



Press Release

Longreach launches Tender Offer for Japan Systems

[Tokyo / Hong Kong, 24 December, 2020] The Longreach Group (“Longreach”) and DXC Technology (“DXC”) today announced that JSL Holdings LLC. (“JSL Holdings”), a special purpose company established under investment funds managed by Longreach, will launch a tender offer (the “Offer”) to acquire common shares of Japan Systems Co., Ltd (Tokyo Stock Exchange JASDAQ: 9758, “Japan Systems” or “the Company”).


As communicated in the press release issued by Japan Systems, the Company’s board of directors/independent directors have passed a resolution in support of the Offer.

The tender offer price is JPY 590 per common share, which represents a premium of 44.25% over the closing price on 23 December 2020, a premium of 31.70% over the average closing price for the prior one-month period and a premium of 16.37% over the average closing price for the prior three-month period. The Offer is subject to a minimum threshold, requiring that 3,384,400 shares be tendered into the Offer in order for the Offer to proceed. Should the number of shares tendered not reach this threshold, JSL Holdings will not acquire any of the shares tendered. The period of the Offer is 31 business days from 25 December, 2020 to 15 February, 2021.

DXC currently is the majority shareholder of Japan Systems with approximately 54% of the voting shares of the Company and has signed an agreement to commit to sell all DXC’s holdings of the Company’s shares in support of the Longreach sponsored acquisition of Japan Systems. The Longreach tender offer has received the recommendation of a Special Committee established by the Company’s board of directors and has received the unanimous support of the disinterested directors on the Company’s board of directors.

DXC has committed to exclusively support the Longreach acquisition of Japan Systems due to Longreach’s experience and prior success in acquiring, nurturing and supporting the growth of Japanese businesses that it has acquired in carve-out transactions and going-private transactions, and Longreach’s commitment to the future success of Japan Systems. A pension fund affiliate of DXC will become a passive minority investor in the Longreach-led acquisition of Japan Systems via a Longreach managed co-investment fund in support of DXC’s continued commitment to Japan Systems.

In relation to the Offer, JSL Holdings has concluded a basic agreement (the “Agreement”) with DXC, the parent company of Japan Systems, under which DXC will not tender all common shares it holds in Japan Systems (representing 54% of the total shares outstanding) into the Offer. Under the terms of the Agreement, following a share consolidation, which will be conducted after the completion of the Offer, the Company will acquire all DXC’s holdings of



Company's shares through a share purchase at JPY 500 per share. The Company first will increase its capital through a third- party allotment to JSL Holdings and then will reduce capital in order to secure financial resources for the share repurchase.

Japan Systems provides system integration services to Japanese domestic enterprises across diverse industries including financial services, healthcare, manufacturing and transportation, as well as proprietary public accounting software and systems integration services supporting Japanese municipalities. Sales from system integration services to domestic enterprises and municipalities are driving the Company's sales growth, reflecting increasing demand for digital transformation in enterprises and municipalities in Japan.

Longreach highly values Japan Systems' engineering expertise across industries, including the financial, public and utilities sectors, strong relationship with various blue-chip customers and municipalities, and its established brand of proprietary public accounting software. Longreach is fully confident that the Company has potential for further growth in areas such as the modernization of legacy systems in the financial sector and digital transformation in public services where medium to long term growth is expected.

Longreach has extensive experience in carve-out transactions from leading corporations, including the acquisition of Fujitsu Component from Fujitsu Limited, and Nippon Outsourcing Corporation ("NOC") from Olympus Corporation, Via Mechanics, Ltd. from Hitachi, Ltd, and SANYO Electric Logistics Co., Ltd from Panasonic Corporation. Leveraging its experience from these precedent transactions, Longreach will accelerate Japan Systems' growth by providing support including financial assistance and the addition of management resources for developing and executing the Company's strategies.

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Background on The Longreach Group (URL: <http://www.longreachgroup.com/>)

The Longreach Group is an established independent private equity firm with offices in Hong Kong and Tokyo. The firm focuses on Japan related control buyouts in the mature industrial and technology, consumer, business services and financial services sectors. The firm manages three Funds which have accumulated approximately US\$2.1 billion of committed limited partner and co-investment capital, and has a strong track record of portfolio company value creation and realizations.

The Longreach Group Companies include the funds that serve as the investment companies, The Longreach Group Limited, which is based in Hong Kong, and The Longreach Group, Inc. which is based in Tokyo, Japan. The Longreach Group, Inc. collects and analyses data and information concerning the Japanese and Asian markets and assists The Longreach Group Limited in identifying potential investment opportunities.

Document filed	Tender Offer Registration Statement
Filed to	Director-General of the Kanto Finance Bureau
Date of filing	December 25, 2020
Name of filing party (Tender Offeror)	JSL Holdings LLC
Address of filing party (Tender Offeror)	Sumitomo Realty & Development, Fukuoka Hanzomon Building 3F, 1-12-1, Kojimachi, Chiyoda-ku, Tokyo
Place to contact	Sumitomo Realty & Development, Fukuoka Hanzomon Building 3F, 1-12-1, Kojimachi, Chiyoda-ku, Tokyo
Telephone number	03-3556-6723
Name of contact person	Tomoki Motomachi (Associate)
Name of attorney-in-fact	N/A
Address of attorney-in-fact	N/A
Place to contact	N/A
Telephone number	N/A
Name of contact person	N/A
Place where a copy of the tender offer registration statement is available for public inspection	JSL Holdings LLC (Sumitomo Realty & Development, Fukuoka Hanzomon Building 3F, 1-12-1, Kojimachi, Chiyoda-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

Note 1: The term “**Tender Offeror**” means JSL Holdings LLC.

Note 2: The term “**Target Company**” means Japan Systems Co., Ltd.

Note 3: Where the figures have been rounded or truncated, the amount indicated as the total may not always be equal to the sum of the relevant figures.

Note 4: The term “**Act**” means the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended).

Note 5: The term “**Enforcement Order**” means the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended).

Note 6: The term “**Cabinet Ordinance**” means the Cabinet Ordinance with respect to Disclosure of a Tender Offer for Share Certificates, Etc. by an Offeror other than the Issuing Company (Ministry of Finance Ordinance No. 38 of 1990, as amended).

Note 7: The term “**Share Certificates, Etc.**” means a right or interest in a share.

Note 8: Unless otherwise specified, any reference to the number of days or the date and time means the number of days or the date and time in Japan.

Note 9: The term “**Business Day(s)**” means any day(s) other than those set forth in Article 1, Paragraph 1 of the Act on Holidays of Administrative Organs (Act No. 91 of 1988, as amended).

Note 10: While the tender offer that is the subject of this Statement (the “**Tender Offer**”) will be conducted in accordance with the procedures and information disclosure standards prescribed in the Act, these procedures and information disclosure standards may differ from the procedures and information disclosure standards in the United States. In particular, Sections 13 (e) or 14 (d) of the U.S. Securities Exchange Act of 1934 (as amended; the “**U.S. Securities Exchange Act of 1934**”), and the rules prescribed thereunder, do not apply to the Tender Offer, and the Tender Offer does not conform

to those procedures and standards. The financial information contained in this Statement and reference documents for this Statement may differ from the financial information of U.S. companies. It may be difficult to enforce any right or claim arising under U.S. federal securities laws because the Tender Offeror and the Target Company are incorporated outside the United States and some or all of their directors are non-U.S. residents. It may not be possible to commence legal proceedings against a non-U.S. company or individual in a non-U.S. court for violations of U.S. securities laws. In addition, it may not be possible to compel a non-U.S. company, a subsidiary or affiliate (an “**Affiliate**”) of a non-U.S. company, or a non-U.S. individual to subject themselves to a U.S. court’s jurisdiction.

Note 11: Unless otherwise described in this Statement, all procedures relating to the Tender Offer will be conducted entirely in Japanese. While some or all of the documentation relating to the Tender Offer will be prepared in English, if there is any inconsistency between the English documentation and the Japanese documentation, the Japanese documentation will prevail.

