Summary of Consolidated Financial Results for the First Three Quarters of Fiscal Year ending December 31, 2023 (Japanese Accounting Standards)

November 9, 2023

Listed Company Name: FUJI SOFT INCORPORATED
Listing Exchanges: Tokyo Stock Exchange
Securities Code: 9749
URL http://www.fsi.co.jp/
Representative: Satoyasu Sakashita, President & Representative Director
Contact: Shinsuke Konishi, General Manager of Corporate Finance Department
Phone: +81-45-650-8811

Scheduled date to submit the Quarterly Securities Report (*Shihanki Houkokusho*): November 10, 2023
Scheduled date of dividend payment: –
Supplementary documents for quarterly results: Yes
Quarterly results briefing: Yes (for institutional investors and analysts)

(Figures less than one million yen are omitted)

1. Consolidated Business Results for the Nine Months Ended September 30, 2023 (January 1, 2023 – September 30, 2023)

(1) Consolidated operating results (cumulative total)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended 9/23	223,668	6.7	15,506	11.3	15,804	5.0	9,326	5.3
Nine months ended 9/22	209,660	7.6	13,929	4.7	15,044	6.4	8,857	21.8

(Note) Comprehensive income (million yen) Nine months ended 9/23: 13,004 (18.0%) Nine months ended 9/22: 11,015 (34.8%)

	Net profit per share	Net profit per share/diluted
	Yen	Yen
Nine months ended 9/23	148.36	148.13
Nine months ended 9/22	141.14	140.97

(Note) On July 1, 2023, the Company conducted a two-for-one split of its common stock. Accordingly, net profit per share was calculated assuming the stock split was conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Nine months ended 9/23	251,925	160,434	56.0
Year ended 12/22	240,835	152,744	55.7

Reference: Shareholders' equity (million yen) Nine months ended 9/23: 140,991 Year ended 12/22: 134,048

2. Dividends

	Dividend per share				
	End of first quarter	End of interim period	End of third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended 12/22	–	54.00	–	73.00	127.00
Year ending 12/23	–	68.00	–		
Year ending 12/23 (forecast)				34.50	–

(Note) 1. Revisions to dividend forecasts published most recently: No
(Note) 2. On July 1, 2023, the Company conducted a two-for-one split of its common stock. The indicated interim dividend per share for the end of the second quarter of the fiscal year ending December 31, 2023 is the actual amount of the dividend before the stock split, and the total amount of the annual dividend for the fiscal year ending December 31, 2023 (forecast) is indicated as "-." The year-end dividend per share for the fiscal year ending December 31, 2023 (forecast) converted based on the number of shares before the stock split is 69 yen, and the annual dividend is 137 yen.

3. Forecast for Consolidated Business Results for the Fiscal Year Ending December 31, 2023 (Jan. 1, 2023 – Dec. 31, 2023)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	300,000	7.6	20,000	9.5	20,300	5.7	12,300	8.1	195.81

(Note) 1. Revisions to forecast for consolidated business results published most recently: No
(Note) 2. On July 1, 2023, the Company conducted a two-for-one split of its common stock. Accordingly, net profit per share was calculated assuming the above stock split was conducted at the beginning of the consolidated fiscal year under review. The full-year net profit per share for the fiscal year ending December 31, 2023 calculated assuming the stock split had not occurred is 391.61 yen.

* Notes

(1) Important changes in subsidiaries during this quarter (changes in specified subsidiaries resulting in change in scope of consolidation): Not applicable

New: — (company name)

Exception: — (company name)

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: Yes

(Note) For details, please refer to "2. Consolidated Financial Statements and Major Notes (4) Notes to consolidated financial statements" on page 11 of the accompanying materials.

(3) Changes in accounting principles and changes or restatement of accounting estimates

(i) Changes in accounting principles due to amendment of accounting standards, etc.: Not applicable

(ii) Changes in accounting principles other than (i): Not applicable

(iii) Changes in accounting estimates: Not applicable

(iv) Restatement: Not applicable

(Note) For details, please refer to "2. Consolidated Financial Statements and Major Notes (4) Notes to consolidated financial statements" on page 11 of the accompanying materials.

(4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of period (including treasury shares):	9/23:	67,400,000 shares	Year ended 12/22:	67,400,000 shares
2) Number of treasury shares at the end of period:	9/23:	4,515,115 shares	Year ended 12/22:	4,582,619 shares
3) Average number of shares during the period (quarterly consolidated cumulative period):	9/23:	62,861,287 shares	9/22:	62,756,123 shares

* On July 1, 2023, the Company conducted a two-for-one split of its common stock. Accordingly, the number of shares outstanding at the end of period, the number of treasury shares at the end of period and the average number of shares during the period were calculated assuming that the above stock split was conducted at the beginning of the previous consolidated fiscal year.

* Summaries of quarterly consolidated financial results are not subject to a quarterly review by a certified public accountant or an audit corporation.

* Cautionary statement with respect to forward-looking statements

The above forecast has been prepared based on data available on the announcement date. Since the data contains uncertainties, actual results may differ materially from the projections above due to changes in business performance and other factors.

For assumptions concerning financial forecasts, please refer to 1. Qualitative Information on Consolidated Results for the First Three Quarters Ended September 30, 2023, (3) Information on the future outlook, including forecast for consolidated business results on page 4 of the accompanying materials.

Accompanying Materials – Contents

1. Qualitative Information on Consolidated Results for the First Three Quarters Ended September 30, 2023

(1) Details of consolidated results

During the consolidated first three quarters under review (from January 1, 2023 to September 30, 2023), the Japanese economy continued to recover amid signs of improvement in corporate earnings and personal consumption due to the normalization of economic activity, despite lingering uncertainty around the outlook, including weaker-than-expected overseas economies as a result of the monetary restraint measures being implemented to control rising prices and inflation globally.

Uncertainties remain, such as foreign exchange rates and prices that are rising globally. In the information services industry, however, demand for strategic system investment to keep pace with the trend toward digital transformation (DX) has continued to increase, with companies in a wide range of industries remaining highly motivated to invest in systems to expand business or increase competitiveness.

