



November 15, 2024

To all parties concerned,

Company	FUJI SOFT INCORPORATED	
Representative	Satoyasu Sakashita, President & Representative Director	
	(Ticker code: 9749 TSE Prime Market)	
Contact	General Manager of Corporate Finance Department	Shinsuke Konishi
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Notice of Resolution on the Statement of Opinion on the Second Tender Offer for the Company Share Certificates by FK Co., Ltd. and the Tender Offer for the Company Share Certificates by K.K. BCJ-88

The Company held a Board of Directors meeting today, during which it received the Supplementary Opinion dated November 15, 2024 (the “Supplementary Opinion”) from the Special Committee established by the Company (the “Special Committee”). With the utmost respect for the content of the Supplementary Opinion and after engaging in discussions, the Board of Directors passed the following resolution to issue a statement of opinion regarding the Second Tender Offer for the common shares of the Company (the “Company Shares”) and the Stock Acquisition Rights (Note) (the Company Shares and the Stock Acquisition Rights are collectively referred to as the “Company Share Certificates”) by FK Co., Ltd. (the “Second KKR Tender Offer”) and the tender offer for the Company Share Certificates by K.K. BCJ-88 (the “Bain Capital Tender Offer,” and collectively with the Second KKR Tender Offer, the “Tender Offers”).

The above resolution of the Board of Directors was adopted with the unanimous approval of all directors of the Company, excluding Satoyasu Sakashita, who did not participate in the deliberations or resolution. Additionally, that meeting of the Board of Directors was attended by three company auditors of the Company, and all company auditors who attended stated their opinion that they have no objection to passing the above resolution. Bain Capital has agreed with the Company’s shareholders, Hiroshi Nozawa, Chieko Nozawa, and NFC Corporation (collectively, the “Founding Family Shareholders”) that the Founding Family Shareholders will not engage in any actions that will or might compete with, contradict, or conflict with the series of transactions related to Bain Capital taking the Company private. Since the Company’s Representative Director, Satoyasu Sakashita, is related to the Founding Family Shareholders by marriage, he could be deemed to have a special interest in both the Second KKR Tender Offer and the Bain Capital Tender Offer based on the above agreement. Accordingly, he did not participate in the deliberations or resolution of the aforementioned Board of Directors meeting.

For the contents of the Supplementary Opinion, please refer to the attachment.

(Note) “Stock Acquisition Rights” collectively refers to the stock acquisition rights in items (i) through (iii) below.

- (i) The Fifth Series Stock Acquisition Rights issued based on a resolution of the meeting of the Board of Directors held on March 29, 2022 (exercise period from April 1, 2024 to March 29, 2027, the “Fifth Series Stock Acquisition Rights”)
- (ii) The Sixth Series Stock Acquisition Rights issued based on a resolution of the meeting of the Board of Directors held on March 28, 2023 (exercise period from April 1, 2025 to March 28, 2028, the “Sixth Series Stock Acquisition Rights”)
- (iii) The Seventh Series Stock Acquisition Rights issued based on a resolution of the meeting of the Board of Directors held on March 26, 2024 (exercise period from March 27, 2026 to March 24, 2034, the “Seventh Series Stock Acquisition Rights”)

- Opinion on the Second KKR Tender Offer

After carefully and sincerely considering the Tender Offers for the Company Share Certificates while fully respecting the contents of the Supplementary Opinion, the Board of Directors of the Company has decided to express its support for the Second KKR Tender Offer and recommend that the Company's shareholders and the Stock Acquisition Rights Holders tender their Company Share Certificates in the Second KKR Tender Offer.

- Opinion on the Bain Capital Tender Offer

After carefully and sincerely considering the Tender Offers for the Company Share Certificates while fully respecting the contents of the Supplementary Opinion, the Board of Directors of the Company has decided to express its opinion against the Bain Capital Tender Offer.