Note 12: This Statement and the reference documents for this Statement include forward-looking statements as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. Actual results might be substantially different from the express or implied predictions set forth herein as “forward-looking statements” due to known or unknown risks, uncertainties or any other factors. Neither the Tender Offeror nor its Affiliates assures that such express or implied predictions included as “forward-looking statements” will be achieved. The forward-looking statements contained herein have been prepared based on the information held by the Tender Offeror and the Target Company as of the date of this Statement, and, unless otherwise required under applicable laws and regulations or financial instruments exchange regulations, neither the Tender Offeror, the Target Company nor their Affiliates assume any obligation to update or revise this document to reflect any future events or circumstances.

Note 13: Before the commencement of the Tender Offer or during the purchase period of the Tender Offer (the “**Tender Offer Period**”), the Tender Offeror and its affiliate, and the affiliates of the financial advisor of each of the Tender Offeror and the Target Company might purchase by means other than the Tender Offer or conduct an act aimed at such a purchase of the Target Company Shares on their own account or the account of their client to the extent permitted by Japanese laws and regulations related to financial instruments transactions and other applicable laws and regulations in the scope of their ordinary business and in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934. If information regarding such a purchase is disclosed in Japan, that information will also be disclosed in the English language on a website of the person that conducted that purchase.

I. Summary of the Tender Offer

1. Name of the Target Company

Japan Systems Co., Ltd.

2. Type of Share Certificates, Etc. Subject to Tender Offer

Common shares

3. Purpose of the Tender Offer

(1) Outline of the Tender Offer

The Tender Offeror is a *godo kaisha* established on July 15, 2020 for the main purpose of acquiring and holding all of the shares of common stock in the Target Company (the “**Target Company Shares**”) listed on the JASDAQ Standard Market (the “**JASDAQ**”) of the Tokyo Stock Exchange, Inc. (the “**TSE**”), and all of its equity interests are held by Daylight Holding L.P. (“**DH Fund**”) as of the date hereof. As of the date hereof, (i) Sunlight Investment L.P. (“**SI Fund**”), which is held and managed as an investment fund by the Longreach Group (meaning, collectively, the investment entities to which The Longreach Group Inc., which engages in the business of research and analysis of strategic private equity investment in Japan and Asia, and The Longreach Group Limited based in Hong Kong provide services, and all entities affiliated with any of the above; the same applies below), holds 79% of the equity interests of DH Fund, and (ii) Longreach-DXC Co-Investment Fund, L.P. (“**DXC Fund**”), in which DXC Pension Trust e.V. (“**DXC Pension**”) (which is an affiliated company pension of DXC Technology Company (collectively meaning the corporate entities that provide next-generation IT services and solutions to more than 6,000 customers in 70 countries worldwide and develop businesses in Japan through DXC Technology Japan, LLC and DXC Technology Japan, Ltd.; “**DXC**”)) holds all of the equity interests, holds 21% of the equity interests of DH Fund. The Tender Offeror does not hold any Target Company Shares as of the date hereof.

The Longreach Group was established in October 2003 for the purpose of providing Japanese and other Asian corporations with strategic capital and management advice with the aim of realizing perpetual business growth and securing international competitiveness. One of the features of the Longreach Group is a fusion of the “ability to offer added value on a global scale” and “trusted management based on the understanding of Japanese culture,” and the Longreach Group provides support for realizing corporate growth by offering global-level solutions that are required by Japanese corporations for value creation, such as support for medium-scale corporations in strengthening competitiveness and for large-scale corporations in optimizing business portfolios. Since its establishment, the Longreach Group has made 16 investments in total (cumulatively, approximately 140 billion yen), which were mainly domestic, and its major investments include: a tender offer for shares in, and the privatization of, SANYO Electric Logistics, Co., Ltd.; strategic investment in McDonald’s Holdings Company (Japan), Ltd.; acquisition of 100% of shares in Hitachi Via Mechanics, Ltd.;

acquisition of 100% of shares in NOC Japan Outsourcing Inc.; investment in Wendy's Japan LLC to make First Kitchen Co., Ltd. a wholly-owned subsidiary of Wendy's Japan LLC; acquisition of 100% of shares in Kohikan Corporation, Ltd.; a tender offer for shares in, and the privatization of, Fujitsu Component Limited; and investment in CHAT NOIR Co., Ltd.

The Tender Offeror will implement the Tender Offer as part of the transactions for the purpose of acquiring all of the Target Company Shares (excluding treasury shares held by the Target Company and the Target Company Shares held by DXC US (Netherlands) LLC ("**DXC US**"), which is a wholly-owned subsidiary of DXC (number of shares owned: 13,973,000 shares (Note 1); ownership ratio (Note 2): 53.67%) (the "**Untendered Shares**")) and making the Target Company a wholly-owned subsidiary of the Tender Offeror (the "**Transactions**").

In the Transactions, the Tender Offeror intends to ultimately make the Target Company a wholly-owned subsidiary of the Tender Offeror through the following procedures:

- (A) making the Tender Offeror and DXC US the only shareholders of the Target Company through the Tender Offer and a share consolidation (the "**Share Consolidation**") to be conducted by the Target Company if the Tender Offer is completed but the Tender Offeror is not able to acquire all of the Target Company Shares (excluding treasury shares held by the Target Company and the Untendered Shares) through the Tender Offer (the "**Squeeze-Out**");
- (B) after the completion of the Squeeze-Out, (i) a capital increase by a third-party allotment through which shares are allotted to the Tender Offeror (the "**Capital Increase by Third-Party Allotment**") and (ii) a decrease in the amounts of the stated capital and capital reserve of the Target Company in accordance with Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act (the "**Capital Decrease, Etc.**") (Note 3) to be conducted by the Target Company for the purpose of procuring funds and a distributable amount necessary for conducting the Target Company's Share Repurchase defined in (C)(i) below; and
- (C) after the Capital Increase by Third-Party Allotment and the Capital Decrease, Etc. become effective, a share repurchase by the Target Company, through which the Untendered Shares held by DXC US are acquired (the "**Target Company's Share Repurchase**").

Please refer to "(4) Policy for Organizational Restructuring after the Tender Offer (Matters relating to the "Two-Step Acquisition")" below for details of the Share Consolidation.

Upon implementing the Tender Offer, the Tender Offeror have entered into the Transaction Agreement dated December 24, 2020 (the "**Transaction Agreement**") with DXC US, which stipulates the terms and conditions to the effect that, among others, (i) DXC US shall not tender the Untendered Shares held by DXC US in response to the Tender Offer; and (ii) the Untendered Shares shall be transferred to the Target Company upon the Target Company's Share Repurchase after the completion of the Squeeze-Out. Sunlight Investment GP Ltd. ("**SIGP**"), which is a general partner of DH Fund, SI Fund and DXC Fund have entered into the Amended and Restated Exempted Limited Partnership Agreement dated September 1, 2020 (the "**Partnership Agreement**") with

DXC Pension, which is a limited partner of DXC Fund, regarding the disposal of the Target Company Shares and appointment of directors of the Target Company. Please refer to “(6) Important Agreements relating to the Tender Offer” below for details of the Transaction Agreement and the Partnership Agreement.

In the Tender Offer, in order to ensure that the Share Consolidation is conducted if the Tender Offer is completed but the Tender Offeror is not able to acquire all of the Target Company Shares (excluding treasury shares held by the Target Company and the Untendered Shares) through the Tender Offer, the minimum number of shares to be purchased (Note 4) has been set by the Tender Offeror at 3,384,400 shares (ownership ratio: 13.00%), and if the total number of Share Certificates, Etc. tendered in response to the Tender Offer (the “**Tendered Share Certificates, Etc.**”) is less than the minimum number of shares to be purchased (3,384,400 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. Conversely, as described above, given that the Tender Offeror intends to acquire all of the Target Company Shares (excluding treasury shares held by the Target Company and the Untendered Shares) and there is no maximum number of shares to be purchased in the Tender Offer, if the total number of the Tendered Share Certificates, Etc. meets or exceeds the minimum number of shares to be purchased (3,384,400 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

(Note 1): The number of shares owned is the number of shares held by DXC US stated in the Report of Change (*henkou houkoku sho*) (No. 2) regarding the Target Company Shares owned by DXC US on November 9, 2020.