Further, attention is being drawn to large language models (LLM), a kind of AI model, an example of which is ChatGPT, and models and tools which significantly facilitate and dramatically lower the cost of communication and information collection are expected to emerge. At the same time, it is expected that there will be innovations in various fields.

In this business environment, the FUJISOFT GROUP is working to achieve sustainable growth and improve its added value under “Lead DX in the aspects of both IT and OT with digital technologies and contribute to value improvement and innovations by customers and society,” its three-year management policy set in the Medium-Term Management Plan (2022 to 2024) that was announced in 2022.

The Company also published a status report on August 10, 2023 outlining the activity of the Corporate Value Committee and Governance Committee, which were established for the purpose of strengthening the Group’s corporate value and governance.

In operation system development in the System Construction Segment, demand remained strong reflecting the movement to promote DX, mainly in the domain of system infrastructure construction realizing virtualization and the shift to cloud computing, which are essential for achievements including increased business efficiency and productivity, by utilizing the technologies of global vendors, the reconstruction of backbone systems for responding to the aging of systems or reinforcing business foundations, and the development of service systems for the provision of new services, among other domains.

In addition, the Company has sought business expansion, leveraging the extensive knowhow and technical expertise it is has built up to date to conduct aggressive sales activities for expansion into new business fields such as the cybersecurity field, where the importance of security measures has increased in recent years, and the digital finance field, which is expected to expand further in the future.

The Company has also been working on intelligent technologies and AI for many years. Regarding ChatGPT, it began the validation of a service ahead of others and has been considering efficient, effective ways of using it. Drawing on this knowledge, the Company launched Azure OpenAI Service Introduction Support powered by ChatGPT, a new service that supports the development of a secure ChatCPT environment exclusively for customers.

In embedded/control system development, the Company performed solidly in the machine control field, reflecting strong performances in fields related to semiconductor manufacturing facilities, where demand for automotive and industrial applications was firm due to the digitization of society, as well as continued investments in the digital consumer electronics field by major manufacturers. Further, the shift to EVs in the automobile industry has accelerated and capital investment in machine tools to increase the production of EV parts is expected. In response, the Company has been carrying out aggressive sales activities.

In the automotive sector, business remained strong due to robust investment in the CASE domain, including the shift to EVs for the achievement of global carbon neutrality and the continued evolution of autonomous vehicles. Further, partly reflecting an increase in investments in new domains including software-defined vehicles (SDV), where software enables the evolution of automobiles, the Company has been implementing an aggressive strategy to receive orders.

In the products and services segment, with IoT devices and communication lines increasing year by year amid expansion in the IoT and 5G markets and diversification in the use of these technologies, the Company launched +F MDM LiNK, a new service that enables integrated management and control of communication environments including mobile communication terminals, IoT devices and communication lines, in order to support operation and management depending on the purpose.

The Company will continue to provide high-quality products which meet customers’ needs and develop and sell new products by responding flexibly to social change in its efforts to strengthen and expand its business.

As a result of these initiatives, in the first three quarters under review, net sales stood at 223,668 million yen, up 6.7% year on year, thanks to the strong performance of the System Integration business. While SG&A expenses increased 7.4% year on year, to 34,353 million yen, the sales growth resulted in operating profit of 15,506 million yen, up 11.3% year on year, ordinary profit of 15,804 million yen, up 5.0% year on year, and profit attributable to owners of parent of 9,326 million yen, up 5.3% year on year.

Results by business segment were as follows:

(i) SI (system integration) business

In the SI business, both sales and profit from embedded/control software increased, despite a decline in mobile systems and social infrastructure systems, more than offset by the steady performance of development projects in the EV-related field for automotive systems and development projects involving machine control systems in the industrial and consumer electronics fields. In operation software, sales increased because of the favorable results in the projects for the construction of system infrastructure and backbone systems mainly in the manufacturing and financial service industries, and operating profit increased due in part to the increase of sales and improvement of productivity. In Products and Services, sales and profit rose, reflecting solid sales of the Company’s own products and the licensed products and services of other companies at subsidiaries. In the outsourcing business, sales decreased mainly reflecting a decrease in IT services for overseas retailers, and operating profit also decreased due in part to the decrease of sales and the impact of rising electricity prices on data center services.

As a result, net sales stood at 211,384 million yen, up 6.7% year on year. Operating profit amounted to 14,140 million yen, up 11.2%.

* The following table shows a breakdown of net sales and operating profit in the SI business.

(Million yen)

	Net sales	YoY change (%)	Operating profit	YoY change (%)
SI business total	211,384	106.7	14,140	111.2
System Construction	133,864	109.8	9,949	119.9
Embedded/Control Software	58,554	106.0	4,999	110.7
Operation Software	75,310	113.0	4,950	130.9
Products and Services	77,520	101.6	4,191	94.8
Products and Services	66,856	102.7	3,690	102.2
Outsourcing	10,663	95.5	500	61.8

(Note) Operating income includes the elimination of intersegment transactions of 0 million yen.

(ii) Facility business

In the facility business, net sales stood at 2,178 million yen, up 10.3% year on year, and operating profit amounted to 801 million yen, up 24.3%, mainly reflecting an increase in tenants.

(iii) Other businesses

Net sales from other businesses amounted to 10,105 million yen, up 6.1% year on year, thanks to the significant contribution of the pension-related operations which were started in the previous fiscal year for both call center services and BPO services. Operating profit stood at 564 million yen, down 0.4% year on year, due to unprofitable projects in the first half of the fiscal year.

(2) Details of financial position

Total assets

Total assets stood at 251,925 million yen at the end of the consolidated first three quarters under review, up 11,089 million yen from the end of the preceding consolidated fiscal year. Current assets were 121,677 million yen (up 8,947 million yen from the end of the previous fiscal year), and non-current assets were 130,247 million yen (up 2,142 million yen).

The main factors for the change in current assets include an increase in notes and accounts receivable-trade and contract assets by 4,838 million yen from the end of the previous fiscal year, to 61,473 million yen, an increase in cash and deposits by 1,935 million yen, to 34,671 million yen, an increase in advance payments to suppliers by 1,265 million yen, to 3,970 million yen, and an increase in prepaid expenses of 1,094 million yen, to 6,984 million yen.

