions, the Company adopted a resolution at its Board of Directors meeting held on August 6, 2019, to repurchase its shares pursuant to the provisions of Article 156, Paragraph 1 of the Companies Act as applied by replacing the terms pursuant to the provisions of Article 165, Paragraph 3 of the Act and the Company's Articles of Incorporation, through a Tender Offer at the Tender Offer Price of 3,426 yen (rounded off to the nearest yen; the same applies hereunder for all calculations of the simple average closing price), representing a 10.01% (round off to the second decimal place; the same applies hereunder for all calculations of the discount rate) discount from 3,807 yen, the simple average of the closing prices of the Company Shares on TSE1 for a period of one month up to the business day (August 5, 2019) immediately prior to the Resolution Date.

At the aforementioned Board of Directors meeting, all Directors excluding Hideyuki Busujima participated in the resolution, and all Directors present unanimously approved of the Tender Offer, with a statement from all Statutory Auditors excluding Toshiaki Ishiyama that there is no objection. As Hideyuki Busujima, Representative Director and Chairman of the Board of the Company, holds all voting rights in MC and concurrently serves as its Representative Director, he has special interests in the Tender Offer. Therefore, he did not participate in the prior consultations and negotiations for the Tender Offer as the Company's representative, and was excluded from the related deliberation and resolution by the Company's Board of Directors. Likewise, as Toshiaki Ishiyama, the Company's Statutory Auditor, concurrently serves as MC's Director, he was excluded from the deliberation on the Tender Offer by the Company's Board of Directors, and refrains from expressing his opinions on the related resolution of the Company's Board of Directors, to avoid any conflicts of interest and ensure that the Company's decision-making is fair and neutral.

The maximum number of shares scheduled to be purchased under the Tender Offer shall be 22,000,000 shares (27.10% ownership ratio), in excess of 20,000,000 shares (24.64% ownership ratio) scheduled to be tendered by MC, with a view to provide tendering opportunities to shareholders other than MC.

The Tender Offer is planned to be fully self-funded, and the Company believes that its liquidity on hand can be sufficiently ensured even after using part of its own fund to finance the Tender Offer, maintaining its financial soundness and stability in future, in view of the Company's consolidated balance of cash and deposits and cash and cash equivalents as of March 31, 2019 at approximately 104.8 billion yen and approximately 274.2 billion yen, respectively (both as disclosed in the annual securities report for the 54th fiscal term), and its consolidated balance of cash and deposits and cash and cash equivalents as of June 30, 2019 at approximately 115.8 billion yen (as disclosed in the Consolidated Financial Statements for the First Quarter of FY2020 announced on August 6, 2019) and approximately 270.2 billion yen, respectively. Upon the repurchase of 22,000,000 shares through the Tender Offer, the Company's EPS and ROE for the fiscal year ended March 31, 2019 would be 226.17 yen (actual result is 164.88 yen) and 5.1% (actual result is 4.0%), respectively, which is believed to contribute to enhancing distribution of profit to shareholders as well as capital efficiency.

On August 6, 2019, the Company concluded a tender offer agreement with MC to the effect that MC would accept the

Tender Offer for 20,000,000 shares (24.64% ownership ratio), which is a part of the 28,346,000 shares in the Company (34.92% ownership ratio) held by MC, and not for the remaining 8,346,000 shares, without any prerequisites. According to MC, it currently has no plan to sell the 8,346,000 shares (10.28% ownership ratio) excluded from the acceptance of the Tender Offer, and that it will remain the largest major shareholder of the Company after the Tender Offer, while Hideyuki Busujima will also remain committed to the management of the Company as its Representative Director and Chairman of the Board.

Treasury stock acquired by the Company via the Tender Offer are scheduled to be cancelled after the completion of the Tender Offer, and the detail of such cancellation shall be notified to all concerned promptly after it is decided.