(Note 2): “Ownership ratio” means the percentage (rounded up or down to the nearest two decimal places) of the difference (26,036,005 shares) of the total number of issued shares of the Target Company as of September 30, 2020 (26,051,832 shares) stated in the Q3 Report for the 52nd fiscal year filed by the Target Company on November 13, 2020 (the “**Target Company’s Quarterly Report**”) less the number of treasury shares held by the Target Company as of September 30, 2020 (15,827 shares) stated in the Q3 Financial Statement (Japanese GAAP) (consolidated) for Y.E. December 2020 released by the Target Company on November 12, 2020 (the “**Target Company’s Financial Statement**”); the same applies to statements regarding ownership ratios below.

(Note 3): It is planned that, upon the Capital Decrease, Etc., the amounts of the Target Company’s stated capital and capital reserve will be decreased and the decreased portions will be transferred to other capital surplus.

(Note 4): The minimum number of shares to be purchased in the Tender Offer (3,384,400 shares) has been set to be the number calculated by multiplying (i) the number of voting rights (173,574 voting rights) equivalent to two-thirds or more of the number of voting rights (260,360 voting rights) represented by the number of shares (26,036,005 shares) equal to the total number of issued shares of the Target Company as of September 30, 2020 (26,051,832 shares) stated in the Target Company’s Quarterly Report, minus the number of treasury shares held by the Target Company as of September 30, 2020 (15,827 shares) stated in the Target Company’s Financial Statement,

by (ii) one unit of the Target Company Shares (100 shares), then subtracting the number of the Untendered Shares held by DXC US (13,973,000 shares).

As stated in “(C) Funds to be borrowed on or after the date hereof” and “(D) Other methods of financing” of “(2) Deposits or borrowings allocable for funds required for tender offer” in “8. Funds Required for Tender Offer” below, the Tender Offeror intends to cover funds required for the settlement of the Tender Offer by a part of contribution from the DH Fund (the “**Contribution**”) and loan from MUFG Bank, Ltd. (“**MUFG**”).

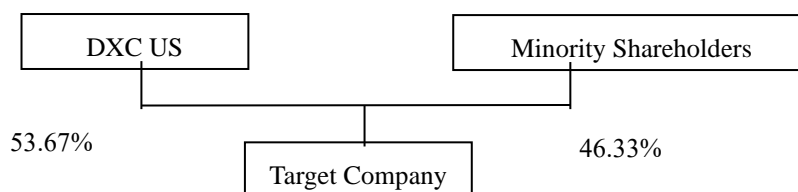
Also, as set out in “(4) Policy for Organizational Restructuring after the Tender Offer (Matters relating to the “Two-Step Acquisition”)” below, the Tender Offeror intends to request the Target Company to conduct the Share Consolidation as part of the Transactions if the Tender Offeror is not able to acquire all of the Target Company Shares (excluding treasury shares held by the Target Company and the Untendered Shares) through the Tender Offer. However, the acquisition price of the Target Company Shares that is equivalent to the total amount of fractions of shares that will arise as a result of the Share Consolidation will be covered by a part of the Contribution and loan from MUFG.

In addition, although the Target Company’s Share Repurchase will be conducted within the distributable amount of the Target Company, the Tender Offeror intends to cover any shortage in the distributable amount of the Target Company by (A) subscribing for the Capital Increase by Third-Party Allotment to be conducted by the Target Company after the Share Consolidation takes effect and (B) causing the Target Company to conduct the Capital Decrease, Etc., and taking other necessary measures after the completion of the Tender Offer, taking into account the amount of cash required by the Target Company for the payment of the Target Company’s Share Repurchase, the amount of deposits held by the Target Company, and the level of deposits required for business operations. The Capital Increase by Third-Party Allotment will be covered by a part of the Contribution and loan from MUFG.

The following are diagrams of the Transactions.

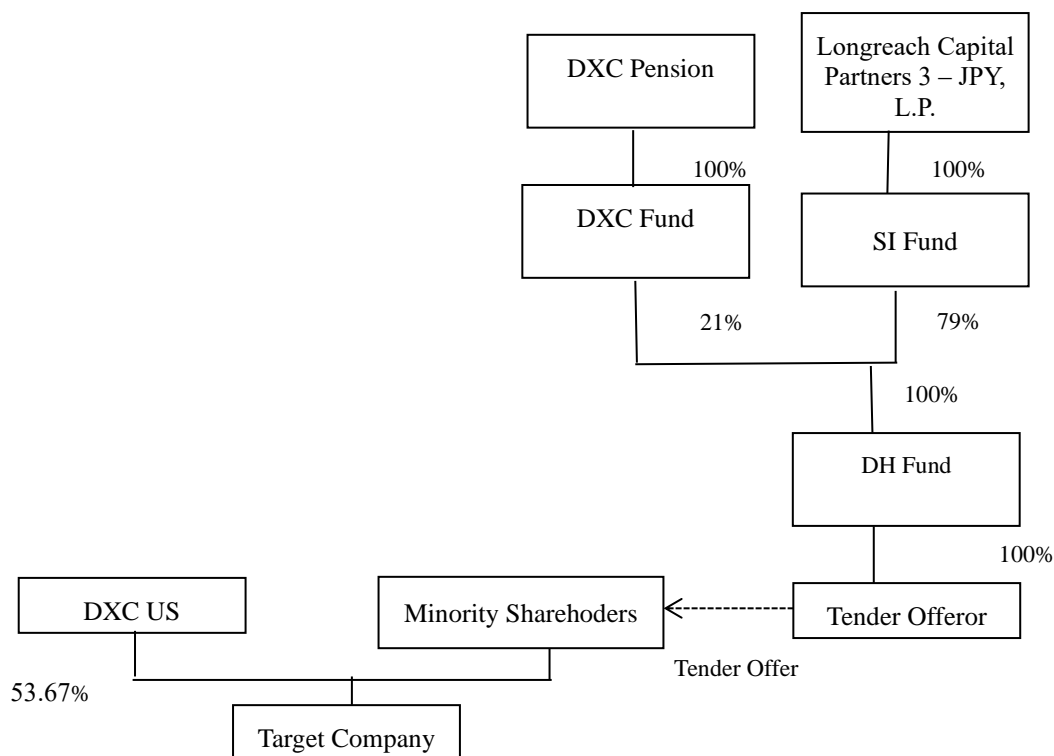
I. Before the Tender Offer

As of the date hereof, DXC US holds 13,973,000 Target Company Shares (ownership ratio: 53.67%) and minority shareholders hold the remaining 12,063,005 shares (ownership ratio: 46.33%).



II. The Tender Offer

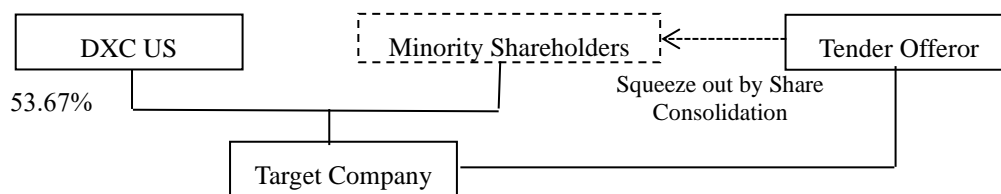
The Tender Offeror conducts the Tender Offer for acquiring all of the Target Company Shares (excluding the Untendered Shares held by DXC US (13,973,000 shares) and treasury shares held by the Target Company).



III. After the Tender Offer

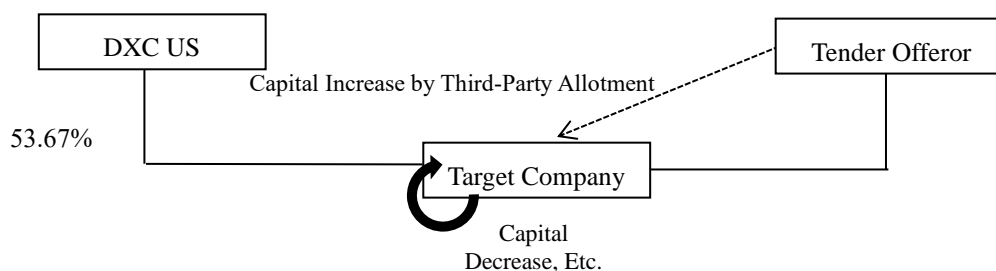
(A) The Share Consolidation

If the Tender Offeror is not able to acquire all of the Target Company Shares (excluding the Untendered Shares held by DXC US (13,973,000 shares) and treasury shares held by the Target Company) through the Tender Offer, the Tender Offeror requests the Target Company to take procedures for the Share Consolidation and carries out a set of procedures for making the Tender Offeror and DXC US the only shareholders of the Target Company.