The Company was informed by FK Co., Ltd. today that the purchase prices for the Second KKR Tender Offer are set at 9,451 yen per common share of the Company, 1,197,200 yen per stock acquisition right for the Fifth Series Stock Acquisition Rights, 1,059,800 yen per stock acquisition right for the Sixth Series Stock Acquisition Rights, and 293,200 yen per stock acquisition right for the Seventh Series Stock Acquisition Rights. The aforementioned Board of Directors resolution was passed based on this proposal.

For details of the aforementioned Board of Directors resolution, please refer to the press release to be issued by the Company in the near future.

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November 15, 2024

To the Board of Directors of FUJI SOFT INCORPORATED

Additional Opinion

Special Committee of Fuji Soft Incorporated

The Special Committee (the “Committee”) states its opinion as follows as the Committee’s judgement as of the date first above written.

Please note that, unless otherwise indicated, the terms used in this additional opinion are the same as those used in the reports and opinions previously submitted by the Committee, which are the report dated August 7, 2024 (the “**August 7 Report**”), the additional report dated September 4, 2024 (the “**September 4 Additional Report**”), the additional opinion dated September 24, 2024 (the “**September 24 Additional Opinion**”), and the additional opinion dated the October 15, 2024 (the “**October 15 Additional Opinion**”).

Part I. Background Leading to this Opinion and Other Details

1. Status of the Company

The following is a summary of the current status of the Company and the proposals made by KKR and Bain Capital on which this Opinion is based.

- (1) On August 8, 2024, in light of the August 7 Report, the Company expressed its opinion that the Company supports the planned commencement of the tender offer made by KKR (the “**KKR Proposal**”), the purpose of which is to take the Company private at 8,800 yen per share, and that shareholders should be encouraged to tender their shares in the KKR’s tender offer. This caused the status of the Company to fall under “When the Board of Directors Decides on a Direction toward Reaching Agreement of an Acquisition” discussed in the Guidelines for Corporate Takeovers published by the Ministry of Economy, Trade and Industry on August 31, 2023 (the “**METI Guidelines**”).
- (2) Since August 23, 2024, in light of the Committee’s August 20, 2024 Opinion, the Company has disclosed to Bain Capital, upon Bain Capital’s request, information equivalent to that which the Company has disclosed to PE funds, including KKR.
- (3) On September 4, 2024, in light of the September 4 Additional Report, the Company expressed

its opinion that the Company supports KKR's tender offer and that shareholders should be encouraged to tender their shares in the tender offer, and based on that opinion, KKR commenced the tender offer.

- (4) On September 19, 2024, KKR amended the terms of the tender offer to eliminate the minimum number of shares to be purchased in the tender offer (the tender offer by KKR after the amendment of the terms is hereinafter referred to as the "**KKR First Tender Offer**"). On September 26, 2024, in light of the September 24 Additional Opinion, the Company expressed its opinion that it supports the KKR First Tender Offer and that shareholders should be encouraged to tender their shares in the KKR First Tender Offer.
- (5) On October 11, 2024, Bain Capital submitted to the Company a legally binding proposal for a tender offer (the "**Bain Capital Proposal**"), the purpose of which is to take the Company private at 9,450 yen per share (the "**Bain Capital Proposed Price**") without setting the number of shares to be purchased in the tender offer, and Bain Capital made a public disclosure of the planned commencement of the tender offer (the "**Bain Capital Tender Offer**").
- (6) On October 18, 2024, in light of the October 15 Additional Opinion submitted in response to the Bain Capital Proposal, the Company maintained its opinion that it supports the KKR First Tender Offer and that shareholders should be encouraged to tender their shares in the KKR First Tender Offer. At the same time, the Company added that (i) taking into consideration the existence of the Bain Capital Proposal, it is reasonable for the Company's shareholders and other securities holders to choose not to tender their shares in the KKR First Tender Offer and instead to wait and see the progress of the Bain Capital Proposal, and to choose to tender their shares in KKR's second tender offer (the "**KKR Second Tender Offer**"), and that (ii) the Company understands that the Bain Capital Offer is a "bona fide offer" and will continue to consider it. On October 21, 2024, in light of the Company's opinion referred to above, KKR extended the tender offer period of the KKR First Tender Offer to November 5, 2024.
- (7) On November 5, 2024, the tender offer period of the KKR First Tender Offer expired. KKR acquired 34.01 % (as the percentage of voting rights held¹) of the Company's shares.
- (8) On November 15, KKR informed the Company that KKR would increase the purchase price for the KKR Second Tender Offer from 8,800 yen to 9,451 yen (the "**KKR Proposed Price**").

