

Press Release

ASLEAD CAPITAL PTE. LTD.
April 27, 2021
(Revised on) June 14, 2021

To Whom It May Concern

**Announcement of the Launch of the Tender Offer
for Fuji Kosan Company, Ltd. (Securities Code on TSE: 5009)**

Extended the Offer period to July 9th, 2021 (Announced on June 14, 2021)

Aslead Capital Pte. Ltd. (hereinafter referred to as the "Aslead Capital"), which has entered into a discretionary investment management agreement with Aslead Strategic Value Fund and Aslead Growth Impact Fund (hereinafter referred to as the "Tender Offerors"), and manages the assets of the Tender Offerors, hereby announces that Aslead Capital decided for the Tender Offerors to acquire common stocks in Fuji Kosan Company, Ltd. (Securities code on TSE: 5009, listed on the first section of the Tokyo Stock Exchange; hereinafter referred to as the "Target Company") through a tender offer (hereinafter referred to as the "Tender Offer") under the Financial Instruments and Exchange Act.

For details, please refer to the Tender Offer Registration Statement submitted on April 28, 2021, and refer to the Tender Offer Explanatory Statement when deciding whether to tender your shares.

1. Outline of the Tender Offer

Aslead Capital, for the purpose of managing the assets of the Tender Offerors, has been acquiring the shares (hereafter referred to as the "Target Company's shares") of the Target Company (listed on the First Section of the Tokyo Stock Exchange, Inc. (hereafter referred to as the "Tokyo Stock Exchange") First Section (hereafter referred to as the "TSE First Section"), for the pure investment purpose of earning profit on price increase and dividends as the corporate value of the Target Company increases in the medium to long term and without the intention of acquiring the control of the Target Company, since August 7, 2020 through on- and off-market transactions, when the stock prices of the Target Company's shares traded below JPY 500, because Aslead Capital considered the stock prices of the Target Company's shares were undervalued compared to the Target Company's corporate value.

As stated in the Tender Offer Registration Statement, Aslead Capital has had multiple meetings with the Target Company management, however, the Target Company management has not been able to explain to Aslead Capital satisfactory measures to improve the Target Company's corporate value going forward. Therefore, on April 27, 2021, for the purpose of acquiring control of the Target Company and taking the Target Company private, Aslead Capital decided to launch the Tender Offer without setting an upper limit on the number of shares to be purchased, but with a lower limit on the number of shares to be purchased to be at the level where the Tender Offerors will own 40% of the Target Company after the completion of the Tender Offer, and subsequently implementing a series of procedures to make the Tender Offerors the only shareholders of the Target Company after the completion of the Tender Offer.

While Aslead Capital acknowledges that it is desirable to ensure that shareholders of the Target Company who intend to sell their shares by tendering them in the Tender Offer have more opportunities to sell their shares by not setting a minimum number of shares to be purchased, as stated in the Tender Offer Registration Statement, Aslead Capital has intention to take the Target Company private by implementing a series of procedures. Since the purpose of the Tender Offer is to acquire control of the Target Company and to take the Target Company private, the Tender Offerors will purchase a minimum of 1,853,100, representing ownership ratio of 23.25%, which is the result of subtracting 1,335,500 shares, which is owned by the Tender Offerors as of the date of submission of the Tender Offer Registration Statement, from 3,188,600 shares, representing ownership ratio of 40% (rounded up to the nearest 100 shares)

The reason why Aslead Capital sets the minimum number of shares to be purchased in the Tender Offer at the level where the ownership ratio of the Tender Offerors would be 40% after the completion of the Tender Offer is because the ratio of voting rights exercised at the most recent annual general shareholders' meeting of

the Target Company was only approximately 70%, according to the extraordinary report filed by the Target Company on July 1, 2020; and, there exists the possibility that there are shareholders such as passive index funds who hold the Target Company's shares with a policy of not tendering their shares in the Tender Offer regardless of the suitability of the terms of the transaction, and that Aslead Capital recognizes that taking the Target Company private would be possible since among the shareholders who did not tender their shares in the Tender Offer, some shareholders would vote in favor of the agenda item regarding the consolidation of shares after the completion of the Tender Offer as a procedure for going private and the amendment to the Articles of Incorporation to abolish the provision of the number of shares constituting one unit on the condition that the consolidation of shares takes effect.