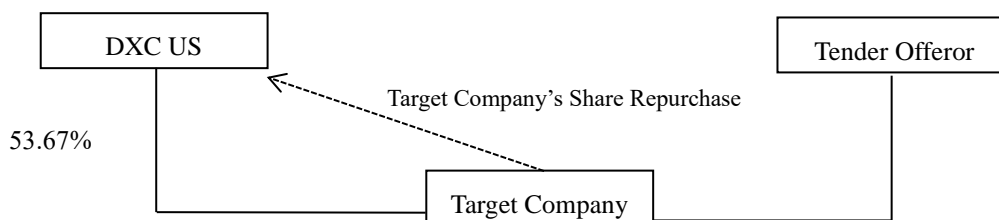
(B) The Capital Increase by Third-Party Allotment and Capital Decrease, Etc.

After the Target Company Shares are delisted and the Share Consolidation takes effect, the Target Company will conduct the Capital Increase by Third-Party Allotment, through which shares are allotted to the Tender Offeror, and the Capital Decrease, Etc. in order to procure funds and a distributable amount required for “(C) Target Company’s Share Repurchase” below.



(C) The Target Company’s Share Repurchase

The Target Company will conduct the Target Company’s Share Repurchase, through which all of the Untendered Shares held by DXC US (13,973,000 Target Company Shares (ownership ratio: 53.67%) as of the date hereof) are acquired, utilizing the distributable amount procured through “(B) Capital Increase by Third-Party Allotment and Capital Decrease, Etc.” above.



According to the “Declaration of Opinion regarding the Tender Offer for the Shares of the Company by JSL Holdings LLC” released by the Target Company on December 24, 2020 (the “**Target Company’s Press Release**”), the Target Company resolved at its board of directors meeting held on December 24, 2020 to express its opinion in favor of the Tender Offer and to take a neutral position regarding whether its shareholders tender shares in the Tender Offer, thereby leaving that decision to the judgment of its shareholders. As stated in “(C) Process of and Reasons for the Decision to Support the Tender Offer by the Target Company” in “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” below, in order for the Target Company to take advantage of the chance to dramatically expand the domains to which it contributes as a company promoting innovation amid the recent acceleration of the trend towards digitalization, since the Target Company can expect to make aggressive investments and expeditious business decisions using the management resources of the Longreach Group by reviewing the Target Company’s previous capital structure and cooperating with the Longreach Group, the Target Company has determined that the Tender Offer will contribute to the enhancement of Target Company’s corporate value and has expressed its opinion in support of the Tender Offer. 590 yen, which is the tender offer price in the Tender Offer (the “**Tender Offer Price**”), is reasonable from the perspective of providing the general shareholders of the Target Company with an opportunity to recover their investments and can be determined to have been sufficiently valued. However, the Target Company cannot recommend that its shareholders tender shares in the Tender Offer and leaves the decision on whether or not to tender shares in the Tender

Offer to the judgment of the shareholders, for reasons such as (i) as stated in “(C) Process of and Reasons for the Decision to Support the Tender Offer by the Target Company” in “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” below, since the New MBO Proposal (for details, please refer to “(i) Establishment of a structure for review and process of review” in “(C) Process of and Reasons for the Decision to Support the Tender Offer by the Target Company” below) presented by Mr. Tomohiro Kawada, the president and representative director of the Target Company, implied the possibility of implementing a competitive tender offer with the tender offer price being 615 yen per share (however, because whether such tender offer will actually be implemented or not will be determined by the party making the MBO Proposal, the Target Company does not express its opinion on the probability thereof; in addition, DXC has expressed its intention not to support such tender offer even if it is actually implemented) and (ii) because the Target Company thought that if it recommends that its shareholders tender shares in the Tender Offer under the present circumstances where Mr. Tomohiro Kawada has implied the possibility of implementing a competitive tender offer in the event of the implementation of the Tender Offer, it is likely that such recommendation could invite a misunderstanding by giving the wrong impression that the Target Company has, at this point of time, predetermined how it would act if a competitive tender offer were to be implemented while the Target Company has not made any determination on whether it can support the MBO Proposal or not as of December 24, 2020, although this does not mean that the Target Company is expressing any opinion on the probability of the implementation of that competitive tender offer.

For the details of the resolution of the Target Company’s board of directors described above, please refer to the Target Company’s Press Release and “(E) Approval of All Disinterested Directors of the Target Company” in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “Background of Valuation” in “(2) Price of Tender Offer” in “4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased” below.

(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer

The background, purpose, and decision-making process with respect to the Tender Offeror deciding to conduct the Tender Offer, and the management policy after the Tender Offer are as follows. The statements regarding the Target Company below are based on the information released by the Target Company, the Target Company’s Press Release and the explanations given by the Target Company.

(A) Business Environment Surrounding the Target Company

According to the Target Company’s Press Release, the Target Company was established in June 1969 as Tokyo Software Service Co., Ltd. and engaged in the data entry service business before expanding into software contracted development services in February 1970. It changed its tradename to Japan System Service Co., Ltd. in April 1970. After the Target Company changed its tradename to Japan System Co., Ltd. in June 1978, it expanded its business lines as an independent IT vendor and as a company promoting computerization in a broad range of both public and private fields in Japan. It listed its shares on the Tokyo over-the-counter market in October 1988. The Target

Company Shares were listed on the JASDAQ of the TSE in July 2013 as a result of subsequent reorganization of the securities market.

In February 1992, the Target Company came to have financial difficulties due to aggressive business investments made amid continuing rapid growth as part of a growth industry. The Target Company received contributions from Electronic Data Systems Corporation (whose shares were delisted from the New York Stock Exchange in 2008; “EDS”), which is a leading IT services company in the United States, and EDS thereafter came to own 51% (shareholding ratio (meaning the percentage (rounded down to the nearest whole number) of the Target Company Shares held by EDS to the total number of the issued shares of the Target Company less the number of treasury shares held by the Target Company as of the end of the most recent quarter at that time; the same applies below in this paragraph)) of the Target Company Shares through a tender offer bid in October 1993. (Subsequently, EDS ultimately became the Target Company’s parent company owning 53.6% (shareholding ratio) of the Target Company Shares through a capital increase by a third-party allotment in July 1994.)

Although the ultimate parent company of the Target Company changed to Hewlett-Packard Company (in 2008) and then to DXC (in 2017) (both of whose shares are listed on the New York Stock Exchange) amid subsequent IT industry reorganization in the United States, for over 25 years, as a listed company in which foreign listed companies hold a majority of the shares, the Target Company has aimed to enhance its corporate value by realizing its management philosophy, “Continuous Creation of New Value,” and by receiving assistance and cooperation from its parent companies, such as through transfers of directors and business transactions. While the Target Company is contracted by DXC Technology Japan, LLC and DXC Technology Japan, Ltd., which are Japanese subsidiaries of DXC, its ultimate parent company, to perform software development services and other services, it performs those services on general business conditions and does not conduct any transaction that creates special profits.

The Target Company is currently developing the system integration business, which provides IT solutions to local governments and IT services and solutions to private corporations, based mainly around “FAST,” a financial accounting system. NetCam Systems Corporation, which is the Target Company’s subsidiary, is developing the image processing solution business in which it sells software for network cameras and software for mammography that utilizes image processing technology.

Looking back on the management environment for the last 10 years, the Target Company acquired the business belonging to the information security business division of Net Time Co., Ltd. in April 2010, and in March 2012, it established a mid-term business plan (Reach For 150) aiming to achieve growth of 15 billion yen in annual sales by 2016 by setting the local government business, the system development business and the solution business as its three major businesses and strengthening measures and concentrating resources to suit the characteristics of each business domain.

As a result of enhancing capabilities for offering solutions and technical capabilities to suit the characteristics of each domain under that business plan, the Target Company appropriately responded to the needs in each business domain, such as rapidly increasing its market share in special districts in the local government business, participating in major projects such as financial system integrations and smart grids (Note 5) in the private sector business, and timely releasing a multi-factor authentication solution in

response to the model lead by the Ministry of Internal Affairs and Communications to improve the resilience of the information systems of local governments (Note 6) in the security business. The Target Company realized sustainable growth in its three core businesses for three successive fiscal years from 2012 to 2015, and in 2015, it obtained a source of new growth by acquiring NetCam Systems Corporation in July of that year. As a result, in 2016, although the Target Company did not achieve 15 billion yen in annual sales, it did reach more than 10 billion yen in annual sales and achieved two-digit growth compared to the previous fiscal year.

