Notice Regarding the Planned Commencement of Tender Offer for the Shares of FUJI SOFT INCORPORATED (Securities Code: 9749) (Updated Supplementary Material)

October 20, 2024

This material has been prepared for the purpose of providing supplementary explanations regarding the “Notice Regarding the Planned Commencement of Tender Offer for the Shares of FUJI SOFT INCORPORATED (Securities Code: 9749)” submitted by K.K. BCJ-88 on October 11, 2024 (as amended or updated, the “Notice”). In the event of any discrepancy between this material and the Notice, the Notice shall prevail. Terms used but not defined in this material shall have the same meaning as in the Notice, unless the context otherwise requires.

New

Background of the Updated Supplementary Material

- Since the press release by Bain Capital on September 3, 2024, we have sincerely considered proposals that would benefit all shareholders, management and employees and other stakeholders of FUJI SOFT. On October 11, 2024, we submitted a legally-binding proposal to FUJI SOFT. In the press release from FUJI SOFT, our proposal has been recognized as a "sincere proposal."
- At the board of directors meeting on October 18, 2024, four of the directors expressed opposition to maintaining the recommendation to shareholders to tender their shares in FK's first tender offer. There has been no disclosure indicating that any member of the special committee composed of outside directors opposed the recommendation to maintain support for FK's tender offer. Based on the circumstances, **we believe that all internal directors who participated in the resolution expressed their opposition.**
- Additionally, even among the directors who supported maintaining the tender recommendation, FUJI SOFT stated that "while maintaining the recommendation to tender in response to FK's first tender offer, it is also reasonable to consider whether to tender in response to FK's second tender offer based on the result of Bain Capital's tender offer." This indicates not only a support for FK's first tender offer but also a **certain understanding of Bain Capital's proposal.** We appreciate the sincere consideration by the board of directors and the special committee.
- On the other hand, it is unfortunate that, although Bain Capital has requested an opportunity to explain its proposal, FUJI SOFT has scheduled the explanation session for the week of October 21, 2024, after FK's first tender offer period ends on October 21. This timing, set approximately two weeks after Bain Capital's legally-binding proposal, is taking longer than anticipated and is creating a timeline that could have an unreasonable impact on shareholders' decisions, which is very regrettable.
- Under these circumstances, we would like to share Bain Capital's perspective with all shareholders as an update to our Notice dated October 11, 2024 before FK's first tender offer period ends.
- We are confident that **our proposal, which has no minimum threshold of shares to be acquired and offers a higher price than FK's proposal, is in the interest of all shareholders, regardless of whether the company goes private.** Therefore, the board of directors at FUJI SOFT should, in principle, not support FK's first tender offer due to its lower price. However, given that two proposals have been submitted without a minimum threshold of shares to be acquired, it would have been appropriate to at least express the opinion, as stated by four directors in their dissent, that "this should be left to the shareholders' judgment."
- We understand that the opinions expressed by FUJI SOFT this time involve changes in the content of the opinions, as well as changes in the grounds and reasoning for those opinions, which constitute a material change in investment information. Therefore, **the first tender offer by FK should be extended.**
- **In order to promptly initiate a tender offer that benefits all shareholders, we will continue to provide explanations to FUJI SOFT.**

Reposted

Overview of Binding Proposal

Bain Capital has submitted a legally-binding proposal on October 11, 2024 to take private the common stock of FUJI SOFT INCORPORATED. A summary of the proposal is below.

Tender Offer Price	• 9,450 yen per share (650 yen higher than the FK Tender Offer Price)
Threshold (Max / Min)	• No maximum or minimum threshold of shares to be acquired
Expected timing of Tender Offer Commencement[1]	• Late October 2024
Financing	• Bank loans together with equity financing from Bain Capital
Tender / Non-Tender Agreements	• Tender / non-tender agreements entered into with the founder Mr. Hiroshi Nozawa, and other founding family shareholders (ownership ratio: 18.5%[2])
Tender Offer Conditions Precedent	• Affirmative Opinion by FUJI SOFT's board of directors • Other standard terms for a pre-announced tender offer[3]

1. We expect the timing to be late October 2024, but we will disclose the specific schedule once it is decided.
2. 11,699,882 shares (including stock options held by Mr. Hiroshi Nozawa) are held by the founding family shareholders.
3. Standard terms are as follows: (i) no event corresponding to certain grounds for withdrawal of the tender offer has occurred at FUJI SOFT or its subsidiaries (ii) no event has occurred that could have a material adverse effect on the business, financial condition, management situation, assets, liabilities, cash flow or future prospects of FUJI SOFT Group, or on the relevant economic or market conditions. (iii) clearances necessary for the transaction are expected to be competed (ix) Bain Capital is not aware of any material facts that concern the business or other particulars related to FUJI SOFT.