¹ The "percentage of voting rights held" refers to the ratio of the voting rights held by the relevant entity to the number of the voting rights (629,710) exercisable with the number of shares (62,971,075 shares), which is calculated using the following formula: (i) 67,400,000 shares, the issued shares of the Company as of June 30, 2024, which is stated in the *Summary of Semi-annual Consolidated Financial Results for the First Half of the Fiscal Year Ending December 31, 2024 (Japanese Accounting Standards)* submitted by the Company on August 8, 2024, minus (ii) 4,428,925 shares, the treasury shares held by the Company as of June 30, 2024.

- (9) Based on the facts and events described above, the KKR Proposal and the Bain Capital Proposal, which are currently being considered by the Company, are summarized as follows.
- The purpose of the KKR Proposal is to enable KKR to take the Company private on its own through the acquisition of all of the Company's shares, approximately 34% of which have already been acquired by KKR.
 - The purpose of the Bain Capital Proposal is to ultimately enable Bain Capital to take the Company private on its own by acquiring all of the Company's shares; however, although Bain Capital has already secured 11,691,882 shares (approx. 18.57% as the percentage of voting rights held) held by the Founding Family Shareholders, KKR already holds approximately 34% of the Company's shares and it is difficult for Bain Capital to take the Company private on its own unless KKR agrees to sell out those shares to Bain Capital, and the Bain Capital Proposal allows both Bain Capital and KKR to coexist as major shareholders of the Company after the consummation of the Bain Capital Tender Offer. Therefore, the Bain Capital Tender Offer has the aspect that it can turn out to be so-called partial acquisition.
 - In terms of the price, the KKR Proposed Price is higher than the Bain Capital Proposed Price.
 - In terms of corporate value, if the Bain Capital Tender Offer is consummated, Bain Capital and KKR will coexist as major shareholders of the Company, which may lead to a deadlock between them, resulting in a concern that the Company's corporate value may be damaged.
- (10) The current mix of shareholders of the Company with different value standards has caused the Company to expend a great deal of effort in dealing with this transaction. In addition, some of the shareholders of the Company are confused and there is a concern that this confusion will be widespread even further. This situation is causing a concern that it may hinder the steady implementation of the Mid-term Business Plan 2028 announced by the Company on February 14, 2024 (the "**Medium-Term Management Plan 2028**") and the realization of the corporate value enhancement within the period of the plan, thereby causing continuous damage to the Company's corporate value.

2. Activities of the Committee

There are no changes to the members who constitute the Committee.

The activities of the Committee after the submission of the October 15 Additional Opinion are as

follows.