(1) Name of the Target Company

Fuji Kosan Company, Ltd. (Securities code: 5009, listed on the First Section of the Tokyo Stock Exchange)

(2) Class of Shares to be Purchased

Common stock

(3) Period of the Tender Offer

From April 28, 2021 (Wednesday) through July 9, 2021 (Friday) (49 business days)

(4) Tender Offer Price

JPY 1,250 per common share

(5) Number of Shares to be Purchased

Number of Shares held:	1,335,500 shares
	(ownership ratio: 16.8%)
Number of Shares to be Purchased:	6,635,803 shares
Minimum number of Shares to be Purchased:	1,853,100 shares
	(ownership ratio after the Tender Offer: 40.0%)
Maximum number of Shares to be Purchased:	No upper limit

(6) Tender Offer Agent

Mita Securities Co., Ltd.
3-11, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo

The Tender Offer Agent has appointed the following Sub-Agent to delegate a part of its administrative work.
Monex, Inc. (Sub-Agent)
12-32, Akasaka 1-chome, Minato-ku, Tokyo

* Tendering shareholders who do not have an account with Mita Securities Co., Ltd, the Tender Offer Agent, and are individuals residing in Japan should open an account with Monex, Inc., the Sub-Agent. All other tendering shareholders should open an account with Mita Securities Co., Ltd.

(7) Date of commencement of settlement

July 16, 2021 (Friday)

2. Background of the Tender Offer

Aslead Capital believes that the Target Company has not had a clear growth strategy for a long time; and, at the meeting on September 30, 2020, Aslead Capital recognized that Mr. Naoto Hoya, the President and Representative Director of the Target Company also thinks that he could not expect a material increase in profits from the current level as regards to the existing businesses and that while the Target Company is thinking about developing a new business as a new growth strategy, even if the Target Company undertakes measures to develop a new business, it would take more than three years which is beyond the period of the next mid-term management plan until such new business become a new business segment.

In addition, since the Target Company had failed to achieve profit growth over the medium to long term until now, Aslead Capital assumed that corporate value improvement could not be achieved in the short term and it would require a medium to long term period. As a result, Aslead Capital came to understand that the stock prices of the Target Company had long been valued at a low level that is below the net asset value per share.

Following the meetings with the Target Company management on March 19, 2021 and April 14, 2021, Aslead Capital recognized that it would be difficult for the Target Company to exceed the highest operating income it achieved in the past 15 years during the next mid-term management plan period, and that the Target Company has not identified ideas for new businesses that could become a new pillar business in the future. Given that the Target Company has not been able to achieve profit growth over the medium to long term until now, and that the Target Company's stock price has long been valued at a low level that is below the net asset price per share, and that it would take more than three years which is beyond the next mid-term management plan period to realize the improvement of the corporate value, it is difficult to expect a short-term increase in stock prices; and, Aslead Capital thought that the Target Company management may be pursuing short-term corporate value improvement measures as they take into account the capital market aspect where there are many shareholders who would expect short-term increase in the stock prices and that the Target Company management may not be exploring measures that could more effectively improve the corporate value in the medium to long term even if such measures may take longer period to achieve.