2. Resolution of the Board of Directors on the repurchase of own shares

(1) Details of the resolution

Class of share certificates, etc.	Total number of shares	Total purchase price
Common stock	22,000,100 shares (maximum)	75,372,342,600 yen (maximum)

Notes: 1. Total number of shares outstanding: 89,597,500 shares

2. Ratio against the total number of shares outstanding: 24.55% (rounded off to the second decimal place)

3. Period of purchase: From Wednesday, August 7, 2019 to Thursday, October 31, 2019

(2) Listed share certificates, etc. for the treasury stock already acquired based on the aforementioned resolution
Not applicable

3. Summary of purchase, etc.

(1) Schedule, etc.

1) Resolution date of the Board of Directors	Tuesday, August 6, 2019
2) Date of public notice on commencement of tender offer	Wednesday, August 7, 2019 Shall be announced via electronic public notice and will be posted accordingly on the daily newspaper Nikkei. (URL of electronic public notices: http://disclosure.edinet-fsa.go.jp/)
3) Date of submission of tender offer statement	Wednesday, August 7, 2019
4) Period of purchase, etc.	From Wednesday, August 7, 2019 to Wednesday, September 4, 2019 (20 business days)

(2) Price of purchase, etc.
3,426 yen per share of common stock

(3) Basis for calculating price of purchase, etc.

1) Basis for the calculation

The Company decided that the Tender Offer Price shall be based on the market price as the fair price of the Company Shares, for the purpose of clarity and objectivity of the numerical basis. Based on this decision, in late October 2018, the Company decided that the offer should be made at a certain discount from the market price to stem the outflow of company assets, from the perspective of respecting the interests of shareholders opting to continuously hold the Company Shares without tendering their shares in the Tender Offer. In mid-January 2019, the Company made an inquiry to MC whether it would accept a tender offer at a certain discount from the market price of the Company Shares on TSE1, which was met by a reply in late June 2019 to the effect that MC would positively consider acceptance for around 20 million shares.

Subsequently, the Company considered the discount rate for the Tender Offer based on the historical discount rates from market prices used in tender offers by other companies to repurchase their shares, before discussions with MC on specific terms of the Tender Offer in mid-July 2019. Also in late July 2019, the Company made a Tender Offer price proposal at around 10% discount from the simple average of the closing prices of the Company Shares on TSE1 for a period of one month up to the business day (August 5, 2019) immediately prior to the Resolution Date, which is believed to fully reflect the financial results of the most recent period without being affected by short-term share price fluctuations. MC expressed its intention to accept the Tender Offer for 20,000,000 shares (24.64% ownership ratio), which is a part of its holding of the Company Shares, subject to the aforementioned terms.

After all the aforementioned considerations and decisions, the Company adopted a resolution at its Board of Directors meeting held on August 6, 2019, to repurchase its shares pursuant to the provisions of Article 156, Paragraph 1 of the Companies Act as applied by replacing the terms pursuant to the provisions of Article 165, Paragraph 3 of the Act and the Company's Articles of Incorporation, through a Tender Offer at the Tender Offer Price of 3,426 yen, representing a 10.01% discount from 3,807 yen, the simple average of the closing prices of the Company

Shares on TSE1 for a period of one month up to the business day (August 5, 2019) immediately prior to the Resolution Date.

The Tender Offer Price of 3,426 yen is at a 6.27% discount (rounded off to the second decimal place; the same applies hereunder for all calculations of the discount rate) from 3,655 yen, the closing price of the Company Shares on TSE1 on the business day (August 5, 2019) immediately prior to August 6, 2019, the Resolution Date, at a 10.01% discount from 3,807 yen, the simple average of the closing prices of the Company Shares for a period of one month up to August 5, 2019, and at a 15.57% discount from 4,058 yen, the simple average of the closing prices of the Company Shares for a period of three months up to August 5, 2019.