- (1) In connection with the KKR Second Tender Offer, the Committee took the following actions.
 - ① The Committee sent a letter of questions to KKR once regarding KKR's response to the Bain Capital Proposal and received the answers to those questions from KKR.
 - ② The Committee asked KKR and confirmed KKR's intention to increase the purchase price for the KKR Second Tender Offer.
 - ③ The Committee held three meetings with KKR to discuss the terms and other details of the KKR Second Tender Offer.
 - ④ The Committee obtained from KKR and reviewed a legal opinion provided to KKR by KKR's legal advisor.
- (2) In connection with the Bain Capital Tender Offer, the Committee took the following actions.
 - ① The Committee sent a letter of questions to the Bain Capital three times each, regarding Bain Capital Tender Offer and received the answers to those questions from Bain Capital.
 - ② The Committee held three meetings with Bain Capital to discuss matters which are summarized as follows:
 - Feasibility and reasonableness, and related issues (such as deadlocks and other risks) of the corporate value enhancement measures in the Bain Capital Proposal if the Bain Capital Tender Offer turns out to be partial acquisition;
 - The issue of coercion that may arise if the Bain Capital Tender Offer turns out to be partial acquisition; and
 - Terms and other details of the Bain Capital Tender Offer.
 - ③ The Committee obtained from Bain Capital and reviewed a legal opinion provided to Bain Capital by Bain Capital's legal advisor regarding coercion of the Bain Capital Tender Offer.
- (3) The Committee held a total of five liaison meetings with the Company's executives, where the Company's executives shared with the Committee information on this transaction in a timely manner, while the Committee provided the Company's executives with the progress of the Committee's deliberation and gave necessary instructions to the Company's executives.
- (4) The Committee carefully discussed the related issues at a total of nine meetings held in a timely manner, taking into account the information obtained through the above-mentioned activities,

while receiving expert advice from the advisers engaged by the Committee.

Part II. Content of the Opinion

1. Regarding the KKR Second Tender Offer

The Committee recommends that the Board of Directors express its opinion that the Company supports the KKR Second Tender Offer and that the shareholders and stock acquisition right holders of the Company should be encouraged to tender their shares in the KKR Second Tender Offer, on the basis of the facts that (i) the KKR Proposal aims to enable KKR to take the Company private on its own through the acquisition of all of the Company's shares and this will contribute to enhancing the Company's corporate value, and (ii) in terms of the purchase price, the KKR Second Tender Offer is more advantageous than the Bain Capital Tender Offer.

2. Regarding the Bain Capital Tender Offer

The Committee recommends the Board of Directors express its opinion that the Company opposes the Bain Capital Tender Offer on the basis of the facts that (i) doubts remain as to enhancement of the corporate value because the Bain Capital Tender Offer involves the risk of a deadlock among other risks due to possible coexistence of major shareholders and also the Bain Capital Tender Offer does not have sufficient measures to deal with coercion, thus the Bain Capital Tender Offer is inferior to the KKR Tender Offer in terms of enhancement of the corporate value and the fairness of procedures; (ii) in terms of the price, the Bain Capital Tender Offer is not superior to the KKR Tender Offer in any respect; and (iii) the Committee believes that, if the Company chooses to support the KKR Tender Offer, which is superior in the respects discussed above, and establishes earlier an environment in which the Company can push itself forward to achieve the Medium-Term Management Plan 2028, this will further contribute to enhancing the corporate value.

3. Additional Statement to the Bain Capital Tender Offer and the Company's Future Actions

As the reasons for the recommendation (iii) above, the current mix of shareholders of the Company with different value standards has caused the Company to expend a great deal of effort in dealing with this transaction. In addition, some of the shareholders of the Company are confused and there is a concern that this confusion will be widespread even further. Now that the KKR Proposed Price has been raised to 9,451 yen, it is most important to promptly and definitively resolve such a situation and

create an environment in which the Company is able to focus on the steady implementation of the Medium-Term Management Plan 2028 in order to resolve at the earliest possible time the concern that the Company's corporate value will be damaged. From this perspective, among others, the Committee believes that it is desirable that the Company take a clear and definitive position in opposition to the Bain Proposal.

Furthermore, the Committee states an opinion that, in order to resolve such a situation as discussed above, the Board of Directors should not to negotiate with Bain Capital to further increase the Bain Capital Proposed Price. The Committee also states an opinion the Board of Directors to demand that Bain Capital destroy all of the confidential information that the Company has disclosed to the Company in accordance with the non-disclosure agreement between the Bain Capital and the Company.

Part III. Reasons of the Opinion (Supports KKR Proposal and Recommends Tendering Shares)

1. Regarding the Enhancement of Corporate Value

The KKR Proposal aims to enable KKR to take the Company private on its own through the acquisition of all of the Company's shares, approximately 34% of which have already been acquired by KKR.