The main factors for the change in non-current assets include an increase in buildings and structures by 4,033 million yen from the end of the previous fiscal year, to 31,641 million yen, an increase in investment securities of 2,155 million yen, to 9,848 million yen, and a decrease in construction in progress of 3,787 million yen, to 9,191 million yen.

Liabilities

At the end of the consolidated first three quarters under review, total liabilities amounted to 91,490 million yen, up 3,399 million yen from the end of the previous fiscal year. Current liabilities were 75,539 million yen (up 3,594 million yen from the end of the previous fiscal year), and non-current liabilities were 15,950 million yen (down 194 million yen).

The main factors in the change in current liabilities include an increase in provision for bonuses of 6,378 million yen, to 13,849 million yen, an increase in income taxes payable of 1,896 million yen, to 4,725 million yen, a decrease in short-term borrowings and current portion of long-term borrowings of 3,078 million yen, to 14,777 million yen, and a decrease in accounts payable - other of 1,391 million yen, to 4,959 million yen.
The main factors of the change in non-current liabilities include a decrease of 253 million yen in long-term borrowings from the end of the previous fiscal year, to 8,529 million yen, and an increase of 49 million yen in retirement benefit liability from the end of the previous fiscal year, to 4,554 million yen.

Net assets
Net assets rose 7,690 million yen from the end of the preceding fiscal year, to 160,434 million yen at the end of the consolidated first three quarters under review. The equity ratio increased to 56.0%, from 55.7% at the end of the previous fiscal year.

Cash flows
Consolidated cash and cash equivalents ("cash") at the end of the cumulative first three quarters of the fiscal year under review were 32,741 million yen, a decrease of 344 million yen from the end of the previous fiscal year.
Cash flows in the cumulative first three quarters of the fiscal year under review were as follows.

(Cash flows from operating activities)
Net cash provided by operating activities in the cumulative first three quarters of the fiscal year under review stood at 13,662 million yen.
This was mainly due to an increase in money received reflecting the increase in sales and income.

(Cash flows from investment activities)
Net cash used in investing activities in the cumulative first three quarters of the fiscal year under review came to 5,688 million yen.
This was primarily due to proceeds from sale of property, plant and equipment and expenses for office construction and investment in securities.

(Cash flows from financing activities)
Net cash used in financing activities in the cumulative first three quarters of the fiscal year under review was 8,672 million yen.
This was due to payments of dividends and repayments of borrowings.

(3) Information on the future outlook, including forecast for consolidated business results
The full-year results forecasts remain unchanged from those announced in the financial results for the fiscal year ended December 31, 2022 announced on February 14, 2023.

2. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheet

(Million yen)

	FY2022 (As of December 31, 2022)	Q3 FY2023 (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	32,736	34,671
Notes and accounts receivable - trade, and contract assets	56,634	61,473
Securities	8,500	8,200
Merchandise	1,732	1,435
Work in process	3,763	4,465
Raw materials and supplies	55	85
Other	9,421	11,459
Allowance for doubtful accounts	-113	-113
Total current assets	112,730	121,677
Non-current assets		
Property, plant and equipment		
Buildings and structures	59,733	64,477
Accumulated depreciation	-32,125	-32,835
Buildings and structures, net	27,607	31,641
Land	55,892	55,343
Construction in progress	12,979	9,191
Other	13,041	13,531
Accumulated depreciation	-10,360	-10,670
Other, net	2,680	2,860
Total property, plant and equipment	99,160	99,037
Intangible assets		
Goodwill	336	288
Software	5,050	4,752
Other	39	32
Total intangible assets	5,426	5,073
Investments and other assets		
Investment securities	7,693	9,848
Retirement benefit asset	7,274	7,944
Deferred tax assets	3,454	4,071
Other	5,117	4,326
Allowance for doubtful accounts	-20	-54
Total investments and other assets	23,518	26,136
Total non-current assets	128,104	130,247
Total assets	240,835	251,925

(Million yen)

	FY2022 (As of December 31, 2022)	Q3 FY2023 (As of September 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,083	14,208
Short-term borrowings	12,141	14,417
Current portion of long-term borrowings	5,714	360
Accrued expenses	5,503	5,788
Income taxes payable	2,828	4,725
Provision for bonuses	7,470	13,849
Provision for bonuses for directors (and other officers)	286	351
Provision for loss on construction contracts	421	153
Provision for loss on withdrawal from business	30	20
Provision for subsidy repayment	429	480
Provision for compensation loss	212	151
Other	22,823	21,032
Total current liabilities	71,945	75,539
Non-current liabilities		
Long-term borrowings	8,783	8,529
Provision for retirement benefits for directors (and other officers)	410	431
Retirement benefit liability	4,504	4,554
Other	2,447	2,435
Total non-current liabilities	16,145	15,950
Total liabilities	88,091	91,490
Net assets		
Shareholders' equity		
Share capital	26,200	26,200
Capital surplus	29,089	29,073
Retained earnings	91,020	95,915
Treasury shares	-4,593	-4,480
Total shareholders' equity	141,717	146,709
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,224	2,820
Deferred gains or losses on hedges	-0	0
Revaluation reserve for land	-8,228	-8,228
Foreign currency translation adjustment	485	767
Remeasurements of defined benefit plans	-1,149	-1,078
Total accumulated other comprehensive income	-7,668	-5,718
Stock acquisition rights	646	738
Non-controlling interests	18,049	18,704
Total net assets	152,744	160,434
Total liabilities and net assets	240,835	251,925

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

Consolidated first three quarters results

(Million yen)