The Company acquired 6,000,000 shares in the Company on February 5, 2015, at 4,645 yen per share through ToSTNeT-3 at the TSE, representing a difference of 1,219 yen from the Tender Offer Price of 3,426 yen. Furthermore, the Company acquired 2,000,000 shares in the Company on February 6, 2015, at 4,380 yen per share through ToSTNeT-3 at the TSE, representing a difference of 956 yen from the Tender Offer Price of 3,426 yen. In addition, on July 8, 2015, the Company acquired 1,294,500 shares in the Company at 4,365 yen per share through ToSTNeT-3 at the TSE, representing a difference of 939 yen from the Tender Offer Price of 3,426 yen. This is due to the fact that the purchase price through ToSTNeT-3 was determined based on the closing price of the Company Shares on TSE1 on the business day immediately prior to the date of purchase, while the Tender offer price of 3,807 yen is based on the simple average of the closing prices of the Company Shares on TSE1 for a period of one month up to the business day (August 5, 2019) immediately prior to the date the Board of Directors resolves to implement the Tender Offer and such price has decreased by 12.78% to 18.04% from the purchase price through ToSTNeT-3 mentioned above with a further discount of 10.01%.

Moreover, the Company acquired 3,158,500 shares in the Company at the total amount of 14,349,490,000 yen through a market purchase at the TSE in a period between July 16, 2015 and October 8, 2015. The purchase price is the market price of each date of purchase, while the simple average was 4,543 yen (rounded off to the nearest yen), representing a difference of 1,117 yen from the Tender Offer Price.

2) Circumstances and processes of the calculation

The Company regards the return of profits to shareholders as one of the most important management priorities. The Company's dividend policy is to maintain a payout ratio of 25% of consolidated profit attributable to owners of parent and the aim is to continuously increase dividends. Meanwhile, with a view to implementing a flexible capital policy adapting to changes in the management environment and to ensure further return of profits to shareholders, the Company stipulates in its Articles of Incorporation that the Company can repurchase its shares by the resolution of its Board of Directors, as provided for in Article 165, Paragraph 2 of the Companies Act.

Based on the aforementioned basic capital policy, in late October 2018, the Company started to consider the possibility of repurchasing its shares for the purpose of further enhancing shareholder return and capital efficiency. As a result, the Company decided that repurchasing the Company Shares as treasury stock shall contribute to increases in EPS and enhance capital efficiency including ROE, which will facilitate distribution of profits to shareholders, and that a considerable number of treasury stock could be repurchased in a relatively short period without compromising liquidity, by repurchasing shares held by major shareholders. Accordingly, in late October 2018, the Company approached MC to sell part of the Company Shares it holds, which is 28,346,000 shares (at ownership ratio of 34.92%) as its largest major shareholder. MC replied in late October 2018 that it would consider whether or not to sell their Company Shares.

Then, the Company considered the specific method for repurchasing the Company Shares from MC, to conclude in late October 2018 that a Tender Offer is the most appropriate method from the perspective of ensuring shareholder equality and transparency of the transaction. Meanwhile, in late October 2018, the Company decided that, the Tender Offer Price shall be based on the market price as the fair price of the Company Shares, for the purpose of clarity and objectivity of the numerical basis. Based on this decision, in late October 2018, the Company decided that the offer should be made at a certain discount from the market price to stem the outflow of company assets, from the perspective of respecting the interests of shareholders opting to continuously hold the Company Shares without tendering their shares in the Tender Offer. In mid-January 2019, the Company made an inquiry to MC whether it would accept a tender offer at a certain discount from the market price of the Company Shares on TSE1, which was met by a reply in late June 2019 to the effect that MC would positively consider acceptance for around 20 million shares.