New

About Bain Capital ’s Proposal

Bain Capital's proposal has no minimum threshold of shares to be acquired. Once Bain Capital's tender offer begins, it will provide shareholders the opportunity to sell at a higher price.

- **Bain Capital's proposal has no minimum threshold of shares to be acquired**
- Once the tender offer begins, **all shares tendered by shareholders will be purchased**
- From the perspective of the feasibility of tender offer, **there are no concerns**
- **Bain Capital’s proposal provides an opportunity to all shareholders who would like to sell at a price higher than 8,800 yen, specifically at 9,450 yen**

Bain Capital's proposal, which does not have minimum threshold of shares to be acquired, poses no concerns regarding its feasibility, regardless of whether the going private is realized.

Since our offer provides all shareholders who would like to sell at a high price with such opportunities, we believe this proposal is beneficial for all shareholders' interests.

New

Bain Capital's View on FUJI SOFT's Press Release (1/2)

Bain Capital would like to clarify our views based on the press release issued by FUJI SOFT on October 18, 2024.

Press Release / Media Reports	Bain Capital's View
• **Feasibility of Bain Capital's proposal raised by FUJI SOFT**	• Bain Capital's proposal has no minimum threshold of shares to be acquired, and once the tender offer begins, all shares tendered by shareholders will be purchased, **so the feasibility of the tender offer cannot be an issue.**
• **There is no reason to believe that FK's first tender offer is inferior to Bain Capital's proposal, dated on October 11, 2024.**	• In the case of a full takeover, the transaction price becomes particularly important and there is a **significant tender offer price gap by 650 yen (approximately 7.4%) per share** between Bain Capital's proposal and FK's proposal.
• **FK's proposal is relatively superior in ensuring 32.68% of shares through the first offer, while the feasibility of Bain Capital's proposal depends on the number of shares FK will acquire through the first offer**	• **There are no issues regarding the feasibility of Bain Capital's proposal, and it is not affected by the number of shares FK acquires.**

New

Bain Capital's View on FUJI SOFT's Press Release (2/2)

Bain Capital would like to clarify our views based on the press release issued by FUJI SOFT on October 18, 2024.

Press Release / Media Reports	Bain Capital's View
• **Concern that if both FK and Bain Capital become major shareholders of FUJI SOFT, it may be difficult to consolidate opinions on certain matters among the major shareholders, potentially hindering smooth operations and damaging the company's corporate value**	• Given the current proposed price, it is anticipated (see details on page 8) that Bain Capital, together with the founding family, would be in a position to make key business decisions, and there are no concerns that operational agility would be hindered or that corporate value would be impaired. • Even if both FK and Bain Capital become major shareholders of FUJI SOFT, both KKR and Bain Capital are private equity funds focusing on enhancing corporate value, and there is no reason to expect difficulties in reaching consensus on business judgments. • In the event that it becomes difficult to reach a consensus and a situation arises that could cause significant disadvantage to shareholders, **we will once again offer the opportunity to exit at the same price as our tender offer.**
• **Concern that a reduction in liquid shares may result in FUJI SOFT's shares meeting the delisting criteria**	• Bain Capital's proposal provides **an exit opportunity for all shareholders at 9,450 yen per share.** • Even if the tender offer were to result in FUJI SOFT's shares meeting the delisting criteria, **the benefits to shareholders are clear compared to FK's proposal, which coerces shareholders to exit at 8,800 yen.** • In the event that a violation of delisting criteria occurs and causes significant harm to shareholders, **we will once again offer the opportunity to exit at the same price as our tender offer.**
• **Possibility that Bain Capital's tender offer could be considered a "partial tender offer"**	• In the case of **FK's current two-stage tender offer**, if the second tender offer is unsuccessful, **it is highly likely to result in a situation similar to a partial tender offer.**

New

Bain Capital's Timing for Commencing the Tender Offer

Aside from obtaining FUJI SOFT's Affirmative Opinion, the tender offer conditions are expected to be fulfilled promptly. We are prepared to commence the tender offer as soon as we get the Affirmative Opinion.