	Q3 FY2022 (From January 1, 2022 to September 30, 2022)	Q3 FY2023 (From January 1, 2023 to September 30, 2023)
Net sales	209,660	223,668
Cost of sales	163,748	173,809
Gross profit	45,911	49,859
Selling, general and administrative expenses	31,981	34,353
Operating profit	13,929	15,506
Non-operating income		
Interest income	75	149
Dividends income	100	123
Share of profit of entities accounted for using equity method	22	–
Foreign exchange gains	948	314
Insurance claim income	–	151
Other	213	97
Total non-operating income	1,359	836
Non-operating expenses		
Interest expenses	36	33
Share of loss of entities accounted for using equity method	–	155
Loss on retirement of non-current assets	82	19
Commission fee	–	161
Expenses for dealing with system failure	59	34
Other	66	133
Total non-operating expenses	244	538
Ordinary profit	15,044	15,804
Extraordinary income		
Gain on sale of shares of subsidiaries	–	16
Gain on sale of non-current assets	–	472
Reversal of allowance for doubtful accounts	94	0
Reversal of provision for retirement benefits	80	–
Other	15	–
Total extraordinary income	190	489
Extraordinary losses		
Impairment losses	28	88
Business restructuring expenses	32	24
Office relocation expenses	52	3
Expenses for measures against infectious diseases	82	9
Provision for compensation loss	212	–
Total extraordinary losses	408	125
Profit before income taxes	14,826	16,168
Income taxes-current	4,775	6,755
Income taxes-deferred	-318	-1,390
Total income taxes	4,457	5,364
Profit	10,369	10,804
Profit attributable to non-controlling interests	1,512	1,478
Profit attributable to owners of parent	8,857	9,326

Consolidated statements of comprehensive income

Consolidated first three quarters results

(Million yen)

	Q3 FY2022 (From January 1, 2022 to September 30, 2022)	Q3 FY2023 (From January 1, 2023 to September 30, 2023)
Profit	10,369	10,804
Other comprehensive income		
Valuation difference on available-for-sale securities	-344	1,600
Deferred gains or losses on hedges	-0	–
Foreign currency translation adjustment	733	468
Remeasurements of defined benefit plans, net of tax	230	130
Share of other comprehensive income of entities accounted for using equity method	27	1
Total other comprehensive income	646	2,199
Comprehensive income	11,015	13,004
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	9,152	11,326
Comprehensive income attributable to non-controlling interests	1,863	1,677

(3) Consolidated cash flow statement

(Million yen)

	Q3 FY2022 (From January 1, 2022 to September 30, 2022)	Q3 FY2023 (From January 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Profit before income taxes	14,826	16,168
Depreciation	3,172	3,024
Impairment losses	28	88
Expenses for measures against infectious diseases	82	9
Amortization of goodwill	45	47
Increase (decrease) in provision for loss on construction contracts	-36	-277
Increase (decrease) in retirement benefit liability	-126	29
Decrease (increase) in retirement benefit asset	-424	-506
Transfer of securities to retirement benefit trust	-1,000	–
Share of loss (profit) of entities accounted for using equity method	-22	155
Interest expenses	36	33
Foreign exchange losses (gains)	-890	-279
Decrease (increase) in notes and accounts receivable - trade and contract assets	3,455	-3,946
Decrease (increase) in inventories	-513	-423
Increase (decrease) in trade payables	1,019	59
Loss (gain) on sale of shares of subsidiaries and associates	–	-16
Decrease (increase) in prepaid expenses	-2,648	-1,058
Increase (decrease) in accrued consumption taxes	-1,202	-227
Increase (decrease) in accounts payable - other	-382	297
Increase (decrease) in accounts payable - personnel expenses	2,837	6,588
Decrease (increase) in long-term prepaid expenses	817	698
Other	-2,435	-2,446
Subtotal	16,640	18,017
Interest and dividends income received	176	269
Interest paid	-36	-32
Income taxes paid	-7,336	-4,602
Income taxes refund	–	31
Payments for loss on withdrawal from business	-17	-9
Expenses for measures against infectious diseases paid	-81	-9
Net cash provided by (used in) operating activities	9,343	13,662

(Million yen)

	Q3 FY2022 (From January 1, 2022 to September 30, 2022)	Q3 FY2023 (From January 1, 2023 to September 30, 2023)
Cash flows from investing activities		
Payments into time deposits	-6,882	-3,661
Proceeds from withdrawal of time deposits	7,581	4,186
Purchase of property, plant and equipment	-9,087	-3,996
Proceeds from sale of property, plant and equipment	–	967
Purchase of intangible assets	-2,017	-1,340
Purchase of securities	-1,500	-7,800
Proceeds from sale of securities	–	5,600
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	144	–
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	–	10
Other	-133	345
Net cash provided by (used in) investing activities	-11,894	-5,688
Cash flows from financing activities		
Proceeds from short-term borrowings	4,993	7,632
Repayments of short-term borrowings	-5,599	-5,359
Proceeds from long-term borrowings	5,000	–
Repayments of long-term borrowings	-6,568	-5,606
Dividends paid	-2,386	-4,428
Dividends paid to non-controlling interests	-788	-884
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-4	-160
Repayments to non-controlling shareholders	-121	–
Proceeds from exercise of employee share options	173	195
Purchase of treasury shares of subsidiaries	-350	-62
Other	4	2
Net cash provided by (used in) financing activities	-5,647	-8,672
Effect of exchange rate change on cash and cash equivalents	616	353
Net increase (decrease) in cash and cash equivalents	-7,582	-344
Cash and cash equivalents at beginning of period	40,876	33,086
Cash and cash equivalents at end of period	33,294	32,741

(4) Notes to consolidated financial statements

(Note on going concern assumptions)

Not applicable.

(Note when there is a considerable change in the amount of shareholders' equity)

Not applicable.

(Important changes in subsidiaries during this quarter)

Not applicable.

(Application of specific accounting treatment to the preparation of quarterly consolidated financial statements)

(Calculation of tax expense)

Certain consolidated subsidiaries make a reasonable estimate of the effective tax rate after the application of tax effect accounting to income before income taxes for the current fiscal year including third quarter under review and multiply quarterly income before income taxes by the estimated effective tax rate.

