



FUJISOFT

Transformation of Four Listed Subsidiaries into Wholly Owned Subsidiaries

FUJI SOFT INCORPORATED

(Code: 9749 TSE Prime Market)

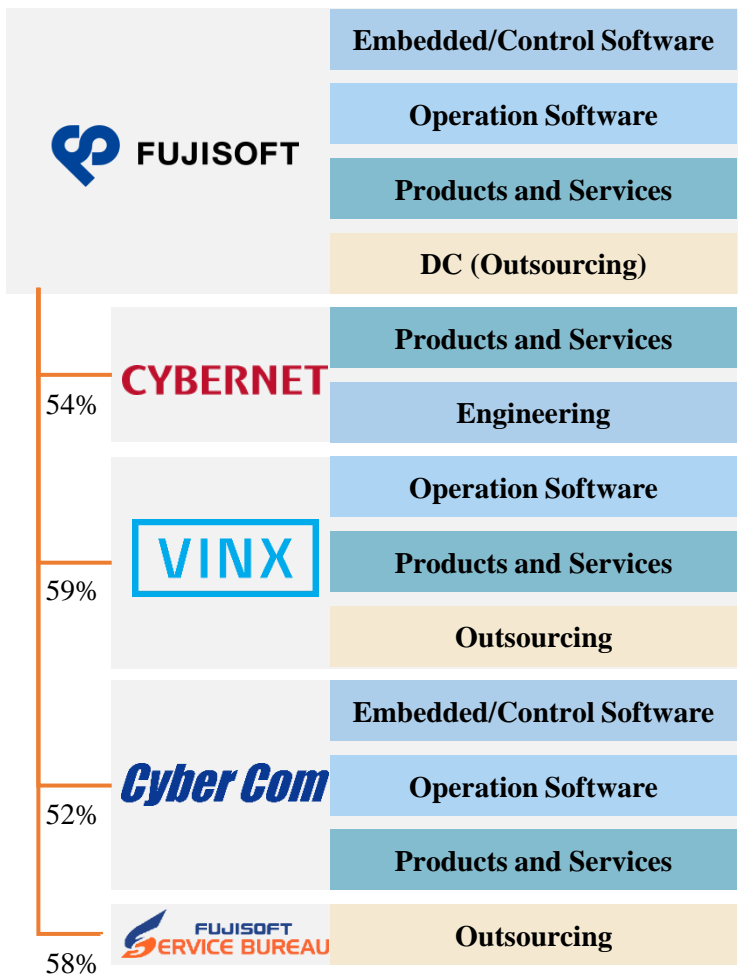
November 9, 2023



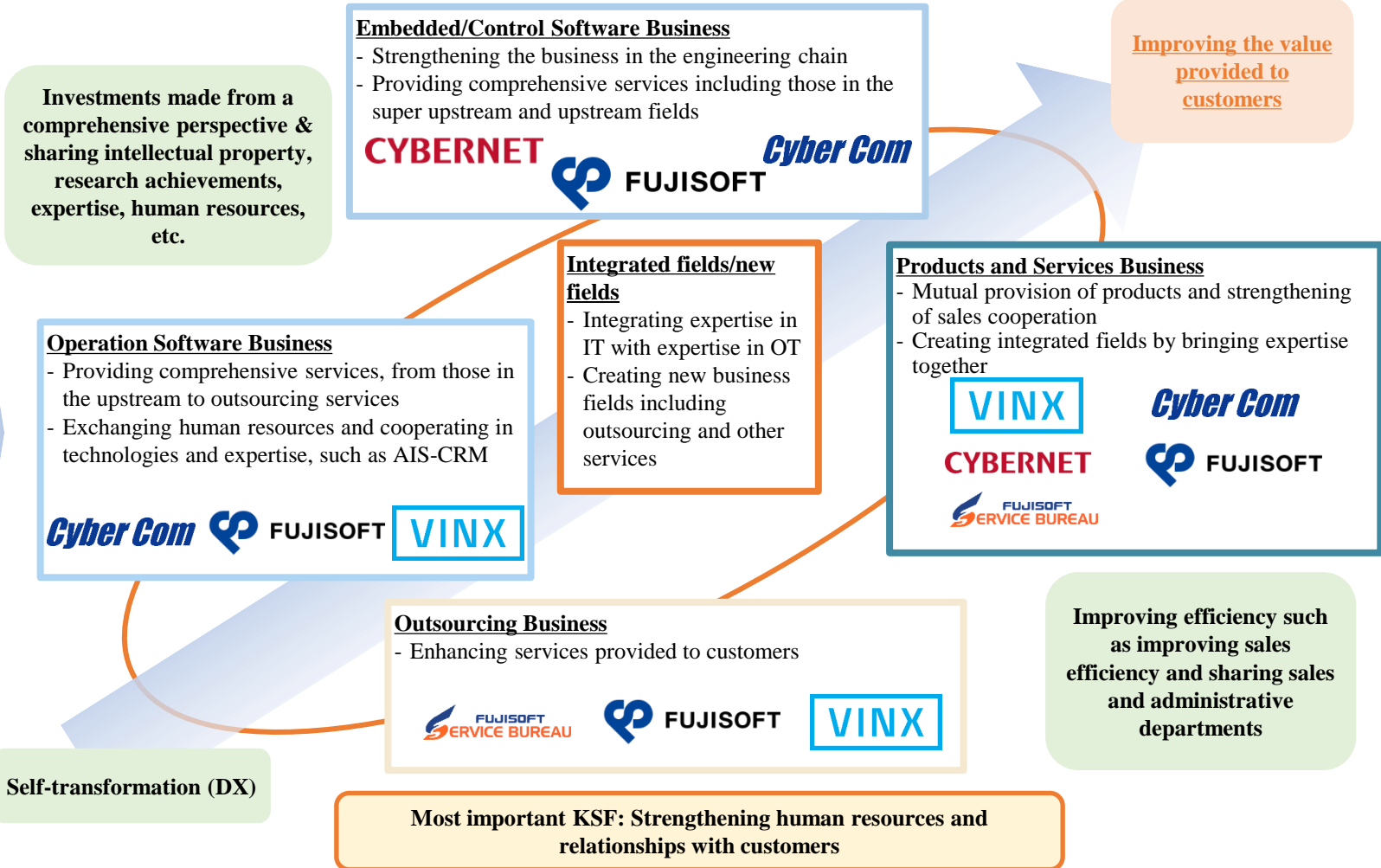
Making them wholly owned subsidiaries, thus accelerating initiatives to achieve the future vision, with the aim of maximizing the Group's value

- ▶ Aiming to improve the value provided to customers, such as by sharing intellectual property and research achievements and improving sales efficiency, in addition to strengthening each business and creating new and integrated fields

Before: Increased unique strength of each company, also producing synergy within the Group



Future: Pursuing synergy through Groupwide dynamic operation while maintaining and developing the strength of each company