Subsequently, the Company considered the discount rate for the Tender Offer based on the historical discount rates from market prices used in tender offers by other companies to repurchase their shares, before discussions with MC on specific terms of the Tender Offer in mid-July 2019. Also in late July 2019, the Company made a Tender Offer price proposal at around 10% discount from the simple average of the closing prices of the Company Shares on TSE1 for a period of one month up to the business day (August 5, 2019) immediately prior to the Resolution Date, which is believed to fully reflect the financial results of the most recent period without being affected by short-term share price fluctuations. MC expressed its intention to accept the Tender Offer for 20,000,000 shares (24.64% ownership ratio), which is a part of its holding of the Company Shares, subject to the aforementioned terms.

After all the aforementioned considerations and decisions, the Company adopted a resolution at its Board of Directors meeting held on August 6, 2019, to repurchase its shares pursuant to the provisions of Article 156,

Paragraph 1 of the Companies Act as applied by replacing the terms pursuant to the provisions of Article 165, Paragraph 3 of the Act and the Company's Articles of Incorporation, through a Tender Offer at the Tender Offer Price of 3,426 yen, representing a 10.01% discount from 3,807 yen, the simple average of the closing prices of the Company Shares on TSE1 for a period of one month up to the business day (August 5, 2019) immediately prior to the Resolution Date.

At the aforementioned Board of Directors meeting, all Directors excluding Hideyuki Busujima participated in the resolution, and all Directors present unanimously approved of the Tender Offer, with a statement from all Statutory Auditors excluding Toshiaki Ishiyama that there is no objection. As Hideyuki Busujima, Representative Director and Chairman of the Board of the Company, holds all voting rights in MC and concurrently serves as its Representative Director, he has special interests in the Tender Offer. Therefore, he did not participate in the prior consultations and negotiations for the Tender Offer as the Company's representative, and was excluded from the related deliberation and resolution by the Company's Board of Directors. Likewise, as Toshiaki Ishiyama, the Company's Statutory Auditor, concurrently serves as MC's Director, he was excluded from the deliberation on the Tender Offer by the Company's Board of Directors, and refrains from expressing his opinions on the related resolution of the Company's Board of Directors, to avoid any conflicts of interest and ensure that the Company's decision-making is fair and neutral.

(4) Number of share certificates, etc. scheduled to be purchased

Class of share certificates, etc.	Number of share certificates scheduled to be purchased	Number of share certificates scheduled to be in excess	Total
Common stock	22,000,000 shares	- shares	22,000,000 shares

Notes: 1. If the total number of the share certificates, etc. tendered through acceptance of the Tender Offer (the "Tendered Shares, etc.") did not exceed the number scheduled to be purchased (22,000,000 shares), all of the Tendered Shares, etc. shall be purchased. However, if the total number of the Tendered Shares, etc. exceeded the number scheduled to be purchased (22,000,000 shares), all or part of the excess shall not be purchased, and the transfer of shares and other settlement associated with the purchase, etc. of share certificates, etc. shall be carried out by the pro rata method provided for in Article 27-13, Paragraph 5 of the Financial Instruments and Exchange Act as amended (Law No. 25 of 1948; the "Law") as applied mutatis mutandis pursuant to Article 27-22-(2), Paragraph 2 of the Law, and Article 21 of the Cabinet Office Order on Disclosure Required for Tender Offer for Listed Share Certificates by Issuers as amended (Ministry of Finance Order No. 95, 1994).

2. Fractional shares are also covered by the Tender Offer. If a shareholder exercises his/her right to request purchase of fractional shares pursuant to the Companies Act, the Company may repurchase its shares during the period of purchase, etc. (the "Tender Offer Period") pursuant to the procedures prescribed under the relevant laws and regulations.

(5) Funds necessary for purchase, etc.

75,398,000,000 yen

Note: This is the amount of payment (3,426 yen) for purchasing all the shares scheduled to be purchased (22,000,000 shares), added by the estimated commissions and other expenses (including expenses for the public notice on the Tender Offer and the printing costs for required documents such as the tender offer explanation).

(6) Settlement method

- 1) Name and location of head office of the financial institution or bank, etc. handling the settlement of the purchase, etc.