(Segment information)

[Segment information]

I. Q3 FY2022 (From January 1, 2022 to September 30, 2022)

1. Net sales and profit (loss) for each reported segment and the breakdown of revenue

(Million yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount in first three quarters consolidated statement of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Goods transferred at a point in time	161,638	302	161,941	1,215	163,157	–	163,157
Goods transferred over time	36,519	–	36,519	8,303	44,823	–	44,823
Revenue from contracts with customers	198,158	302	198,461	9,519	207,980	–	207,980
Other revenue (Note 4)	0	1,672	1,672	6	1,679	–	1,679
Sales to outside customers	198,158	1,975	200,134	9,525	209,660	–	209,660
Inter-segment sales or transfers	67	398	466	537	1,004	-1,004	–
Total	198,226	2,373	200,600	10,063	210,664	-1,004	209,660
Segment profit	12,718	644	13,363	566	13,929	-0	13,929

Notes:

1. "Others" is a business segment that is not included in the reported segments and includes the data entry business, contact center business, and tissue engineering business, etc.
2. An adjustment of segment profit of -0 million yen includes an elimination of inter-segment transactions of -0 million yen.
3. The segment profit has been adjusted to the operating profit stated in the consolidated income statement.
4. The main components of other revenue include income from lease based on the Accounting Standard for Lease Transactions (ASBJ Statement No. 13).

2. Information on impairment loss in non-current assets and goodwill by reported segment

The presentation of information has been omitted due to its lack of material significance.

II. Q3 FY2023 (From January 1, 2023 to September 30, 2023)

1. Net sales and profit (loss) for each reported segment and the breakdown of revenue

(Million yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount in first three quarters consolidated statement of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Goods transferred at a point in time	170,750	301	171,052	1,483	172,535	–	172,535
Goods transferred over time	40,633	–	40,633	8,615	49,248	–	49,248
Revenue from contracts with customers	211,384	301	211,685	10,098	221,784	–	221,784
Other revenue (Note 4)	0	1,877	1,877	7	1,884	–	1,884
Sales to outside customers	211,384	2,178	213,562	10,105	223,668	–	223,668
Inter-segment sales or transfers	83	396	479	646	1,126	-1,126	–
Total	211,467	2,575	214,042	10,752	224,795	-1,126	223,668
Segment profit	14,140	801	14,941	564	15,506	0	15,506

Notes:

1. “Others” is a business segment that is not included in the reported segments and includes the data entry business, contact center business, and tissue engineering business, etc.
2. An adjustment of segment profit of 0 million yen includes an elimination of inter-segment transactions of 0 million yen.
3. The segment profit has been adjusted to the operating profit stated in the consolidated income statement.
4. The main components of other revenue include income from lease based on the Accounting Standard for Lease Transactions (ASBJ Statement No. 13).

2. Information on impairment loss in non-current assets and goodwill by reported segment

The presentation of information has been omitted due to its lack of material significance.

(Post-balance sheet events)

(Tender offer for Cybernet Systems Co., Ltd.)

The Company (hereinafter "the Tender Offeror") resolved at a meeting of its Board of Directors on November 8, 2023 to acquire the common shares (hereinafter "the Target Company Shares") of Cybernet Systems Co., Ltd. (stock code: 4312; Standard Market of Tokyo Stock Exchange, Inc. (hereinafter "Tokyo Stock Exchange"); hereinafter "the Target Company") through a tender offer (hereinafter "the Tender Offer") under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; hereinafter "the Act").

1. Purpose of the Tender Offer

As of today, under the Tender Offeror Group's Charter which states that "each company shall mutually respect the others as independent companies and shall prioritize independence and autonomy", the Target Company Group is expanding its business, positioning manufacturing in the embedded/control system software domain, especially the provision of CAE solutions to the automotive sector, as its core business domain while at the same time seeking to establish unique business models in unique business domains. When considering measures for sustainable growth in the medium and long run, the Tender Offeror and the Target Company have previously based measures to solve management issues and implement growth strategies on the assumption of organic growth achieved through the use of the Target Company's own management resources; however, the Tender Offeror decided to implement the Tender Offer in the belief that decision-making agility and flexibility and effective utilization of the Tender Offeror Group's management resources, including the Target Company, are essential for maintaining the Target Company's competitive advantage and its sustainable growth, with the intention of eliminating structural conflicts of interests between the Tender Offeror and the Target Company by making the Target Company go private; based on the judgment that the development of a framework that will give the Tender Offeror Group including the Target Company quick and flexible mutual access to management resources is best; and also on the assumption that initiatives and synergies such as the following can be expected.

I. Securing engineer development capabilities and resources and strengthening collaboration in these areas
II. Leveraging each other's customer bases and strengths to offer a wide range of solutions
III. Improving the value provided to customers through the development of a framework enabling total support at every stage from product development to product implementation
IV. Avoiding conflicts of interests by eliminating parent-subsidiary listings and maximizing profit of entire Tender Offeror Group

2. Outline of Target Company

(1) Name	Cybernet Systems Co., Ltd.
(2) Address	3 Kandaneribeicho, Chiyoda-ku, Tokyo
(3) Representative	Reiko Yasue, Representative Director
(4) Business	Sale and development of scientific and technological computation software in the following fields - CAE solutions (mechanical, control, electronic system, optical, optical measurement systems) - IT solutions (cloud security, endpoint security, IT asset management, IT infrastructure, CAE cloud) - AR/VR, visualization solutions (visualization, image analysis, AR/VR, medical AI diagnostic support) - Big data solutions (IoT data visualization, analysis) IoT/digital twin/AI development support services Various engineering services (contract analysis, system development, consulting, technical support, introduction support seminars, CAE comprehensive training)
(5) Share capital	995 million yen (as of September 30, 2023)
(6) Date of incorporation	April 17, 1985

3. Outline of the Tender Offer

(1) Period of the Tender Offer

From November 9, 2023 (Thursday) through December 21, 2023 (Thursday) (30 business days)

(2) Price of the Tender Offer

1,095 yen per share of common shares

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

Number of shares to be purchased: 14,093,905 shares (no upper limit)

Minimum number of shares to be purchased: 3,793,500 shares

(Note) The number of shares to be purchased (14,093,905) is the total number of outstanding shares of the Target Company as of September 30, 2023 (32,076,000) less the number of treasury shares held by the Target Company as of the same date (1,174,595) and the number of shares of the Target Company held by the Tender Offeror as of today (16,807,500).