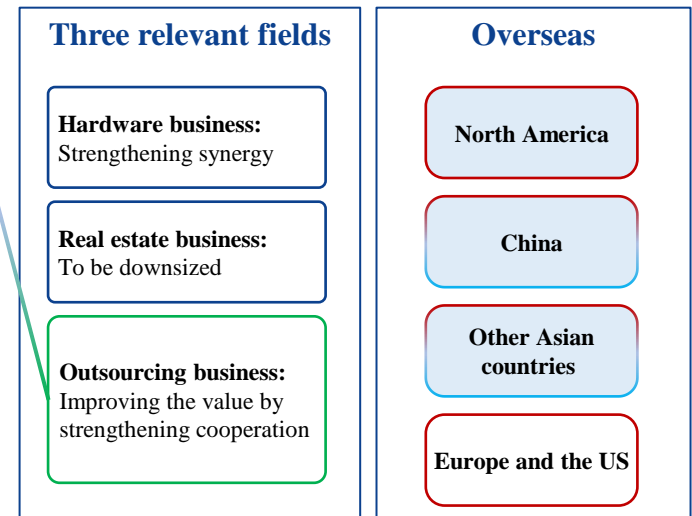
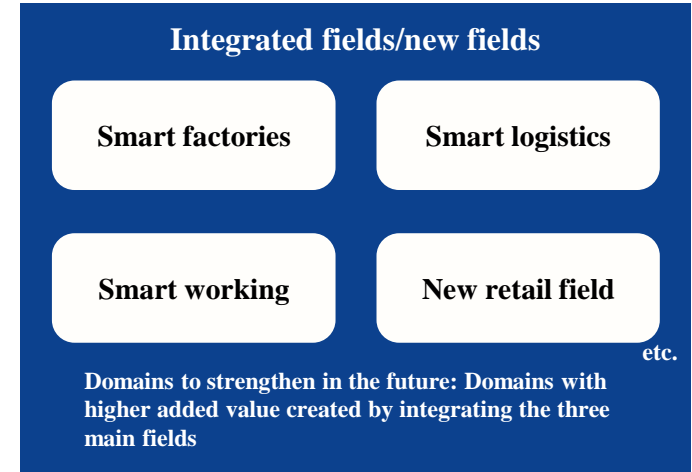
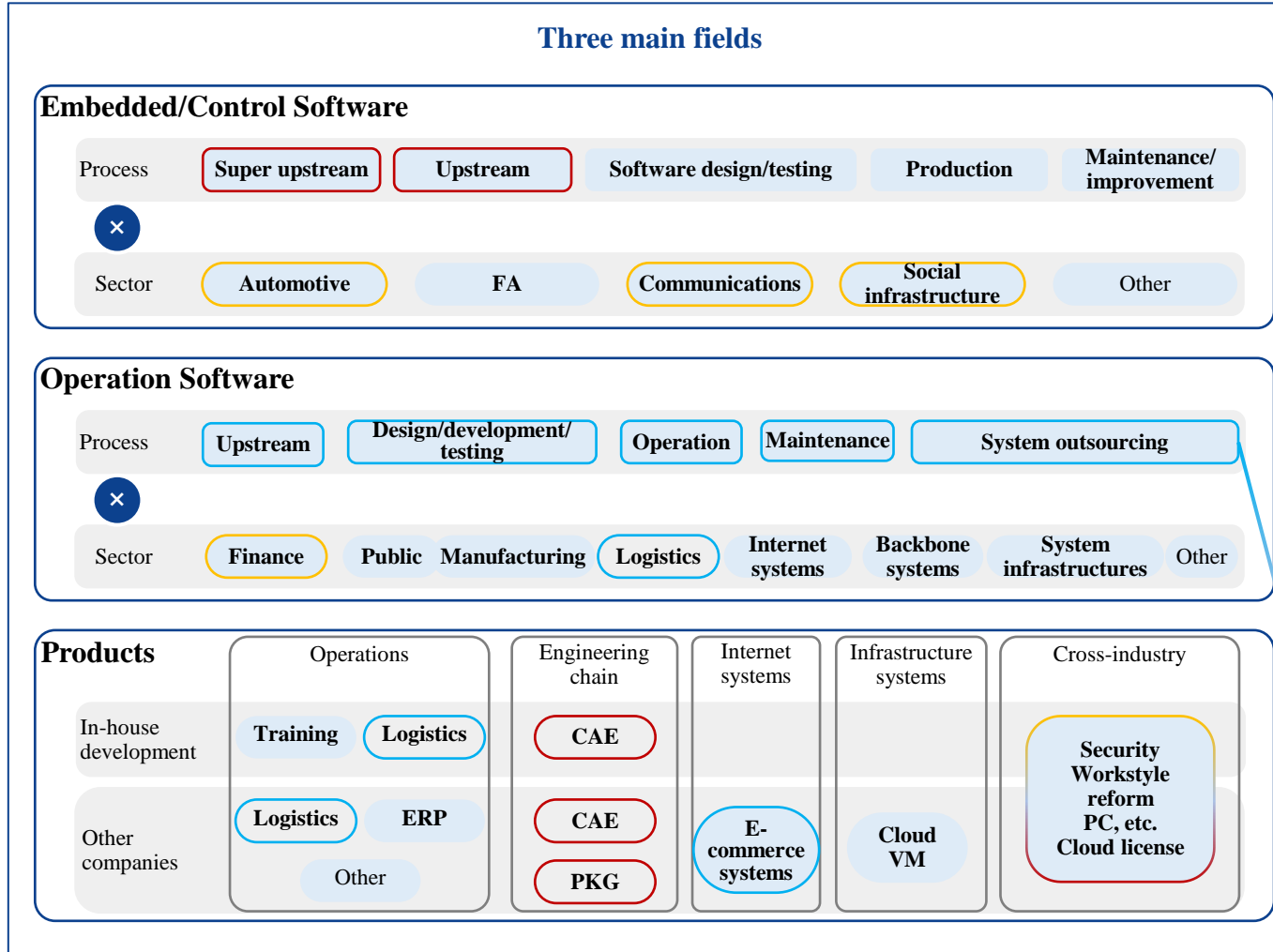