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

- 2) Commencement date of settlement

Monday, September 30, 2019

- 3) Settlement method

After the completion of the Tender Offer Period, the Company shall promptly mail a notice of purchase, etc. through the Tender Offer to the address or location of the tendering shareholders, etc. (or standing proxies in case of non-resident shareholders, etc.).

Purchase shall be carried out in cash. The amount of payment for the purchase less applicable withholding tax (Note) shall be remitted by the tender offer agent without delay following the commencement date of settlement, to the location designated by the tendering shareholders, etc. (or their standing proxies in case of non-resident shareholders, etc.).

Note: Taxation on the shares purchased through a tender offer

* For specific questions concerning taxation, each shareholder is kindly advised to consult professionals such as tax accountants and make decisions at his/her discretion.

i. In case of individual shareholders who are either residents in Japan or non-residents with permanent establishments in Japan

If the amount of money to be delivered in return for the acceptance of the Tender Offer exceeds the portion of the amounts of the Company's paid-in capital, etc. (the amount of consolidated individual paid-in capital, etc., in the case of a consolidated entity) corresponding to the shares that gave rise to the aforementioned delivery, the amount of such excess will be deemed as dividend income and be taxed. For the amount of deemed dividend income, tax will be withheld at source at the amount applying 20.315% tax rate in principle (income tax and special income tax for reconstruction at 15.315% plus inhabitant tax at 5%); provided, however, that shareholders who fall under major shareholders, etc. (the "Major Shareholders, etc.") as provided for in Article 4-6-(2), Paragraph 12 of the Order for Enforcement of the Act on Special Measures Concerning Taxation as amended (Cabinet Order No. 43, 1957), shall be taxed at source at the amount applying 20.42% tax rate (for income tax and special income tax for reconstruction only).

The amount of money to be delivered excluding the aforementioned portion shall be treated as revenue pertaining to capital gains, etc. from shares, etc., whereby the difference compared to the acquisition cost, etc. of such shares shall, in principle, be subject to separate self-assessment taxation.

In the case where a shareholder accepts the Tender Offer for his/her shares in a tax-exempt account as provided for in Article 37-14 (Tax exemption for capital gains, etc. from small amounts of listed shares in a tax-exempt account) of the Act on Special Measures Concerning Taxation (Law No. 26 of 1957, as amended) (the "Tax-exempt Account"), if the financial institution in which such Tax-exempt Account is held happens to be SMBC Nikko Securities Inc., capital gain, etc. resulting from the acceptance of the Tender Offer shall, in principle, be tax-exempt; provided, however, that if such Tax-exempt Account is held at a financial institution other than SMBC Nikko Securities Inc., the treatment described above may not apply.

ii. In case of individual shareholders who are non-residents without permanent establishments in Japan

The amount deemed as dividend income shall be taxed at source, in principle, at the amount applying 15.315% (for income tax and special income tax for reconstruction only); provided, however, that shareholders who fall under the Major Shareholders, etc. shall be taxed at source at the amount applying 20.42% (for income tax and special income tax for reconstruction only).

iii. In case of corporate shareholders

If the amount of money to be delivered in return for the acceptance of the Tender Offer exceeds the portion of the amounts of the Company's paid-in capital, etc. (the amount of consolidated individual paid-in capital, etc., in

the case of a consolidated entity) corresponding to the shares that gave rise to the aforementioned delivery, the amount of such excess will be deemed as dividend and be taxed at source at the amount applying 15.315% (for income tax and special income tax for reconstruction only).

Non-resident shareholders, etc. who, pursuant to an applicable tax treaty, wish to enjoy the benefit of reduction or exemption of income tax and special income tax for reconstruction on such deemed dividend shall submit a written notification on such tax treaty to the tender offer agent by the end of the Tender Offer Period.