(Note 5): “Smart grids” means power grids that can control the amount of electric power from both the supply side and the demand side through IT technology.

(Note 6): “Model to improve the resilience of the information systems of local governments” means the security requirements announced by the Ministry of Internal Affairs and Communications in 2015 that are proposed to strengthen the information systems of local governments.

However, after 2017, facing challenges in regard to market maturity and product competitiveness, such as the end of one cycle of demand for information system resilience solutions stated above, intensified price competition due to the participation by competitors in local government financial system solutions, a convergence of major projects in the private sector, and quality issues with FAST, the Target Company’s revenue from sales declined for two successive fiscal years in 2017 and 2018, and its profit margin was much lower than the average of the service information industry. Based on the awareness of these conditions, the Target Company did not establish a new mid-term business plan for 2018 and 2019, designating those years as a period to be dedicated to reforming its business structure, and decided to make efforts to radically reform its cost structure and business structure.

The Target Company decisively took measures such as transferring the security business (in which there was a dilemma that while the business had become a red ocean and product life cycles were shortening, development investment costs were increasing), integrating product lines of FAST, simplifying (delaying) its organizational structure, and significantly decreasing the number of headquarters and executive officers. As a result, the Target Company significantly improved its profit ratio in the settlement of accounts in 2019.

Based on the progress of cost structure reforms and the results of the restructuring of major businesses, from the latter half of 2019, the Target Company began examining a new mid-term business plan that had been deferred, and in December 2019, it organized a new mid-term business plan focusing on five basic strategies such as a growth strategy for sustainable growth and decided to begin efforts to realize that plan from 2020.

Immediately after starting the new system to realize the new mid-term business plan in the beginning of 2020, due to the spread of COVID-19, there were significant restrictions on the activities to create new business discussions, particularly in the three businesses of RPA (Note 7), Business Analytics (Note 8) and Enterprise Cloud Applications (Note 9), which are considered to be sources of growth. However, in spite of the impact on current business activities, the current coronavirus pandemic has accelerated administrative digitalization that was previously deferred, and the Target Company believes that the pandemic is creating megatrends that will greatly change the way in which business and transactions are conducted. While the Target Company

considers that there is a significant potential in its past experience with software technology and in local governmental and social infrastructure fields as these changes to social progress, it faces a crucial moment that will determine its survival, where if it fails to appropriately respond to these change, it will lose what it has built up until now. The Target Company considers the current situation to be the very moment that the Target Company is required to expeditiously and dramatically expand the domains to which it contributes by assessing the subtleties of trends in the domestic market and customer needs and by making decisive business decisions and bold capital investments, and the Target Company considers that the current situation presents the greatest chance for it to do so.

Based on the above, the Longreach Group believes that amidst the changing environment, it is necessary for the Target Company to aim to realize sustainable growth and enhance its corporate value by promoting business transformation by transforming itself from a medium-sized system integrator to an independent solution provider that leads in the modernization (Note 11) of legacy systems (Note 10) mainly in the financial and insurance industry and that leads in digitalization in the public domain focusing on public accounting and surrounding domains of medium-level or small- to medium-sized local governments through aggressively expanding growth investment in the establishment of a new customer base, development of new products and other development of human resources in order to further grow while continuing relationships with existing customers, as well as through further taking radical measures, including M&A transactions, with a view to achieving non-continuous growth.

(Note 7): “RPA” stands for Robotic Process Automation and means the use of IT (robots) for the performance of simple administrative services.

(Note 8): “Business Analytics” means the process of evaluating extensive data held by companies and making data-driven decisions using the results of the evaluation.

(Note 9): “Enterprise Cloud Applications” means services to establish systems to serve as foundations of core operations and internal operations of private companies and, in particular, to provide applications that allow those systems to be used through the cloud.

(Note 10): Computer systems that are established based on old technology platforms at a time when alternative technology has become widely used due to technological innovation; specifically, systems that are established using mainframes, which were the basis of companies’ core systems.

(Note 11): The replacement of software and hardware used in companies’ information systems with the latest products and designs while utilizing assets already in operation.

(B) Consultation between the Tender Offeror and the Target Company and DXC and Decision-Making Process of the Tender Offeror

Under the business environment surrounding the Target Company as described above, DXC, which is the ultimate parent company of the Target Company, caused DXC US to propose to several companies a partial transfer of the Target Company Shares held by DXC and the privatization thereof from January 2019 in order to examine a new partner

from the perspective of strengthening its competitiveness and enhancing its corporate value. As a result, because only the Longreach Group proposed to acquire all of the Target Company Shares and privatize the Target Company Shares, DXC executed a confidentiality agreement with the Longreach Group on March 4, 2019 and had consultations regarding the possibility of privatizing the Target Company Shares, and based on the terms of those consultations, the Longreach Group submitted a preliminary letter of intent expressing its intention to acquire the Target Company Shares to DXC on April 16, 2019. Then, in order to conduct a more concrete examination of the possibility of collaboration with the Target Company, in late May 2019, the Longreach Group executed a confidentiality agreement with the Target Company and DXC, received partial disclosure of the financial information and business strategy plans of the Target Company, and commenced the concrete examination of the possibility of privatizing the Target Company Shares and a growth strategy for the enhancement of the Target Company's corporate value over the medium to long term to which the Longreach Group may contribute.

The Longreach Group determined that, in order for the Target Company to realize further growth in the midst of the current and expected changes in the business environment going forward, it is essential to transform itself to a system solution provider possessing sophisticated expertise by actively expanding growth investment in the strengthening of the customer base and product development and taking more radical measures with a view to achieving non-continuous growth, including through M&A, as described above. The Longreach Group understands that human resources, mainly engineers, are the principal driving force for the future growth of the businesses conducted by the Target Company, and it will actively invest in human resource development, including but not limited to the redesign of personnel systems, such as a flexible compensation structure including performance- and responsibility-based incentives and a fair appraisal system, the improvement of the workplace environment and working styles, the enhancement of internal training programs and career path programs, and the reinforcement of recruiting activities including branding and marketing activities for mid- to long-term recruitment. The specific growth strategies and policies for each business of the Target Company are as follows.

1. Enterprise business

In addition to further strengthening relationships with major customers, mainly including the group companies of NTT DATA Corporation and DXC, and increasing the value of services to be provided, the Tender Offeror intends to enhance solution services focusing mainly on fields in the financial and insurance industry, telecommunication industry and social infrastructure industry, etc. that require step-by-step modernization of legacy systems in the future by combining the vast knowledge of the financial and insurance industry held by the Target Company with COBOL engineers and open architecture and cloud language engineers. The Tender Offeror will establish high-quality and stable service functions by designing and implementing strategic sales and marketing focusing on the needs of customers requiring modernization by actively leveraging external human resources and by adopting training programs to produce engineers with high expertise. The Tender Offeror will promptly establish a group of engineers with high expertise and loyalty by adopting the most appropriate personnel system to keep high retention for excellent engineers. In addition, the Tender Offeror believes that it is possible to increase the prime project percentage (Note 12) to a certain

extent and realize high profitability by aggressively conducting M&A transactions, etc. with companies with services and software for the financial and insurance industry and by establishing a brand as an IT solution provider with strong characteristics in that industry.

(Note 12): “Prime project percentage” means the ratio of contracted service projects performed under agreements executed directly with the user or end customer (prime projects) to all projects.