Preconditions for Bain Capital's Commencement of Tender Offer	Current Status
1. Obtaining FUJI SOFT's Affirmative Opinion in favor of our tender offer	1. After submitting the legally-binding proposal on October 11, 2024, we have requested to schedule an explanation/Q&A session, which is planned to be held during the week of October 21, 2024
2. No event corresponding to certain grounds for withdrawal of tender offer has occurred at FUJI SOFT or its subsidiaries	2. We are not aware of any such event at this time
3. No event has occurred that could have a material adverse effect on the business, financial condition, management situation, assets, liabilities, cash flow or future prospects of FUJI SOFT Group, or on the relevant economic or market conditions.	3. We are not aware of any such event at this time
4. Clearances necessary for the transaction are expected to be completed	4. We have visibility that obtaining the necessary clearances is reasonably likely
5. Bain Capital is not aware of any material facts that concern the business or other particulars related to FUJI SOFT	5. We are not aware of any such facts at this time

Bain Capital is requesting a prompt meeting after submitting the legally-binding proposal in order to obtain the Affirmative Opinion from FUJI SOFT and to realize a more attractive selling opportunity for shareholders as soon as possible. On the other hand, we have received a proposed timeline from FUJI SOFT approximately two weeks after our proposal, which is taking longer than expected. This has created a timeline that could unreasonably influence shareholders' decisions, which is very regrettable.

New

Situation for FUJI SOFT's Board of Directors Decision (Bain Capital's Views)

Below are our views regarding Bain Capital's proposal, the preceding proposal by FK (the upcoming second tender offer is also planned to have the same price as the first tender offer, which is 8,800 yen per share), and the impact on shareholders based on potential decisions of FUJI SOFT's board of directors.

Decision of FUJI SOFT's BoD	Expected Outcomes
1 FUJI SOFT does not express an affirmative opinion in favor of Bain Capital's proposal but expresses an affirmative opinion in favor of FK's second tender offer	• Minority shareholders are at a **higher risk of being squeezed out at a lower price** while a higher-priced proposal exists • **This will result in the value that should rightfully belong to minority shareholders being transferred to FK, harming the interests of minority shareholders**
2 FUJI SOFT expresses an affirmative opinion in favor of Bain Capital's proposal but does not express an affirmative opinion in favor of FK's second tender offer	• Considering the current proposed price, it is anticipated that Bain Capital, along with the founding family, will hold over 50% of the shares, while FK will hold over 30% • It is expected that Bain Capital will be in a position to control important business decisions, **which alleviates concerns about hindering agile operations and impairing corporate value** • In the event that the continued difficulty in reaching a consensus or a situation arises that violates delisting criteria, causing significant disadvantage to shareholders, **we will once again offer the opportunity to exit at the same price as our tender offer.**
3 FUJI SOFT expresses an affirmative opinion in favor of both Bain Capital's proposal and FK's second tender offer	• Given the significant price gap in the proposed prices, it is anticipated that Bain Capital, along with the founding family, will hold over 50% of the shares, while FK will hold over 30%
4 FUJI SOFT does not express an affirmative opinion in favor of either Bain Capital's proposal or FK's second tender offer	• FK becomes a major shareholder, and FUJI SOFT remains publicly listed • **The absence of Bain Capital's tender offer may lead to a decline in stock prices, resulting in investors suffering losses due to the board of directors' decisions.**

Regardless of the outcome of the tender offer by FK, we believe that Bain Capital can effectively collaborate with the current management to enhance FUJI SOFT's corporate value. Even if this enhancement is not realized, **FUJI SOFT's shareholders are assured an exit opportunity at our proposed price of 9,450 yen per share, meaning they should not face disadvantages compared to exiting at 8,800 yen per share through FK's tender offer. Therefore, it is our view that FUJI SOFT's Board of Directors would not reasonably reject our proposal from the perspective of protecting minority shareholders. We ask shareholders to refrain from participating in FK's first tender offer and to wait for FUJI SOFT's Board of Directors to express their opinion on Bain Capital's proposal.**

New

Regarding the Period of FK's First Tender Offer

We understand that the opinions expressed by FUJI SOFT this time involve changes in the content of the opinions, as well as changes in the grounds and reasoning for those opinions, which constitute a material change in investment information.