If the total number of tendered share certificates, etc. is less than the minimum number of shares to be purchased (3,793,500), the Company will not purchase any of the tendered share certificates, etc.

(4) Purchase price: 15,432,825,975 yen

(Note) The purchase price is calculated by multiplying the number of shares to be purchased (14,093,905) by the Tender Offer price (1,095 yen).

(5) Funding method

Funds required for settlement, etc. in relation to the Tender Offer will be borrowed from MUFG Bank, Ltd. (maximum amount of 7,710,000 thousand yen) and borrowed from Sumitomo Mitsui Banking Corporation (maximum amount of 7,710,000 thousand yen).

(6) Commencement date of settlement

December 28, 2023 (Thursday)

(7) Tender offer agent

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

(8) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called "two-step acquisitions")

If the Tender Offeror fails to acquire all the Target Company Shares (provided, however, that this excludes those owned by the Tender Offeror and those owned by the Target Company as treasury shares) through the Tender Offer, the Tender Offeror intends to take a series of procedures (hereinafter "the Squeeze-out Procedures") for making itself into the sole shareholder of the Target Company and making the Target Company a wholly-owned subsidiary of the Tender Offeror after completion of the Tender Offer.

The Target Company Shares are listed on the Tokyo Stock Exchange Standard Market as of today; however, since the Tender Offeror sets no upper limit on the number of shares to be purchased in the Tender Offer, depending on its results, the Target Company Shares may be delisted after the predetermined procedures are taken in accordance with the Criteria for Delisting of the Tokyo Stock Exchange. Even if these criteria are not met on completion of the Tender Offer, the Tender Offeror plans to take the Squeeze-out Procedures described in (8) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called "two-step acquisitions") after completion of the Tender Offer, and if these procedures are implemented, then the Target Company Shares will be still be delisted after the predetermined procedures are taken in accordance with the Criteria for Delisting of the Tokyo Stock Exchange. After being delisted, the Target Company Shares will no longer be tradable on the Tokyo Stock Exchange Standard Market.

(Tender offer for VINX CORP.)

The Company (hereinafter "the Tender Offeror") resolved at a meeting of its Board of Directors on November 8, 2023 to acquire the common shares (hereinafter "the Target Company Shares") and the Share Warrants (defined in (2) Price of the Tender Offer of 3. Outline of the Tender Offer below) of VINX CORP. (stock code: 3784; Standard Market of Tokyo Stock Exchange, Inc. (hereinafter "Tokyo Stock Exchange"); hereinafter "the Target Company") through a tender offer (hereinafter "the Tender Offer") under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; hereinafter "the Act").

1. Purpose of the Tender Offer

As of today, under the Tender Offeror Group's Charter which states that "each company shall mutually respect the others as independent companies and shall prioritize independence and autonomy," the Target Company Group is expanding its business, positioning distribution and retailing in the business software domain, especially the provision of information services to the retail sector, as its core business domain while at the same time seeking to establish unique business models in unique business domains. When considering measures for sustainable growth in the medium and long run, the Tender Offeror and the Target Company have previously based measures to solve management issues and implement growth strategies on the assumption of organic growth achieved through the use of the Target Company's own management resources; however, the Tender Offeror decided to implement the Tender Offer in the belief that decision-making agility and flexibility and effective utilization of the Tender Offeror Group's management resources, including the Target Company, are essential for maintaining the Target Company's competitive advantage and its sustainable growth, with the intention of eliminating structural conflicts of interests between the Tender Offeror and the Target Company by making the Target Company go private; based on the judgment that the development of a framework that will give the Tender Offeror Group including the Target Company quick and flexible mutual access to management resources is best; and also on the assumption that initiatives and synergies such as the following can be expected.

I. Strengthening development capabilities by training engineers and securing resources

II. Leveraging each other's customer bases and strengths to offer a wide range of solutions

III. Accelerating the Target Company's growth strategies
- New retail strategy aimed at strengthening new retail initiatives and leading innovation in distribution and retail sectors
- Specific customer business strategy aimed at expanding recurring revenue business by stepping up solution proposals to major retailers
- Global market strategy for strengthening solutions business and developing new business models in relation to Japanese and non-Japanese companies operating in overseas markets
- Business structure reform aimed at achieving sustainable growth by implementing business structure reform and strengthening organizations

IV. Avoiding conflicts of interests by eliminating parent-subsidiary listings and maximizing profit of entire Tender Offeror Group

2. Outline of Target Company

(1) Name	VINX CORP.
(2) Address	TOYOBO BUILDING, 2-8, Dojimahama 2-chome, Kita-ku, Osaka-shi, Osaka
(3) Representative	Koichi Imagi, President
(4) Business	Development of solutions related to core systems, store systems, e-commerce systems, etc. System operation, monitoring and maintenance, helpdesk services Development of own-brand products and sale of licenses Sale of POS hardware, network construction and other ancillary services
(5) Share capital	596.03 million yen (as of September 30, 2023)
(6) Date of incorporation	February 20, 1991

3. Outline of the Tender Offer

(1) Period of the Tender Offer

From November 9, 2023 (Thursday) through December 21, 2023 (Thursday) (30 business days)

(2) Price of the Tender Offer

(i) 2,020 yen per share of common shares

(ii) 61,200 yen per unit of the fourth series of share warrants (hereinafter “the Share Warrants”) (exercise period from June 1, 2021 to May 31, 2026) issued based on a resolution passed at a meeting of the Target Company’s Board of Directors held on May 9, 2019

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

Number of shares to be purchased: 7,327,309 shares (no upper limit)

Minimum number of shares to be purchased: 1,441,600 shares

(Note) The number of shares to be purchased (7,327,309) is the maximum number of share certificates, etc. to be acquired by the Tender Offeror in the Tender Offer, that is, the total number of fully diluted shares (17,657,309) of the Target Company less the number of Target Company Shares held by the Tender Offeror as of today (10,330,000).

If the total number of tendered share certificates, etc. is less than the minimum number of shares to be purchased (1,441,600), the Company will not purchase any of the tendered share certificates, etc.