2. Public business

The digitalization of administrative services through the establishment of the “Digital Agency” that is under consideration following the establishment of the new government administration in September 2020 is a market opportunity, but it may become a headwind if current products and systems remain unchanged. If the Tender Offeror cannot standardize FAST, which is the main software product and boasts strength in its ability to be customized for each customer, nor make it a cloud-based solution and needs to compete only by using the existing products, there is a possibility that it will lose much of its customer base. Therefore, the Tender Offeror considers that it is necessary to leverage its existing strengths as a basis and radically and aggressively invest in development for standardizing FAST, which is an existing product, and making it a cloud-based solution in order to respond to rapid changes in the industry, as well as in order to lead to business opportunities in the future. Further, the Tender Offeror will make efforts to provide a broad range of services and increase additional value that contributes to the digitalization of local governments through cross sales to the existing customer base by expanding FAST, and by expanding the lineup of products with synergy with FAST through in-house development and collaboration or M&A with competitors. The Tender Offeror aims to further expand market share through finding new customers in unexplored areas particularly focusing on medium-sized or small- to medium-sized local governments by standardizing FAST and making it a cloud-based solution, expanding product lineups and strengthening strategic sales and marketing. The Tender Offeror also aims to aggressively realize the above measures in the short term and to promptly establish status as a leader in the digitalization of local governments, which is promoted by the national government.

3. Image processing solution business

In the medical field, the Tender Offeror intends to expand market share by expanding and strengthening sales personnel for device manufacturers and medical institutions, to enter into peripheral domains by aggressively developing products. In the security camera field, the Tender Offeror aims to expand business scale focusing on security systems for large infrastructure equipment by further deepening relationships with existing major good customers. In order to realize the aims above, the Tender Offeror believes that it is possible to expand business by appropriately allocating human and financial resources to NetCam Systems Corporation, which is a subsidiary, expanding sales personnel and engineers and entering into peripheral businesses through software development and M&A, and to create mutual synergies with the Target Company in the healthcare and infrastructure fields, which are, in the medium term, behind in terms of IT development and need to be modernized or digitalized.

The Longreach Group considers that the sustainable growth of the Target Company through the implementation of the above measures cannot be achieved as an extension

of the business that the Target Company currently conducts. While the strategy essential for business transformation, the bold restructuring of business structure and aggressive growth investments are highly likely to cause a short-term decrease in profits, under the current capital structure where the Target Company is a listed subsidiary in which DXC owns a majority stake and is restricted by ensuring profit and handling impairment risks in its accounts each quarter, the Longreach Group considers that it is difficult to implement those measures. While it is expected that investments ranging from several hundred-million to several billion yen are regularly required to develop software for public work projects, taking into account that the development investments previously made by the Target Company could not achieve the expected results, DXC implies the possibility that it cannot allow further investment by continuing current investments. Therefore, under those circumstances, the Longreach Group considers that aggressive development investments cannot be expected. Further, with respect to business growth through M&A, because funds and human resources are insufficient under the current management system of the Target Company, the Longreach Group believes that the Target Company requires its support, such as additional financing and human resources, in order to effectively realize such business growth. The Longreach Group also determined that in the process of conducting that radical strategy and business structural reform as well as aggressive growth investment, even if those measures provide opportunities to expect significant growth from a medium-to-long-term perspective, it is difficult to consider that those measures will contribute to the Target Company's profits on a short-term basis, and there is a possibility that those measures would decrease the Target Company's profit level and harm cash flows. Therefore, the Longreach Group determined that if those measures are taken while maintaining the listing of the Target Company Shares, the possibility of there being a negative effect on the Target Company's share price cannot be denied, and the Longreach Group therefore concluded that it is difficult for the Target Company to take those measures while maintaining the listing of its shares.

In addition to the above, the Longreach Group determined that it is difficult to consider that when the Target Company aggressively pursues its growth strategy, the capital structure in which DXC, which is also a large customer of the Target Company, indirectly holds a majority of the Target Company Shares is the most appropriate governance structure because it will be difficult to obtain support and understanding for investment from DXC particularly in the public business and image solution business, in which there is only a minimal business relationship with DXC and which require comparatively large investments in product development, and the possibility that there are currently certain limitations on the performance of the growth strategy cannot be denied.

However, because DXC is a large customer of the Target Company that represents approximately 10-15% of the sales of its entire enterprise business, the Longreach Group determined that it is essential for the stabilization of the Target Company's management base to maintain a good relationship with DXC after the privatization and considered the possibility of a joint investment with the DXC Group (meaning the consolidated subsidiaries and affiliates of DXC, including DXC US; the same applies below).

Based on those examinations, the Longreach Group proposed to DXC a transaction scheme where the Longreach Group ultimately holds 62% of the Target Company

Shares and DXC holds 38% of the Target Company Shares through the acquisition of all of the Target Company Shares held by the minority shareholders of the Target Company through a tender offer and subsequent squeeze-out procedures by the Longreach Group, and the acquisition of part of the Target Company Shares held by DXC through a share repurchase on October 21, 2019. Then, based on such proposal, the Longreach Group had consultations with DXC on multiple occasions and made another proposal to DXC including, but not limited to, a more concrete post-investment growth strategy plan and the terms of a governance policy under a co-investment structure in mid-April 2020. With respect to the form of the joint investment, the Longreach Group proposed a scheme where in order to minimize DXC's influence on the Target Company's management after the transaction, the Longreach Group would cause a joint investment fund established and operated by the Longreach Group to receive contributions from the DXC Group as a passive co-investor who does not lead investment decisions or management decisions, and such joint investment fund would ultimately hold all of the Target Company Shares. As a result, in relation to the privatization of the Target Company Shares, the Longreach Group received a response from DXC to the effect that the proposal of the Longreach Group will contribute to future enhancement of the corporate value of the Target Company and gives due consideration to the preservation of a good relationship with DXC, and DXC will provide full support. Upon the receipt of the response, the Longreach Group proposed to the Target Company the privatization of the Target Company Shares on May 15, 2020.

Then, from late May 2020, the Longreach Group conducted due diligence (which was completed in mid-July 2020) with respect to the Target Company's business, finances, taxes and legal affairs and held interviews with the Target Company's management. In light of the information obtained in the process of such due diligence and interviews, the Longreach Group further analyzed and examined the significance of the Transactions, the acquisition structure and the feasibility of the Transactions and continued to have consultations with DXC on the terms and conditions of the Transactions, including the consideration for the Transactions. During such consultations, the Longreach Group and DXC discussed, together with the experts, the options of various schemes, including a scheme where DXC US offers its Target Company Shares in the tender offer and a scheme where a tender offer for the purpose of acquiring the Target Company Shares held by the minority shareholders of the Target Company and a tender offer for the purpose of acquiring the Target Company Shares held by DXC US are conducted, and the tender offer price in the tender offer for the purpose of acquiring the Target Company Shares held by the minority shareholders of the Target Company is set to be higher than the tender offer price in the tender offer for the purpose of acquiring the Target Company Shares held by DXC US, taking into account the economic interests to be obtained by the Target Company's shareholders from the Transactions, the stability of the Transactions and other matters. Then, the Longreach Group and DXC determined that they would propose to the Target Company a two-step acquisition scheme for the Transactions (the "**Acquisition Scheme**") consisting of (i) the acquisition of all of the Target Company Shares excluding treasury shares held by the Target Company and the Untendered Shares through the Tender Offer and subsequent Share Consolidation and (ii) the acquisition of the Untendered Shares through a share repurchase by the Target Company after the Share Consolidation takes effect. The Longreach Group and DXC decided to adopt the Acquisition Scheme in light of the interests of the Target Company's minority shareholders, taking into account

the fact that despite the disadvantages of more time being required to complete all of the transactions and there being greater complexity compared to a scheme where DXC US offers its Target Company Shares in the tender offer, it is possible to distribute a greater amount of the funds necessary for the acquisition of all of the Target Company Shares to the Target Company's minority shareholders and increase the interests of the Target Company's minority shareholders by adopting the Acquisition Scheme and setting the Tender Offer Price at a price higher than the acquisition price per share upon the Target Company's Share Repurchase (the "**Target Company's Repurchase Price**"), the fact that although the price is set unfavorably to DXC US because DXC US is a foreign corporation and the provisions on the exclusion of deemed dividends from gross profits prescribed in the Corporation Tax Act do not apply to DXC US, it will have the opportunity to sell the Untendered Shares that it holds (13,973,000 shares) at the Target Company's Repurchase Price, and the fact that there is a possibility that it will take less time to complete all of the transactions compared to the scheme where a tender offer for the purpose of acquiring the Target Company Shares held by the minority shareholders of the Target Company and a tender offer for the purpose of acquiring the Target Company Shares held by DXC US are conducted.