As the Committee stated in the August 7 Report, this proposal will secure a stable shareholder composition and push the Company forward to realize the Medium-Term Management Plan 2028, thereby enhancing the viability of the Medium-Term Management Plan 2028 and increasing the certainty of achieving the goals of the plan, and the Committee does not change its evaluation that this proposal will contribute to the enhancement of the Company's corporate value. In the course of the facts that have occurred since August 7, 2024, there are no facts that would affect the above-stated facts or the results of the Committee's deliberation.

Accordingly, the Committee believes that the KKR Second Tender Offer will contribute to the enhancement of the corporate value.

2. Regarding the Reasonableness of the Terms

The facts and the results of the Committee's deliberation concerning the reasonableness of the terms described in the August 7 Report (including the process of discussion and negotiation with the Offeror concerning the terms and conditions of the transaction, the obtaining of the fairness opinion, the relationship with the calculation results of the share value assessment reports, and the relationship with the premium level generally granted in similar transactions) are also applicable to the KKR Second Tender Offer.

Although the Bain Capital Proposal was submitted after the submission of the August 7 Report, it does not change the aforementioned past facts and does not affect the reasonableness of the KKR Proposed Price as the terms of the transaction (sufficiency as a price). No other circumstances have arisen that would contradict or cast doubt on the facts and the results of the Committee's deliberation as identified or stated in the August 7 Report.

After the Bain Capital Proposal was submitted, in order to fulfill its reasonable efforts to secure the interests of shareholders, the Committee, through the Company's executives, asked KKR and confirmed KKR's intention to increase the purchase price.

As a result, KKR raised the KKR Proposed Price from 8,800 yen to 9,451 yen, making the KKR Proposed Price higher than the Bain Capital Proposed Price. This fact constitutes a factor that reinforces the reasonableness of the KKR Proposal Price itself as the terms of the transaction, even more so than at the time of the August 7 Report.

Accordingly, the Committee believes that the KKR Second Tender Offer ensures the reasonableness of the terms of the transaction.

3. Regarding the Fairness of the Procedures

(1) Regarding the Procedures Discussed in the August 7 Report

The facts and the results of the Committee's deliberation concerning the fairness of the procedures described in the August 7 Report (including the establishment of the Committee, appointment of independent experts, ensuring a competitive environment equivalent to a "proactive market check," decision-making process within the Company, provision of information to general shareholders, and elimination of coercion) are also applicable to the KKR Second Tender Offer.

(2) Regarding the Change of the Structure of the First KKR Tender Offer

As stated in the September 24 Additional Opinion, at the time of the change of the structure, the Committee was not aware of any circumstances that would cause the fairness of the procedures for the KKR First Tender Offer to be lost.

(3) Regarding the Coercion of the KKR Second Tender Offer

KKR Second Tender Offer is a two-step entire acquisition for cash consideration using a tender offer and a share consolidation, and KKR intends to execute the squeeze-out procedure promptly after the KKR Second Tender Offer is consummated. Generally, this method of entire acquisition is evaluated to be less coercive.

The minimum number of shares to be purchased in the KKR Second Tender Offer is going to be set at 19.27% (as the percentage of voting rights held). This percentage, combined with the percentage of the voting rights held by passive index funds and similar institutions, constitutes the lower limit at which a resolution in favor of the squeeze-out is expected to be passed if such funds exercise their voting rights in favor of the squeeze-out. There is no problem in setting this lower limit as stated in the September 4 Additional Report.

(4) Regarding the “Market Check” after the Submission of Bain Capital Proposal

In this transaction, even at the time of the commencement of KKR’s original tender offer, it was already definitively agreed that 3DIP and Farallon would sell their 20,667,670 shares (approx. 33%) to KKR. The structure of the original offer was changed into the one that constitutes the KKR First Tender Offer and the KKR First Tender Offer was consummated, thereby causing the KKR Second Tender Offer to change as if its structure is now similar to a takeover by a controlling shareholder.