Future vision and roles of each listed subsidiary

- ▶ Defined as: Become the leading company providing systems/software & services in the IT x OT field to contribute to the development of industries and society
- ▶ Three main fields: Continuing to step up measures to achieve growth and improve the profitability of embedded/control software, operation system integration, and product services (internal/external)
- ▶ Integrated fields/new fields: Bringing expertise together and driving collaborations with customers, aiming to create new businesses
- ▶ **The four listed subsidiaries play important parts in the future vision as well. They are in charge of fields that are essential in the future scheme.**

Business domains of each company





Background to the transformation of the four listed subsidiaries into wholly owned subsidiaries

- ▶ Previously, each listed subsidiary developed and demonstrated each strength on its own in the market. If this remains unchanged, however, it may be impossible to respond fully to rapid changes in the environment surrounding the overall Group. **Groupwide efforts to coordinate technologies more efficiently, deepen services available for customers, and build a management structure have been necessary.**

Changes in the environment surrounding the Group

Changes in technologies

- The development and changes of technologies in the ICT field are widespread and accelerated. The technology domains that the Group should focus on are developing further in fields represented by AIS-CRM and other fields.
- It is likely that competitive advantages in each market cannot be maintained or enhanced only through accumulation of expertise and business expansion made by each subsidiary on its own.

Customers' changes

- In the trend toward DX, ICT is closely linked to customers' management and leads directly to enhancing the value of their management and businesses. It is also likely that customers' own use of a new development environment, LLM, etc. will make insourcing easy. On the other hand, quick evolution of technologies may make it highly difficult for customers to keep pace
- How to manage ICT for innovating the Group itself has been a management issue, and the value expected of the Group has also been changing.

Further upscaling and Groupwide cooperation are necessary for increasing the competitiveness of each company and enhancing the value provided to customers.

Direction that the Group should take and initiatives to pursue

Responding to changes in technologies: Organizational power for assimilating the developing technologies into the Group

- The overall Group will use balanced investments to make effective use of expertise, intellectual properties, human resources, etc., strengthen the business of each company, and achieve results.

Perspective of customer response: Enhancing the Group's ability to respond to customers

- In response to customers' changes, Group companies will also innovate themselves, aiming to enhance the added value of their existing businesses and building new business frameworks.

Perspective of management structure: Groupwide dynamic operation

- Cross-sectoral, prompt communication and decision-making by the entire Group
- Sharing and utilizing various information within the Group
- Allocating the right human resources at the right times
- Strengthening sales cooperation, promoting cross-selling, and controlling and reducing SG&A expenses
- Maintaining and developing strengths in the management of each company, etc.

Creating further added value by coordinating technologies, skills, and expertise of the companies

- Enhancing added value by coordinating the processes of control software development, from the super-upstream and upstream processes to software implementation
- Responding to the sophistication of the engineering chain
- Strengthening comprehensive services, extending to operation and maintenance, in new service fields such as cloud computing and IoT
- Enhancing added value by coordinating technological expertise
- Bringing expertise together in the IT x OT field, etc.

The transformation into wholly owned subsidiaries was judged to be effective for taking advantage of the unique strength of each company while strengthening the synergy of the overall Group.



Changes in the environment surrounding the Group

- ▶ The speed of technology development is accelerated. In the coming ten years, even more diverse ICT development will be accelerated, and there will be subsequent changes in companies, industries, and society.
- ▶ In the trends of DX, innovations will make progress with customers themselves positioning ICT as the core of management. The Group needs to innovate itself in response.

The technology domains to focus on are developing further.

- It is likely that competitive advantages in each market cannot be maintained or enhanced only through accumulation of expertise and business expansion made by each Group company on its own.

AIS-CRM domains

Digital twins

VR/AR/MR

Block chain

Web3.0

NFT

Metaverse

Quantum computing

5G/6G/optical communications/satellite communications

etc.

- Development of various technologies has given significant impact on the processes of system construction and software development that the Group provides.

Use of MBSE, USDM, etc. as upstream innovations

Use of MBD

Cloud-native development methods

Improvement of maintenance productivity

CI/CD

etc.

- Further, new innovations of large language models (LLM) are likely.

Substituting AI in the development phase

Innovation of migration

Review of development methods (utilization, development, etc. of DDD and TDD)

etc.

Responding to customers' changes and changes in their expectations of the Group (and the industry)

- While there are increasing moves among customers to incorporate technology evolutions on their own and shift to insourcing, the evolution is also too quick for user companies to continue keep pace.
- While the shortage of ICT human resources is forecast to remain, it has become important to use insourcing and outsourcing services appropriately, and roles that the Group is expected to play have been diversified.
- Expectations for schemes, not limited to existing commissioned development, have also increased.