As described above, while the Longreach Group and DXC maintain a good relationship as business partners important to both the Target Company and DXC, they have agreed that in order to minimize DXC's influence on the decision-making of the Target Company on future growth strategies, instead of DXC directly holding part of the equity interests of the Tender Offeror, DH Fund to be established and operated by the Longreach Group holds 100% of the equity interests and that DXC Fund, to which DXC Pension makes capital contributions, will hold 21% of the equity interests in DH Fund as a passive co-investor who is not involved in investment decisions or management decisions. With respect to the ratio of investment in DH Fund, as a result of consultation based on the absolute requirement that the Longreach Group would have a majority of the equity interests, it was agreed that the Longreach Group will hold 79% and DXC Fund will hold 21% so as to satisfy both companies' criteria for the minimum investment amount per transaction.

Based on such decision, the Longreach Group made a proposal on September 1, 2020 to the Target Company regarding its intention to set the Tender Offer Price at 515 yen, which represents a premium of 21% on 424 yen, which was the closing price for the Target Company Shares on the JASDAQ of the TSE on the previous day (August 31, 2020), and the Target Company's Repurchase Price at 500 yen, which represents a premium of 18% on 424 yen. Then, after consultations on multiple occasions with the Target Company and DXC and receiving a request from the Target Company to increase the price to a level in line with the current stock price, and taking into account the rapid increase in the stock price of the Target Company Shares after September 2020 and past average stock prices, as a result of the Longreach Group continuing to consult with the Target Company and DXC, it was agreed with DXC that the Tender Offer Price would be at 590 yen and, in light of the maximum amount of investment by the Longreach Group based on the corporate value calculated by the Longreach Group, the Target Company's Repurchase Price would be kept at 500 yen. The Longreach Group made a proposal on October 19, 2020 to the Target Company indicating that the Tender Offer Price be increased to 590 yen. Then, from late October 2020 to mid-November 2020, the Longreach Group held question-and-answer sessions with the Target Company about the management system and policy after investment, and it provided explanations

about the management system and policy by meeting with the current executive officers of the Target Company. In addition, from mid-November 2020, the Longreach Group provided explanations about its opinions and policy regarding the intentions of the current executive officers of the Target Company, held question-and-answer sessions with the Target Company about these matters, and continued to have consultations regarding transaction terms and conditions, including the purchase price per Target Company Share. Specifically, although from mid-November 2020, the Target Company requested the Tender Offeror to raise the Tender Offer Price to 615 yen or above, which is the purchase price per share of the New MBO Proposal, the Tender Offeror has not changed the Tender Offer Price because it considers (i) that there is doubt as to the feasibility of the New MBO Proposal (for details, please refer to “(i) Establishment of a structure for review and process of review” in “(C) Process of and Reasons for the Decision to Support the Tender Offer by the Target Company” below) because it is conditioned on DXC’s approval and (ii) that the Tender Offer Price is the sum of the latest market value of the Target Company and a certain premium, is reasonable taking into account the result of the analysis of the Target Company’s business and financial status by the Tender Offeror, and will provide to the Company’s general shareholders a reasonable opportunity to sell shares.

The Target Company determined that it is reasonable to take a neutral position regarding whether or not to recommend that the Target Company’s shareholders tender shares in the Tender Offer, thereby ultimately leaving that decision to the judgment of its shareholders for the reasons described in “(ii) Determinations” in “(C) Process of and Reasons for the Decision to Support the Tender Offer by the Target Company” below.

However, the Tender Offeror considers that the Tender Offer Price is the sum of the latest market value of the Target Company and a certain premium, that it is reasonable taking into account the result of the analysis of the Target Company’s business and financial status by the Tender Offeror, and that it will provide to the Target Company’s general shareholders a reasonable opportunity to sell shares. In addition, in the New MBO Proposal (for details, please refer to “(i) Establishment of a structure for review and process of review” in “(C) Process of and Reasons for the Decision to Support the Tender Offer by the Target Company” below), the Target Company received a proposal from Mr. Tomohiro Kawada, the president and representative director of the Target Company, that indicated that the offer price for the Target Company Shares owned by the general shareholders is 615 yen per share, which exceeds the Tender Offer Price of 590 yen per share. However, according to DXC, DXC determined that the New MBO Proposal would not ensure the enhancement of the Target Company’s corporate value and the interests of the general shareholders and clearly indicated its intention not to support the New MBO Proposal to Mr. Tomohiro Kawada and the Target Company on the grounds that (a) DXC highly appraises the past investment results and experience of the Longreach Group and networks held by the Longreach Group and considers that support from the Longreach Group is the best option from the standpoint of enhancing the corporate value of the Target Company, which will be a business partner of DXC moving forward, and (b) while 615 yen per share is offered to the general shareholders in the New MBO Proposal on the condition that DXC accepts the tender offer at a price lower than that of the general shareholders, because DXC has agreed to sell the Target Company Shares at a price lower than that of the general shareholders only under the proposal from the Longreach Group considering that support from the Longreach Group is the best option from the standpoint of enhancing the corporate value of the Target

Company, which will be a business partner of DXC moving forward, and DXC has no intention to sell the Target Company Shares at a price lower than that of the general shareholders in the New MBO Proposal, DXC considers that it is not realistically possible for the Target Company Shares to be privatized under the New MBO Proposal. Although the Tender Offeror has not directly discussed or negotiated the New MBO Proposal with Mr. Tomohiro Kawada and persons related to the New MBO Proposal, the Tender Offeror has determined that the above explanations given by DXC, which is the Target Company's parent company and one of its major customers, are not particularly unreasonable, and it considers that based on the explanations described above, the New MBO Proposal will not ensure the enhancement of the Target Company's corporate value and the interests of the general shareholders, and that it has to judge the feasibility of the New MBO Proposal to be disputable. In light of the matters described above, as stated above, the Tender Offeror considers that the proposal of the Longreach Group will contribute to future enhancement of the corporate value of the Target Company and that it is advisable to implement the Tender Offer in consideration of increasing the corporate value and securing the interests of general shareholders of the Target Company, and the Tender Offeror has decided to implement the Tender Offer at the Tender Offer Price even if the Target Company does not recommend that the Target Company Shares be tendered.

(C) Process of and Reasons for the Decision to Support the Tender Offer by the Target Company

(i) Establishment of a structure for review and process of review

According to the Target Company's Press Release, the Target Company received an initial inquiry from the Longreach Group in late May 2019 about privatizing the Target Company Shares, and thereafter the Target Company disclosed its financial information and a part of its business strategy plans to the Longreach Group after executing a confidentiality agreement.

Thereafter, the Target Company received a specific proposal for privatizing the Target Company Shares from the Longreach Group on May 15, 2020. Because the proposal stated matters such as that DXC US, a parent company of the Target Company, has agreed to the privatization of the Target Company Shares by the Longreach Group and that the DXC Pension, which is an affiliated company pension of DXC, intends to make a contribution to the co-investment fund that the Longreach Group plans to manage for the Transactions, there was a possibility that the interests of the DXC Group and the Target Company's general shareholders may not necessarily be in line with each other. Accordingly, in order to address those issues and to ensure the fairness of the Transactions, it immediately started establishing a structure for reviewing, negotiating and determining the Transactions in consideration of increasing its corporate value and securing the interests of general shareholders of the Target Company from a standpoint independent from the Tender Offeror and the DXC Group.

Specifically, the Target Company selected Mizuho Securities Co., Ltd. ("**Mizuho Securities**") as its financial advisor and selected Nagashima Ohno & Tsunematsu as its legal advisor in mid-May 2020, both of which are independent from itself, the Tender Offeror and DXC US. It further established a special committee composed of members independent from itself, the Tender Offeror and DXC US by a resolution of an

extraordinary meeting of its board of directors held on May 25, 2020. For the process of the establishment of that special committee, the process of its review, and the details of determinations made, please refer to “(C) Establishment by the Target Company of an Independent Special Committee” in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” under “Background of Valuation” in “(2) Price of Tender Offer” in “4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased” below.

The Target Company has then cooperated with the Longreach Group in its due diligence investigations with respect to the Target Company from late May 2020 to mid-July 2020. The Target Company then received a written proposal dated September 1, 2020 from the Longreach Group, which included a proposal to set the offer price for the Target Company Shares at 515 yen per share and a proposal that DXC US, the parent company of the Target Company, would not tender the Target Company Shares it holds in the Tender Offer and would sell the Target Company Shares through the Target Company’s Share Repurchase after completing the privatization of the Target Company Shares. Subsequently, the Target Company received advice from a financial point of view, including a report on the result of the valuation of the Target Company Shares and advice on the strategy for negotiations with the Tender Offeror, from Mizuho Securities and received guidance and other legal advice on measures to secure the fairness of the procedures for the Transactions from Nagashima Ohno & Tsunematsu, based on which it has carefully considered whether to implement the Transactions and the appropriateness of the transaction terms and conditions.