	As of September 26,2024 (Changing to a two-stage scheme) Statement of Opinion	As of October 18,2024 (Receipt of Bain Capital's Proposal) Statement of Opinion
Board of Directors' Opinion	• The Board of Directors **unanimously** agreed to support and recommend tendering in the tender offer.	• **Despite the presence of some directors who voted against, a majority of the Board of Directors supported and recommended tendering in the tender offer.**
Thoughts on the Recommendation to Tender	• The risk of general shareholders remaining after the tender offer has always existed. • Since Bain Capital's proposal had not yet been received, there were no circumstances that would justify concluding that the coerciveness of the first tender offer had significantly increased due to changes in the tender conditions. • Therefore, the support and recommendation to tender were maintained	• There are no circumstances that would overturn the facts and evaluations recognized in relation to the fairness of the process and the appropriateness of the transaction conditions. • "While maintaining support for FK's first tender offer and continuing to recommend tendering in the tender offer, but we also note that it is reasonable for shareholders not to tender in the first tender offer, and instead, decide whether to tender FK's second tender offer in light of the circumstances surrounding Bain Capital's offer." – **Put succinctly, FUJI SOFT takes a neutral stance regarding tendering in the first tender offer**

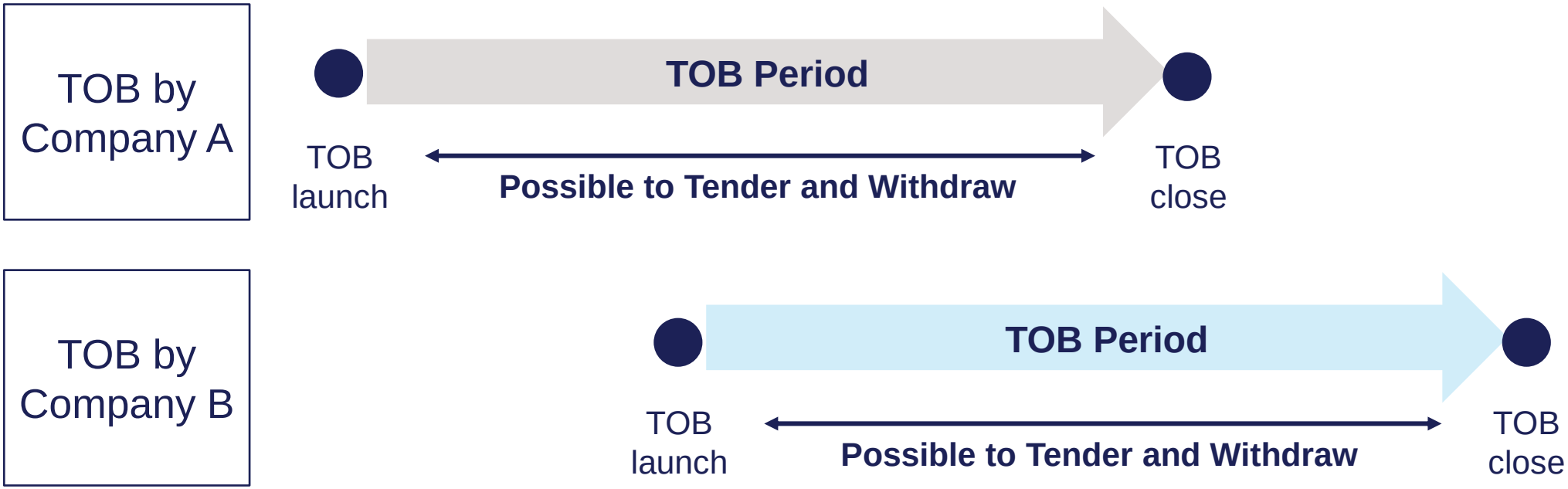
Regarding the opinion expressed by FUJI SOFT this time, Bain Capital understands that this change in opinion, or change in the rationale and reasoning behind the opinion, constitutes a material change in investment information, and it is rightfully expected that FK's first tender offer period should be extended accordingly.