3. Tender Offer Price

With regard to the Tender Offer Price, Aslead Capital believes that if the Tender Offerors are able to acquire the Target Company's shares at the Tender Offer Price of JPY 1,250, considering that JPY1,240 is the price that is one time of the price to book value ratio (PBR) of the Target Company' shares, and generally speaking, the price which equals to one time of PBR is the same as the values per share that would be distributed to shareholders at a time of the liquidation, the Tender Offer Price is not considered to be overpriced in the sense that the Tender Offer Price is approximately equal to the value of the liquidation value of the Target Company; furthermore, on April 26, 2021, Aslead Capital considered that based on the Tender Offer Price, even if the improvement of corporate value could not be realized after the completion of the Tender Offer and the profit level continued to be flat, as long as there are periodic dividend income, it can expect to secure sufficient investment returns in the medium to long term, and that the Tender Offer Price would meet the economic rationality of the Tender Offerors. In addition, Aslead Capital believes that the recent stock prices, specifically the simple average closing price of JPY 1,253 (rounded to the nearest; the same applies hereinafter) for the past three months (from January 27, 2021 to April 26, 2021) prior to April 26, 2021, which is the business day prior to the decision date to conduct the Tender Offer and the simple average closing price of JPY 1,207 for the past one month (from March 29, 2021 to April 26, 2021) reflect the expectation that a tender offer will be carried out at a price exceeding the Tender Offer Price, given that Aslead Capital intermittently submitted a large shareholding report and change-in-shareholding reports due to increases in the shareholding ratio and that expectation for additional purchase of the Target Company shares through measures including a tender offer had been developed among some of the market participants. Therefore, Aslead Capital believes that such excessive expectations will be corrected when the Tender Offer Price is announced. Although the Tender Offer Price is lower than the simple average closing price for the past three months of JPY 1,253 as of April 26, 2021, the business day prior to the decision date to conduct the Tender Offer, Aslead Capital decided to launch the Tender Offer on April 27, 2021, with the Tender Offer Price of JPY 1,250 as many shareholders may accept the Tender Offer Price.

The simple averages of closing prices for one month (from July 21, 2020 to August 20, 2020), three months (from May 21, 2020 to August 20, 2020), and six months (from February 21, 2020 to August 20, 2020), immediately before Aslead Capital submitted a large shareholding report on August 21, 2020 are JPY 461, JPY 466, and JPY 453, respectively. The Tender Offer Price of JPY 1,250 represents the premium of 171.15% (rounded to the second place after the decimal point. The same applies to the calculation of the premium rate for the stock price), 168.24% and 175.94%, respectively. In addition, the simple averages of closing prices for one month (from September 15, 2020 to October 14, 2020), three months (from July 15, 2020 to October 14, 2020), and six months (from April 15, 2020 to October 14, 2020), immediately before the announcement of the "Notice Concerning Changes in Major Shareholders" by the Target Company on October 15, 2020 are JPY 718, JPY 587, and JPY 519, respectively. The Tender Offer Price of JPY 1,250 represents the premium of 74.09%, 112.95% and 140.85%, respectively. Furthermore, the simple averages of closing prices for one month (from December 7, 2020 to January 4, 2021), three months (from October 5, 2020 to January 4, 2021), and six months (from July 6, 2020 to January 4, 2021), immediately before the announcement of the "Notice Concerning the Change of the Largest Shareholder " by the Target Company on January 5, 2021 are JPY 934, JPY 885 and JPY 720, respectively. The Tender Offer Price of JPY 1,250 represents the premium of 33.83%, 41.24% and 73.61%, respectively. Aslead Capital believes that the Tender Offer Price, which is at premium levels compared to the simple averages of closing prices for the one, three, and six months immediately before the above three record dates, is well above the average purchase prices of many shareholders.

The level of the share price at the business day immediately preceding the date when Aslead Capital filed the Large Shareholding Report, and the premium of the Tender Offer Price

	<u>Period before August 21, 2020</u>		
	The simple average closing price for the one-month	The simple average closing price for the three-month	The simple average closing price for the six-month
Share Price (JPY)	461	466	453
Premium	171.15%	168.24%	175.94%

The level of the share price at the business day immediately preceding the date of the announcement of "Notice Concerning Change of Major Shareholder", and the premium of the Tender Offer Price

	<u>Period before October 15, 2020</u>		
	The simple average closing price for the one-month	The simple average closing price for the three-month	The simple average closing price for the six-month
Share Price (JPY)	718	587	519
Premium	74.09%	112.95%	140.85%