(7) Other matters

1) The Tender Offer shall not, whether directly or indirectly, be implemented in, or to the United States, nor shall it be implemented using the postal services of the United States or other interstate or international methods or means of commerce of the United States (including but not limited to telephone, telex, facsimile, electronic mail, internet communications), nor shall it be implemented through the facilities of securities exchanges in the United States. No acceptance of the Tender Offer shall be made by using any of the aforementioned method or means, nor through the aforementioned facilities, nor from within the United States.

The tender offer statement or any related purchase documents shall not be sent or distributed by post or other means in the United States, to the United States or from within the United States, and neither such sending nor distribution is allowed. Any acceptance of the Tender Offer in breach, whether directly or indirectly, of the aforementioned restrictions shall not be received.

Any person (or his/her standing proxy in the case of a non-resident shareholder, etc.) who accepts the Tender Offer shall be requested to make declaration and provide warranty on the following points.

The tendering party is not located in the United States as at the time of the tender nor as at the time of sending the tender offer application; the tendering party has not received or sent any information or documents relating to the Tender Offer in the United States, to the United States, or from within the United States; the tendering party has not used, whether directly or indirectly, the postal services of the United States, or other interstate or international methods or means of commerce of the United States (including but not limited to telephone, telex, facsimile, electronic mail, internet communications) or the facilities of the securities exchanges in the United States in the purchase or signing or delivery of the tender offer application; and the tendering party is not acting as non-discretionary agent or trustee or fiduciary of another person (unless such person gives all instructions regarding the purchase from outside the United States).

2) The Company concluded a tender offer agreement with MC to the effect that MC would accept the Tender Offer for 20,000,000 shares (24.64% ownership ratio), which is a part of the 28,346,000 shares in the Company (34.92% ownership ratio) held by MC, and not for the remaining 8,346,000 shares. For details, please refer to “1. Objectives of purchase, etc.”

3) As stated in the “Notice concerning Company Split (Incorporation-type Company Split) of a Consolidated Subsidiary and Conclusion of a Basic Agreement on Transfer of Shares in Newly Established Companies” announced on August 6, 2019, the Company, with a view to further pursue the management strategy involving the concentration of management resources on the pachinko and pachislot machines-related business, resolved to conclude a basic agreement that the golf course management business of SANKYO CREATE CO., LTD. (“SC”), the Company’s consolidated subsidiary, will be succeeded by a company newly established through an incorporation-type company split (the “New Company 1”), and that a part of the real estate rental business of SC will be succeeded by another company newly established through an incorporation-type company split (the “New Company 2”), while all shares in the New Companies 1 and 2 allotted to SC, the splitting company, will be delivered to the Company as dividends of surplus and these shares will be transferred to MC on October 1, 2019.

4) On August 6, 2019, the Company announced the Consolidated Financial Statements for the First Quarter of FY2020. The outline of the consolidated financial statements for the first quarter based on the above announcement is as follows. Please bear in mind that the details of this information have not been audited by an audit firm pursuant to the provisions of Article 193-2, Paragraph 1 of the Law. Please refer to the details of the above announcement.

Outline of the Consolidated Financial Statements for the First Quarter of FY2020
 (From April 1, 2019 to June 30, 2019)

(a) Status of profit or loss (consolidated)

Fiscal period:	First three months of the fiscal year ending March 31, 2020
Net sales	11,351 million yen
Cost of sales	5,279 million yen
Selling, general and administrative expenses	6,667 million yen
Non-operating income	441 million yen
Non-operating expenses	0 million yen
Profit attributable to owners of parent	(93) million yen

(b) Per share status (consolidated)

Fiscal period:	First three months of the fiscal year ending March 31, 2020
Earnings per share	(1.16) yen
Dividend per share	- yen

Reference: Status of treasury stock as of August 6, 2019

Total number of shares outstanding (excluding treasury stock): 81,175,416 shares

Number of treasury stock: 8,422,084 shares