In such a takeover as above where the acquirer is the controlling shareholder, the “market checks” would function as a measure to ensure the fairness of the takeover only in limited situations. Therefore, it is understood that implementing the “market checks” in such a takeover is largely ineffective.

Even under these circumstances, in order to ensure that the “market check” would work, the Committee took the utmost care by taking the additional measures for the Bain Capital Proposal as follows.

- At the request of Bain Capital, the Committee agreed that Bain Capital would conduct due diligence.
- The Committee requested that KKR set the tender offer period for the KKR First Tender Offer at 30 business days.
- The Committee conducted the activities described above in the “Activities of the Committee” section and, based on the information obtained through those activities, the Committee compared and considered the KKR Proposal and the Bain Capital Proposal in a sincere manner.

As a result of the “market check” described above, (i) the Bain Capital Proposal was submitted, and (ii) the KKR Proposed Price was increased to an amount higher than the Bain Capital Proposed Price. Accordingly, it is apparent that the “market check” virtually worked.

(5) Regarding the Principle of Shareholders’ Intentions

As discussed later, the Committee now has an opinion against the Bain Capital Proposal, thus Bain Capital Proposal will never be commenced. KKR’s taking the Company private is the best option in terms of the enhancement of the corporate value, and it is reasonably expected that the shareholders hope to sell their shares at the highest possible price. Therefore, the Committee does not believe that this result is contrary to the shareholders’ reasonable intentions, and there are no circumstances that would violate the principle of shareholders’ intentions.

(6) Short Summary

Accordingly, the Committee believes that the KKR Second Tender Offer ensures the fairness of procedures.

4. Conclusion

Consequently, the Committee recommends that the Board of Directors express its opinion that the Company supports the KKR Second Tender Offer and that the shareholders and stock acquisition right holders of the Company should be encouraged to tender their shares in the KKR Second Tender Offer, on the basis of the facts that (i) the KKR Proposal aims to enable KKR to take the Company private on its own through the acquisition of all of the Company’s shares and this will contribute to enhancing the Company’s corporate value, and (ii) in terms of the purchase price, the KKR Second Tender Offer is more advantageous than the Bain Capital Tender Offer.

Part IV. Reasons of the Opinion (Opposes Bain Capital Proposal)

1. Regarding the Enhancement of Corporate Value

The Bain Capital Proposal aims to ultimately enable Bain Capital to take the Company private on its own by acquiring all of the Company’s shares. However, in terms of enhancement of corporate value, there are following concerns about the Bain Capital Proposal and the possibility that the Bain Capital

Proposal will damage the Company's corporate value cannot be completely ruled out.

(1) Concerns about the Bain Capital Proposal and the Committee's View

① Concerns about the Bain Capital Proposal

With respect to the Bain Capital Proposal, KKR already holds approximately 34% of the Company's shares and it is difficult for Bain Capital to take the Company private on its own unless KKR agrees to sell out those shares to Bain Capital, and the Bain Capital Proposal allows both Bain Capital and KKR to coexist as major shareholders of the Company after the consummation of the Bain Capital Tender Offer.

Therefore, if Bain Capital and KKR were to disagree when making the Company's decisions, a so-called deadlock would occur, which would create the following risks: (i) a risk that the Company would not be able to achieve inorganic growth because the Company would not be able to make important decisions such as those requiring shareholders' special resolution, and (ii) a risk that the Company would not be able to make decisions in a prompt manner.

② The Committee's Evaluation

It is apparent that the risks described above are risks that could, at least qualitatively, hinder the enhancement of the Company's corporate value in light of the fact that, under the corporate value criterion adopted by the METI Guidelines (the view that the desirability of a takeover of a company should essentially be judged on the basis of the corporate value of that company), the Company has reasonable discretion in judgments involving the enhancement of its corporate value.