(4) Purchase price: 14,801,164,180 yen

(Note) The purchase price is calculated by multiplying the number of shares to be purchased (7,327,309) by the Tender Offer price (2,020 yen).

(5) Funding method

Funds required for settlement, etc. in relation to the Tender Offer will be borrowed from MUFG Bank, Ltd. (maximum amount of 6,840,000 thousand yen) and borrowed from Sumitomo Mitsui Banking Corporation (maximum amount of 6,840,000 thousand yen).

(6) Commencement date of settlement

December 28, 2023 (Thursday)

(7) Tender offer agent

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

(8) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called “two-step acquisitions”)

If the Tender Offeror fails to acquire all the Target Company Shares (provided, however, that this includes the Target Company Shares to be delivered upon exercise of the Share Warrants, and excludes those owned by the Tender Offeror and those owned by the Target Company as treasury shares) and all the Share Warrants through the Tender Offer, the Tender Offeror intends to take a series of procedures (hereinafter “the Squeeze-out Procedures”) for making itself into the sole shareholder of the Target Company and making the Target Company a wholly-owned subsidiary of the Tender Offeror after completion of the Tender Offer.

The Target Company Shares are listed on the Tokyo Stock Exchange Standard Market as of today; however, since the Tender Offeror sets no upper limit on the number of shares to be purchased in the Tender Offer, depending on its results, the Target Company Shares may be delisted after the predetermined procedures are taken in accordance with the Criteria for Delisting of the Tokyo Stock Exchange. Even if these criteria are not met on completion of the Tender Offer, the Tender Offeror plans to take the Squeeze-out Procedures described in (8) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called "two-step acquisitions") after completion of the Tender Offer, and if these procedures are implemented, then the Target Company Shares will be still be delisted after the predetermined procedures are taken in accordance with the Criteria for Delisting of the Tokyo Stock Exchange. After being delisted, the Target Company Shares will no longer be tradable on the Tokyo Stock Exchange Standard Market.

(Tender offer for FUJI SOFT SERVICE BUREAU INCORPORATED)

FUJI SOFT INCORPORATED (hereinafter "the Tender Offeror") resolved at a meeting of its Board of Directors on November 8, 2023 to acquire the common shares (hereinafter "the Target Company Shares") of FUJI SOFT SERVICE BUREAU INCORPORATED (stock code: 6188; Standard Market of Tokyo Stock Exchange, Inc. (hereinafter "Tokyo Stock Exchange"); hereinafter "the Target Company") through a tender offer (hereinafter "the Tender Offer") under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; hereinafter "the Act").

1. Purpose of the Tender Offer

As of today, under the Tender Offeror Group's Charter which states that "each company shall mutually respect the others as independent companies and shall prioritize independence and autonomy," the Target Company has a high degree of flexibility and freedom in terms of management and has achieved the concentration of management resources on its BPO and call center operations as the only BPO and call center service provider in the Tender Offeror Group. Meanwhile, the Target Company also benefits from synergies as a member of the Tender Offeror Group in areas such as the provision of maintenance and operation services to clients after system introduction in the Tender Offeror Group's SI operations, and utilization of the Tender Offeror Group's business expertise and management knowhow and networks. When considering measures for sustainable growth in the medium and long run, the Tender Offeror and the Target Company have previously based measures to solve management issues and implement growth strategies on the assumption of organic growth achieved through the use of the Target Company's own management resources; however, the Tender Offeror decided to implement the Tender Offer in the belief that decision-making agility and flexibility and effective utilization of the Tender Offeror Group's management resources, including the Target Company, are essential for maintaining the Target Company's competitive advantage and its sustainable growth, with the intention of eliminating structural conflicts of interests between the Tender Offeror and the Target Company by making the Target Company go private; based on the judgment that the development of a framework that will give the Tender Offeror Group including the Target Company quick and flexible mutual access to management resources is best; and also on the assumption that initiatives and synergies such as the following can be expected.

I. Leveraging each other's customer bases to offer a wide range of solutions
II. Strengthening competitiveness by combining the Tender Offeror's technological prowess in the IT services domain and the Target Company's knowhow in the call center/BPO domains
III. Developing the human capital and frameworks necessary for the Target Company's growth
IV. Avoiding conflicts of interests by eliminating parent-subsidiary listings and maximizing profit of entire Tender Offeror Group

2. Outline of Target Company

(1) Name	FUJI SOFT SERVICE BUREAU INCORPORATED
(2) Address	19-7, Koto-bashi 2-chome, Sumida-ku, Tokyo
(3) Representative	Satoshi Sato, Representative Director and President
(4) Business	Call center services and BPO services
(5) Share capital	354.1 million yen (as of September 30, 2023)
(6) Date of incorporation	October 1, 1984

3. Outline of the Tender Offer

(1) Period of the Tender Offer

From November 9, 2023 (Thursday) through December 21, 2023 (Thursday) (30 business days)

(2) Price of the Tender Offer

615 yen per share of common shares

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

Number of shares to be purchased: 5,453,393 shares (no upper limit)

Minimum number of shares to be purchased: 1,132,800 shares

(Note) The number of share certificates, etc. to be purchased (5,453,393) is the total number of outstanding shares of the Target Company as of September 30, 2023 (13,500,000) less the number of treasury shares held by the Target Company as of the same date (538,207) and the number of shares of the Target Company held by the Tender Offeror as of today (7,508,400). If the total number of tendered share certificates, etc. is less than the minimum number of shares to be purchased (1,132,800), the Company will not purchase any of the tendered share certificates, etc.

(4) Purchase price: 3,353,836,695 yen

(Note) The purchase price is calculated by multiplying the number of shares to be purchased (5,453,393) by the Tender Offer price (615 yen).

(5) Funding method

Funds required for settlement, etc. in relation to the Tender Offer will be borrowed from MUFG Bank, Ltd. (maximum amount of 1,680,000 thousand yen) and borrowed from Sumitomo Mitsui Banking Corporation (maximum amount of 1,680,000 thousand yen).