Responding to changes

- Continuing strenuous efforts to review and strengthen division of roles with customers, partnerships with them, etc.
- Implementing innovation, etc. of the Group's own development process, providing greater added value to customers, accumulating experience and expertise, and also creating and feeding back new value
- An inability to do the above may result in a decline in competitiveness.



Groupwide dynamic operation, which makes it possible to achieve organizational power for assimilating the developing technologies into the Group and to enhance the Group's ability to respond to customers, is necessary.



Direction that the Group should take

- ▶ Groupwide dynamic operation is necessary for responding to changes in the environment surrounding the Group.
- ▶ In addition, transformation into wholly owned subsidiaries was judged to be effective for taking advantage of the unique strength of each company while strengthening the synergy of the overall Group.

Groupwide dynamic operation

- Prompt communications and decision-making, deployment of research achievements and expertise, sharing and expanding intellectual properties, and allocation of right human resources at right times
- Flexible organizational operation
- Strengthening sales cooperation and promoting cross-selling
- Controlling and reducing the Group's SG&A expenses
- Strengthening Group governance and maintaining and developing strengths of each company (eliminating conflicts of interests)

Creating further added value by coordinating technologies, skills, and expertise of the companies

Organizational power for assimilating the developing technologies into the Group

- Developing and making effective use of human resources and accumulating intellectual property and expertise through well-balanced investments by the Group and the integration of knowledge at each site
- A cycle in which those Group assets are deployed to the market of each company as strengths, thus improving the added value, and further, the experience is accumulated as expertise



Enhancing the Group's capability of responding to customers

- While customers are changing to innovate themselves in the trends of DX, the Group will also be proactive in advancing its own innovations, such as DX of system development process, thus enhancing the value it provides to customers
- At the same time, the Group will take advantage of its accumulated experience of responding to customers to innovate ways of working and the division of roles, etc. reflecting customers' changes, into more effective forms.



Creating further added value by coordinating technologies, skills, and expertise of the companies

▶ Implementing and accelerating the following coordination by implementing this project

Examples of coordination

Unique strength of each company

<p>Enhancing added value by coordinating the processes of control software development, from the super-upstream and upstream processes to software implementation</p>	<ul style="list-style-type: none"> - Provision of comprehensive solutions including MBSE, MBD, software implementation, and maintenance - Deployment to various industrial fields 	<ul style="list-style-type: none"> - CSC: Experience in model-based systems engineering in the upstream/An MBSE subsidiary - FUJI SOFT: Experience in MBD in the automotive field and others and track record of research in the MBSE field
<p>Enhancing added value by coordinating the processes of control software development, from the super-upstream and upstream processes to software implementation</p>	<ul style="list-style-type: none"> - Strengthening advanced solutions from three-dimensional design documents to introduction of PLM and maintenance 	<ul style="list-style-type: none"> - CSC: Expertise acquired through provision of packages - FUJI SOFT: Track record of PLM SI projects
<p>Strengthening comprehensive services, extending to operation and maintenance, in new service fields such as cloud computing and IoT</p>	<ul style="list-style-type: none"> - Providing comprehensive services from system design to system outsourcing and BPO 	<ul style="list-style-type: none"> - VINX: System outsourcing expertise, structure, and experience, which were cultivated in the logistics field - SB: Track record of BPO and call center operations in various fields - FUJI SOFT: Track record of numerous projects on IoT systems and operation software business with a wide range of customers
<p>Enhancing added value by coordinating technological expertise</p>	<ul style="list-style-type: none"> - Enhancing added value by sharing various expertise in automotive, telecommunication, and other fields 	<ul style="list-style-type: none"> - CCC: Expertise gained through practical experience, wealth of human resources, and regional bases - FUJI SOFT: A wide range of customers and business fields and expertise in advanced fields including AIS-CRM
<p>Bringing expertise together in the IT x OT field</p>	<ul style="list-style-type: none"> - Implementing collaborations in the fields of smart logistics and smart factory 	<ul style="list-style-type: none"> - CSC: IoT product solutions & expertise - VINX: Expertise in customer operations in the logistics field - SB: Track record in back-office services - FUJI SOFT: Experience in control of robots, material handling equipment, PLC, AMR, etc., as well as WMS, among others



Overview of this project for transforming the four companies into wholly owned subsidiaries

▶ The takeover bids that were announced on November 8, 2023 will be implemented as independent deals.