In this regard, the Committee repeatedly asked Bain Capital about its policy for dealing with these risks. According to Bain Capital, Bain Capital has already secured 11,691,882 shares (approx. 18.57% as the percentage of voting rights held) held by the Founding Family Shareholders and the Bain Capital believes that, as a result of the Bain Capital Tender Offer, Bain Capital will be able to secure a majority of the shares as a percentage of voting rights. Bain Capital also answered that this would enable the Company to make decisions in a prompt manner, except for those requiring shareholders' special resolution.

Despite those explanations, however, the Committee points out that, in terms of enhancement of corporate value, the Bain Capital Proposal has the following problems:

- Since KKR already holds approximately 34% of the Company's shares, there is no change

in the conclusion that the Company may not be able to make important decisions such as those requiring shareholders' special resolution. Bain Capital has not provided any specific measures to ensure that Bain Capital and KKR will agree or compromise in the event of a deadlock.

- If Bain Capital intends to secure the number of shares that accounts for a majority of the voting rights and take control of the Company, Bain Capital could have set the minimum number of shares to be purchased in the Bain Capital Tender Offer at the number of shares that accounts for a majority of the voting rights so as to eliminate as much as possible the concern that the corporate value would be damaged. However, Bain Capital has not taken any such specific measures (and as a result, now that the Bain Capital Proposed Price is lower than the KKR Proposed Price, it is uncertain that Bain Capital will actually be able to secure the above-stated number of shares through the Bain Capital Tender Offer).

Moreover, if a deadlock occurs and it becomes extremely difficult for the Company to operate properly, the possibility of a worst-case scenario would not be completely ruled out, where the Company would lose more customers, fail to win new projects very often, experience the decline in employees' motivation, or see more employees leave the Company.

(2) Short Summary

As discussed above, the possibility that the Bain Capital Proposal will damage the Company's corporate value cannot be completely ruled out and doubts remain as to whether the Bain Capital Proposal will enhance the corporate value. When the Bain Capital Proposal is compared to the KKR Proposal, KKR Proposal is superior to Bain Capital Proposal in terms of enhancement of the corporate value.

2. Regarding the Fairness of the Procedures

(1) Regarding the Concern about the Coercion

KKR already holds approximately 34% of the Company's shares and, at the present time, KKR does not intend to tender its shares in the Bain Capital Tender Offer. Therefore, it is impossible for Bain Capital to acquire, by way of the Bain Capital Tender Offer, the number of shares necessary to carry out the squeeze-out procedure. Accordingly, the Bain Capital Tender Offer has the aspect that it can turn out to be so-called partial acquisition.

Coercion involves "an issue whereby shareholders of the target company are pressured to accept

an acquisition against their will, where they anticipate disadvantages if an acquisition is completed while they do not accept, as compared to when they do accept the offer. When coercion exists, even if many shareholders believe that the purchase price is lower than the objective value of the shares, they feel forced to accept the offer” (the issue of coercion). It is understood that the issue of coercion involves, for example, the following concerns.

- Coercion conflicts with the principles of the takeover regulations, which is designed to ensure that the necessary information is disclosed to enable shareholders to make an informed and appropriate decision about the takeover bid and that shareholders are given a period of time to deliberate the takeover bid.
- The use of coercion by the acquirer can lead to even inefficient takeover that reduces the target company’s corporate value.
- Even in a takeover that enhances the target company’s corporate value, the use of coercion allows the acquirer to acquire the control of the target company at a lower price, thereby harming the efficiency of the market for the control of the target company.

(2) Regarding the Coercion of the Bain Capital Tender Offer

① Concerns about Bain Capital Tender Offer

In this transaction, KKR already holds approximately 34% of the Company’s shares and it is impossible for Bain Capital to take the Company private on its own unless KKR agrees to sell out those shares to Bain Capital, and thus the Bain Capital Proposal allows both Bain Capital and KKR to coexist as major shareholders of the Company.

Therefore, the Bain Capital Tender Offer involves the following concerns.

- The concern that the Company’s corporate value will be damaged.
- The concern that the ratio of tradable shares of the Company will decline, which may violate the relevant stock exchange’s listing criteria, and if the exchange ultimately decides to delist the Company, shareholders will miss the opportunity to sell their shares in the open market.
- The concern that the price of the Company’s stock will fall due to the concerns discussed above.