The previous opinion of the Board of Directors reasoned that, since Bain Capital's proposal had not been received at that time, there were no grounds to conclude that the coerciveness of FK's scheme change had significantly increased. However, according to FUJI SOFT's own claims, since Bain Capital's proposal has now been received, the coerciveness due to FK's scheme change should have undoubtedly increased. It is extremely puzzling that this point is not reflected in FUJI SOFT's opinion, despite the fact that the underlying facts have changed. (In the current opinion of FUJI SOFT's Board of Directors, it is stated that there are no circumstances that would overturn the recognized facts and evaluations.)

The content of FUJI SOFT's press release this time is extremely difficult for shareholders to understand. On the other hand, the directors who opposed the decision (presumed by Bain Capital to be mainly internal directors) did so for a clear and rational reason, stating that the wording should be more neutral and that the decision should be left to the shareholders.

Reposted

Structure of the Tender Offer (Tender and Withdrawal)



- Shareholders may **tender their shares at any time during the Tender Offer Period** and may **withdraw their shares at any time**

- If a tender offer with better terms is newly launched or is expected to be launched, shareholders have the option to withdraw from the ongoing tender offer at their discretion and to tender their shares in the tender offer with better terms

Disclaimer

The purpose of this material is to supplement the Notice and it has not been prepared for the purpose of soliciting an offer to sell or purchase in the Tender Offer. When making an application to tender, please be sure to read the Notice, and the Tender Offer Registration Statement and Tender Offer Explanatory Statement for the Tender Offer to be subsequently issued and make your own decision as a shareholder or share option holder. This material does not constitute, either in whole or in part, a solicitation of an offer to sell or purchase any securities, and the existence of this material (or any part thereof) or its distribution shall not be construed as a basis for any agreement regarding the Tender Offer, nor shall it be relied upon in concluding an agreement regarding the Tender Offer.

The Tender Offer will be conducted in compliance with the procedures and information disclosure standards set forth in Japanese law, and those procedures and standards are not always the same as the procedures and information disclosure standards in the U.S. In particular, neither sections 13(e) or 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, the "Securities Exchange Act of 1934") or the rules under these sections apply to the Tender Offer; and therefore the Tender Offer will not be conducted in accordance with those procedures and standards. Unless otherwise specified, all procedures relating to the Tender Offer are to be conducted entirely in Japanese. All or a part of the documentation relating to the Tender Offer will be prepared in English; however, if there is any discrepancy between the English-language documents and the Japanese-language documents, the Japanese-language documents shall prevail.

This material includes statements that fall under "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the Securities Exchange Act of 1934. Due to known or unknown risks, uncertainties or other factors, actual results may differ materially from the predictions indicated by the statements that are implicitly or explicitly forward-looking statements. Neither the Tender Offeror nor any of its affiliates guarantee that the predictions indicated by the statements that are implicitly or expressly forward-looking statements will materialize. The forward-looking statements in this material were prepared based on information held by the Tender Offeror as of the date of this material, and the Tender Offeror and its affiliates shall not be obliged to amend or revise such statements to reflect future events or circumstances, except as required by laws and regulations.

The Tender Offeror, its financial advisors and the tender offer agent (and their respective affiliates) may purchase the common shares and share options of the Target Company, by means other than the Tender Offer, or conduct an act aimed at such purchases, for their own account or for their client's accounts, in the scope of their ordinary business and to the extent permitted under financial instrument exchange-related laws and regulations, and any other applicable laws and regulations in Japan, in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934 during the Tender Offer Period. Such purchases may be conducted at the market price through market transactions or at a price determined by negotiations off-market. In the event that information regarding such purchases is disclosed in Japan, such information will also be disclosed on the English website of the person conducting such purchases (or by any other method of public disclosure).