CYBERNET



Target company	Cybernet Systems Co., Ltd. (TSE Standard Market: 4312)
Overview of transaction	- Implementing a takeover bid aimed at transforming a consolidated subsidiary (ownership percentage: 54.39%) into a wholly owned subsidiary
Number of shares to be purchased (minimum)	- 14,093,905 (3,793,500)
Purchase price	- 15.4 billion yen

Target company	VINX CORP. (TSE Standard Market: 3784)
Overview of transaction	- Implementing a takeover bid aimed at transforming a consolidated subsidiary (ownership percentage: 58.50%) into a wholly owned subsidiary
Number of shares to be purchased (minimum)	- 7,327,309 (1,441,600)
Purchase price	- 14.8 billion yen

Cyber Com



Target company	Cyber Com Co., Ltd. (TSE Standard Market: 3852)
Overview of transaction	- Implementing a takeover bid aimed at transforming a consolidated subsidiary (ownership percentage: 51.89%) into a wholly owned subsidiary
Number of shares to be purchased (minimum)	- 3,858,702 (1,185,200)
Purchase price	- 7.4 billion yen

Target company	FUJI SOFT SERVICE BUREAU INCORPORATED (TSE Standard Market: 6188)
Overview of transaction	- Implementing a takeover bid aimed at transforming a consolidated subsidiary (ownership percentage: 57.93%) into a wholly owned subsidiary
Number of shares to be purchased (minimum)	- 5,453,393 (1,132,800)
Purchase price	- 3.4 billion yen

1	OT	Abbreviation of Operational Technology. Control and operation technology for optimal operation of products, equipment, and systems.
2	CAE	Abbreviation of Computer Aided Engineering. A method in which the object to evaluate is modeled on a computer for simulating many engineering problems, including its functions and strength.
3	VM	Abbreviation of Virtual Machine. An environment for building an OS or application virtually with software on a physical server.
4	DC	Data center
5	AIS-CRM	An acronym for AI, IoT, security, cloud, robot, and mobile automotive, which FUJI SOFT positions as technological fields of focus
6	LLM	Abbreviation of Large Language Models. A language model built by having AI learn vast amount of data obtained from the internet or the similar, by using deep learning technology.
7	VR	Abbreviation of Virtual Reality. Technologies and mechanisms that provide a highly realistic experience that is extremely close to real life.
8	AR	Abbreviation of Augmented Reality. A technology that reads the reality three-dimensionally and augments it virtually.
9	MR	Abbreviation of Mixed Reality. A space where reality and virtual reality (VR) are mixed and interact with each other on a real-time basis.
10	NFT	Abbreviation of Non-Fungible Token. Non-fungible digital data that are created based on the blockchain technology.

11	MBSE	Abbreviation of Model Based Systems Engineering. A development method in which the overall development process, from system requirements analysis to validation, is implemented based on models, over multiple fields of expertise.
12	USDM	Abbreviation of Universal Specification Describing Manner. A method for expressing requirements and specifications in a hierarchical structure and materializing requirements by reflecting them in specifications.
13	MBD	Abbreviation of Model Based Development. A method for creating and validating specifications using a model reproduced with mathematical expressions on computer. A technology supporting development that enables development and validation to advance concurrently in the early phase of design and development.
14	CI/CD	Abbreviation of Continuous Integration/Continuous Delivery. A continuous system development method in which system changes are tested constantly and the release in the live environment is automated.
15	DDD	Abbreviation of Domain-Driven Design. A development approach in which a system is developed in a flexible manner centered on operation (domain) of the system to develop.
16	TDD	Abbreviation of Test-Driven Development. A development method in which test specifications are created first and implementation for the test to behave is repeated in a flexible manner to complete the code.
17	PLM	Abbreviation of Product Lifecycle Management. A mechanism for managing and supporting all the development processes as the core activities in manufacturing, from product planning and design to manufacturing, procurement, and support.
18	PLC	Abbreviation of Programmable Logic Controller. A device for controlling programmable logic circuits.
19	AMR	Abbreviation of Autonomous Mobile Robot. A robot that moves autonomously by calculating the route to travel based on map data and information from sensors, etc. and avoiding obstacles.
20	WMS	Abbreviation of Warehouse Management System. A system that efficiently manages product inventory and logistics processes in warehouses and logistics.



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