The level of the share price at the business day immediately preceding the date of the announcement of "Notice of Change in Largest Shareholder", and the premium of the Tender Offer Price

	<u>Period before January 5, 2021</u>		
	The simple average closing price for the one-month	The simple average closing price for the three-month	The simple average closing price for the six-month
Share Price (JPY)	934	885	720
Premium	33.83%	41.24%	73.61%

4. Management Policy after the completion of the Tender Offer

Aslead Capital would like to continue to engage in constructive dialogue with the Target Company management in order to improve the corporate value and to achieve sustainable growth. Aslead Capital intends to continue delegating management of the Target Company to the existing management team, wishes the Target Company management to maintain the employment of employees necessary for the continuation of the existing businesses, as such, Aslead Capital intends to build a friendly relationship with the Target Company management. As there is no upper limit to the maximum number of shares to be purchased by the Tender Offer, there is a possibility that the Tender Offerors will acquire control of the Target Company after the completion of the Tender Offer. However, Aslead Capital does not have plan to manage the Target Company by itself, and based on the relationship as the shareholder and the management, it plans to continue delegating the management of the Target Company to the existing management team and intends to support the management plan to be formulated by the Target Company management team in the future, and that it does not have its own management policy or plan.

As stated in the "Outline of the Tender Offer", Aslead Capital has intention to take the Target Company private.

About Aslead Capital

Founded on November 27, 2019, Aslead Capital is a Singapore-based investment management company that manages investments primarily in listed companies in Japan. Our objective is to contribute to the creation of a more prosperous and peaceful society by supporting the growth of companies that will "lead" Japan's "tomorrow" ("AS" in Japanese) through using flexible investment methods, investing in companies that will lead the future.

Through its investment activities, Aslead Capital will provide medium- to long-term support to companies that have yet to unlock their intrinsic corporate values, with the mission of providing vitality through investment in companies that will lead the future, supporting the further growth of companies that are essential to the

Japanese society, and creating a more prosperous and peaceful society.

(1) Name	ASLEAD CAPITAL PTE. LTD.
(2) Address	51 BRAS BASAH ROAD #05-01 189554, Singapore
(3) Name and title of the Representatives	Yasuto Monden, Managing Director Hiroki Asano, Managing Director
(4) Description of Business	Investment management business

For inquiries regarding this matter, please contact: info@aslead.com

Disclaimer

This English translation has been prepared only for a reference purpose. In the event of any differences or inconsistencies between the Japanese original and English translation, the Japanese original version shall prevail. We assume no liability for any nuances, errors, omissions, or ambiguities in the translation. We shall not be liable for any losses caused by the accuracy, reliability or nuances, etc. of the translation.

Solicitation Restrictions

This press release is prepared in connection with the announcement of the Tender Offer and is not intended as a solicitation of an offer to sell or an offer to buy in connection with the Tender Offer. When making an offer to sell, etc., please be sure to read the Tender Offer Explanatory Statement for the Tender Offer and make your own decision. This press release does not constitute, or form a part of, any solicitation of an offer to sell or a solicitation of an offer to buy any securities, and neither the contents of this press release (or any part thereof) nor the fact of its distribution shall form the basis of any agreement relating to the Tender Offer, nor may it be relied upon in concluding any agreement. The content of this press release (or any part thereof) or the fact of its distribution shall not be the basis for any agreement relating to the Tender Offer, nor may it be relied upon in entering into any agreement.

Future projections

This press release contains forward-looking statements. This press release contains forward-looking statements, which are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those in the forward-looking statements. Neither the Tender Offeror nor any of its affiliates can give any assurance that such forward-looking statements will turn out to be correct. The forward-looking statements in this press release have been prepared based on the information available to the Tender Offerors at the time of preparation of this press release, and the Tender Offerors or their affiliates are under no obligation to update or revise such statements to reflect future events or circumstances, except as required by laws and regulations.