② The Committee's Evaluation

As the premise, so-called partial acquisition is not a legally prohibited means of acquisition. Authorities merely request that the issue of coercion discussed above be solved.

In this regard, Bain Capital clearly states that, after the Bain Capital Tender Offer is done, Bain Capital will take measures, such as additional tender offers, to ensure that shareholders continue to have an opportunity to sell their shares. These measures are recognized as a practical means in Japan to eliminate or reduce coercion in transactions taking the target company private.

However, after having examined the Bain Capital Tender Offer, the Committee has no choice but to give the Bain Capital Tender Offer a critical evaluation that the Bain Capital Tender Offer does not have sufficient measures to deal with coercion, because:

- As discussed above, the Bain Capital Proposal cannot completely eliminate the risk that the Bain Capital Proposal will damage the Company's corporate value;
- Experts argue that coercion can be reduced by separating the shareholders' manifestation of approval or disapproval of the takeover from the shareholders' manifestation of intention to tender their shares, thereby confirming that a majority of shareholders are giving approval. Despite this expert argument, Bain Capital does not rely on it and fails to take measures to reduce coercion, such as setting the minimum number of shares to be purchased in the Bain Capital Tender Offer at a majority of the Company's shares; and
- Without KKR's consent, Bain Capital is not able to conduct a squeeze-out by way of a stock consolidation or other procedures stipulated in the Companies Act, and therefore shareholders of the Company are not guaranteed to have an opportunity to seek legal remedies by exercising the right to sell out its shares or filing a claim for court's determination of the share price.

(3) Short Summary

As discussed above, the Committee has no choice but to give the Bain Capital Tender Offer a critical evaluation that the Bain Capital Tender Offer does not have sufficient measures to deal with coercion. When the Bain Capital Proposal is compared to the KKR Proposal, KKR Proposal is superior to Bain Capital Proposal even in terms of fairness of procedures.

3. Conclusion

Consequently, the Committee recommends the Board of Directors express its opinion that the Company opposes the Bain Capital Tender Offer on the basis of the facts that (i) doubts remain as to enhancement of the corporate value because the Bain Capital Tender Offer involves the risk of a deadlock among other risks due to possible coexistence of major shareholders and also the Bain Capital Tender Offer does not have sufficient measures to deal with coercion, thus the Bain Capital Tender Offer is inferior to the KKR Tender Offer in terms of enhancement of the corporate value and the fairness of procedures; (ii) in terms of the price, the Bain Capital Tender Offer is not superior to the KKR Tender Offer in any respect; and (iii) the Committee believes that, if the Company chooses to support the KKR Tender Offer, which is superior in the respects discussed above, and establishes earlier an environment in which the Company can push itself forward to achieve the Medium-Term Management Plan 2028, this will further contribute to enhancing the corporate value.

As the reasons for the recommendation (iii) above, the current mix of shareholders of the Company with different value standards has caused the Company to expend a great deal of effort in dealing with this transaction. In addition, some of the shareholders of the Company are confused and there is a concern that this confusion will be widespread even further. Now that the KKR Proposed Price has been raised to 9,451 yen, it is most important to promptly and definitively resolve such a situation and create an environment in which the Company is able to focus on the steady implementation of the Medium-Term Management Plan 2028 in order to resolve at the earliest possible time the concern that the Company's corporate value will be damaged. From this perspective, among others, the Committee believes that it is desirable that the Company take a clear and definitive position in opposition to the Bain Proposal.

Furthermore, the Committee states an opinion that, in order to resolve such a situation as discussed above, the Board of Directors should not to negotiate with Bain Capital to further increase the Bain Capital Proposed Price. The Committee also states an opinion the Board of Directors to demand that Bain Capital destroy all of the confidential information that the Company has disclosed to the Company in accordance with the non-disclosure agreement between the Bain Capital and the Company.

End