(6) Commencement date of settlement

December 28, 2023 (Thursday)

(7) Tender offer agent

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

(8) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called “two-step acquisitions”)

If the Tender Offeror fails to acquire all the Target Company Shares (provided, however, that this excludes those owned by the Tender Offeror and those owned by the Target Company as treasury shares) through the Tender Offer, the Tender Offeror intends to take a series of procedures (hereinafter “the Squeeze-out Procedures”) for making itself into the sole shareholder of the Target Company and making the Target Company a wholly-owned subsidiary of the Tender Offeror after completion of the Tender Offer.

The Target Company Shares are listed on the Tokyo Stock Exchange Standard Market as of today; however, since the Tender Offeror sets no upper limit on the number of shares to be purchased in the Tender Offer, depending on its results, the Target Company Shares may be delisted after the predetermined procedures are taken in accordance with the Criteria for Delisting of the Tokyo Stock Exchange. Even if these criteria are not met on completion of the Tender Offer, the Tender Offeror plans to take the Squeeze-out Procedures described in (8) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called “two-step acquisitions”) after completion of the Tender Offer, and if these procedures are implemented, then the Target Company Shares will be still be delisted after the predetermined procedures are taken in accordance with the Criteria for Delisting of the Tokyo Stock Exchange. After being delisted, the Target Company Shares will no longer be tradable on the Tokyo Stock Exchange Standard Market.

(Tender offer for Cyber Com Co., Ltd.)

The Company (hereinafter “the Tender Offeror”) resolved at a meeting of its Board of Directors on November 8, 2023 to acquire the common shares (hereinafter “the Target Company Shares”) of Cyber Com Co., Ltd. (stock code: 3852; Standard Market of

Tokyo Stock Exchange, Inc. (hereinafter “Tokyo Stock Exchange”); hereinafter “the Target Company”) through a tender offer (hereinafter “the Tender Offer”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; hereinafter “the Act”).

1. Purpose of the Tender Offer

As of today, under the Tender Offeror Group’s Charter which states that “each company shall mutually respect the others as independent companies and shall prioritize independence and autonomy,” the Target Company is expanding its business, positioning software development in the communication infrastructure field as its core business domain while at the same time seeking to establish unique business models in unique business domains. When considering measures for sustainable growth in the medium and long run, the Tender Offeror and the Target Company have previously based measures to solve management issues and implement growth strategies on the assumption of organic growth achieved through the use of the Target Company’s own management resources; however, the Tender Offeror decided to implement the Tender Offer in the belief that decision-making agility and flexibility and effective utilization of the Tender Offeror Group’s management resources, including the Target Company, are essential for maintaining the Target Company’s competitive advantage and its sustainable growth, with the intention of eliminating structural conflicts of interests between the Tender Offeror and the Target Company by making the Target Company go private; based on the judgment that the development of a framework that will give the Tender Offeror Group including the Target Company quick and flexible mutual access to management resources is best; and also on the assumption that initiatives and synergies such as the following can be expected.

I. Strengthening development capabilities by developing engineers and securing resources
II. Leveraging each other’s customer bases and strengths to offer a wide range of solutions
III. Avoiding conflicts of interests by eliminating parent-subsidiary listings and maximizing profit of entire Tender Offeror Group

2. Outline of Target Company

(1) Name	Cyber Com Co., Ltd.
(2) Address	7-17, Ichibancho 2-chome, Aoba-ku, Sendai-shi, Miyagi
(3) Representative	Seto Arai, Representative Director and President
(4) Business	Software development business, service business, facility business
(5) Share capital	399,562,500 yen (As of September 30, 2023)
(6) Date of incorporation	December 4, 1978

3. Outline of the Tender Offer

(1) Period of the Tender Offer

From November 9, 2023 (Thursday) through December 21, 2023 (Thursday) (30 business days)

(2) Price of the Tender Offer

1,905 yen per share of common shares

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

Number of shares to be purchased: 3,858,702 shares (no upper limit)

Minimum number of shares to be purchased: 1,185,200 shares

(Note) The number of share certificates, etc. to be purchased (3,858,702) is the total number of outstanding shares of the Target Company as of September 30, 2023 (8,021,600) less the number of treasury shares held by the Target Company as of the same date (898) and the number of shares of the Target Company held by the Tender Offeror as of today (4,162,000).
If the total number of tendered share certificates, etc. is less than the minimum number of shares to be purchased (1,185,200),

the Company will not purchase any of the tendered share certificates, etc.

(4) Purchase price: 7,350,827,310 yen

(Note) The purchase price is calculated by multiplying the number of shares to be purchased (3,858,702) by the Tender Offer price (1,905 yen).

(5) Funding method

Funds required for settlement, etc. in relation to the Tender Offer will be borrowed from MUFG Bank, Ltd. (maximum amount of 3,680,000 thousand yen) and borrowed from Sumitomo Mitsui Banking Corporation (maximum amount of 3,680,000 thousand yen).

(6) Commencement date of settlement

December 28, 2023 (Thursday)

(7) Tender offer agent

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

(8) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called “two-step acquisitions”)

If the Tender Offeror fails to acquire all the Target Company Shares (provided, however, that this excludes those owned by the Tender Offeror and those owned by the Target Company as treasury shares) through the Tender Offer, the Tender Offeror intends to take a series of procedures (hereinafter “the Squeeze-out Procedures”) for making itself into the sole shareholder of the Target Company and making the Target Company a wholly-owned subsidiary of the Tender Offeror after completion of the Tender Offer.

The Target Company Shares are listed on the Tokyo Stock Exchange Standard Market as of today; however, since the Tender Offeror sets no upper limit on the number of shares to be purchased in the Tender Offer, depending on its results, the Target Company Shares may be delisted after the predetermined procedures are taken in accordance with the Criteria for Delisting of the Tokyo Stock Exchange. Even if these criteria are not met on completion of the Tender Offer, the Tender Offeror plans to take the Squeeze-out Procedures described in (8) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called “two-step acquisitions”) after completion of the Tender Offer, and if these procedures are implemented, then the Target Company Shares will be still be delisted after the predetermined procedures are taken in accordance with the Criteria for Delisting of the Tokyo Stock Exchange. After being delisted, the Target Company Shares will no longer be tradable on the Tokyo Stock Exchange Standard Market.