Specifically, the Target Company has deliberated on multiple occasions with the Longreach Group from early June 2020 to mid-November 2020 and received explanations regarding, and discussed matters with respect to, the background to reaching the decision to conduct the Transactions, the significance of the Transactions, the structure of the Transactions, the financing method and the post-Transaction business strategy, management policy and management structure. Further, the Target Company has deliberated on multiple occasions with its ultimate parent company, DXC, from late May 2020 to mid-November 2020 and received explanations and had discussions regarding the process for reaching the decision to select the Longreach Group as a possible purchaser of the Target Company Shares, the significance of the Transactions from the perspective of DXC, and DXC’s view towards the management conditions of the Target Company.

While those deliberations were ongoing, the Target Company received another proposal (the “**MBO Proposal**”) with respect to the privatization of the Target Company Shares from Mr. Tomohiro Kawada, the president and representative director of the Target Company, on October 9, 2020. Subsequently, the Target Company received explanations regarding the outline of the MBO Proposal from Mr. Tomohiro Kawada at the extraordinary meeting of the board of directors held on October 13, 2020 and resolved that three directors who are also audit and supervisory committee members of the Target Company would deliberate and decide on both the proposal regarding the Transactions and the MBO Proposal in order to exclude any influence from the conflicts of interest between Mr. Tomohiro Kawada, who is the President and Representative Director of the Target Company, and the Target Company’s general shareholders and to ensure the fairness of the procedures. In addition, the Target Company received from

DXC an opinion that DXC did not support the MBO Proposal because the MBO Proposal is unlikely to be executed due to reasons such as DXC doubting the likelihood that funds will be raised for the execution of the MBO Proposal on October 15, 2020.

Then, the Target Company received a revised written proposal dated October 19, 2020 from the Longreach Group, which indicated that the Tender Offer Price for the Target Company Shares would be increased to 590 yen per share, the Target Company's Repurchase Price would be unchanged at 500 yen, and DXC would continue to support the Longreach Group's proposal. The Target Company received another proposal on October 30, 2020 from Mr. Tomohiro Kawada again regarding the privatization of the Target Company Shares, which included the offer price for the Target Company Shares being 615 yen per share and the purchase price for the Target Company Shares owned by DXC US being 510 yen per share (expected to be purchased by the company for purchase to be established by Mr. Tomohiro Kawada or purchased by other methods) (the "**New MBO Proposal**"). Upon the receipt of those proposals, the Target Company carefully considered whether the proposal regarding the Transactions and the New MBO Proposal were appropriate and whether the terms and conditions of the proposals were reasonable, based on legal advice from Nagashima Ohno & Tsunematsu, and advice from a financial point of view from Mizuho Securities.

Specifically, the Target Company held question-and-answer sessions on multiple occasions with DXC about whether to support the proposal regarding the Transactions or the New MBO Proposal and the reasons therefor from late October 2020 to mid-November 2020. The Target Company had meetings on multiple occasions with Mr. Tomohiro Kawada and the sponsor, which will be a joint investor, and received explanations regarding, and held question-and-answer sessions and discussed matters with respect to, the background leading up to making the New MBO Proposal, the significance of the New MBO Proposal, the terms and conditions of the New MBO Proposal including the offer price of the Target Company Shares, and the management policy after the privatization of the Target Company Shares based on the New MBO Proposal from early to mid-November 2020. In addition, because Mr. Kazushi Nakada (the division manager of the First Business Division), Mr. Nobuhiko Okawa (the division manager of the Second Business Division) and Mr. Takashi Nakagawa (the division manager of the Public Sector Business Division), who are executive officers and division managers, supported the New MBO Proposal, the Target Company had meetings with those executive officers and received explanations from the Longreach Group regarding, and held question-and-answer sessions about, the opinions and policies regarding the intentions of those executive officers in early November 2020. Further, the Target Company had discussions with the Longreach Group and Mr. Tomohiro Kawada with respect to the terms and conditions including the offer price per Target Company Share from early November 2020 to early December 2020.

On November 30, 2020, the Target Company indicated to Mr. Tomohiro Kawada that there was doubt regarding the feasibility of the New MBO Proposal because it is conditional on DXC selling to Mr. Tomohiro Kawada (expected to be the company for purchase to be established by Mr. Tomohiro Kawada) the Target Company Shares in order to acquire 100% of the Target Company Shares based on the New MBO Proposal, meaning that the New MBO Proposal is conditional on approval by DXC, and requested him to reconsider the New MBO Proposal by December 7, 2020. On December 7, 2020, the Target Company received another proposal from Mr. Tomohiro Kawada

indicating the possibility that although DXC did not approve the New MBO Proposal before December 7, 2020, while the terms of the proposal described above, which is conditional on approval by DXC, remain unchanged, if another tender offeror commences a tender offer before DXC approves the New MBO Proposal, he would implement a tender offer with the purchase price per Target Company Share being 615 yen irrespective of whether the board of directors of the Target Company supports the New MBO Proposal. Whether Mr. Tomohiro Kawada or parties connected to him will actually implement such tender offer or not is left to the judgment of the party making the New MBO Proposal, and the Target Company does not express its opinion on the probability thereof.

Under those circumstances, the Target Company then received a written report (the “**Report**”) from the special committee on December 24, 2020 stating that the special committee believes that (i) the board of directors of the Target Company should resolve to express an opinion in support of the Tender Offer and take a neutral position regarding whether its shareholders tender shares in the Tender Offer, thereby leaving that decision to the judgment of its shareholders, and (ii) deciding to express an opinion in support of the Tender Offer and taking a neutral position regarding whether its shareholders tender shares in the Tender Offer, thereby leaving that decision to the judgment of its shareholders, at the meeting of the board of directors of the Target Company would not be disadvantageous to the minority shareholders of the Target Company (for details of the Report, please refer to “(C) Establishment by the Target Company of an Independent Special Committee” in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” under “Background of Valuation” in “(2) Price of Tender Offer” in “4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased” below).

(ii) Determinations

According to the Target Company’s Press Release, in light of the background described above, the Target Company carefully discussed and considered at the meeting of its board of directors held on December 24, 2020 whether the Transactions, including the Tender Offer, would contribute to increasing the corporate value of the Target Company and whether the terms and conditions of the Transactions, including the Tender Offer Price, are appropriate, based on legal advice from Nagashima Ohno & Tsunematsu, advice from a financial point of view from Mizuho Securities, and a share price valuation report on the result of the valuation of the Target Company Shares (the “**Share Price Valuation Report (Mizuho Securities)**”) received from Mizuho Securities on December 24, 2020, giving the highest degree of respect to the determinations by the special committee presented in the Report.

As a result, as stated below, the Target Company came to the conclusion that becoming a wholly-owned subsidiary of the Tender Offeror will contribute to increasing its corporate value.

As stated in “(A) Business Environment Surrounding the Target Company” above, after the reform of the business structure in 2018 and 2019, the Target Company announced at the end of 2019 its growth strategy to aim to achieve 13 billion yen in annual sales by 2022 as a mid-term business plan. While starting the new business system and initiating the execution of that strategy in full scale from 2020, the Target Company

considers that the spread of COVID-19 is triggering the creation of megatrends in digitalization, such as the acceleration of administrative digitalization and changes in the way in which business and transactions are conducted. Amid the acceleration of these major trends, while the Target Company considers that the current situation presents the greatest chance for it to dramatically expand the domains to which it contributes as a company promoting this innovation by leveraging its unique contribution track record and technical capabilities that it has achieved thus far, the Target Company believes that in order to take advantage of this chance, it is essential to make decisive business decisions and bold and expeditious capital investments. However, DXC, which is currently the ultimate parent company of the Target Company, is limited in regard to expending resources to make such aggressive capital investments in the Target Company from the perspective of the overall business strategies of DXC, and thus the Target Company cannot expect to receive support from the DXC Group necessary and sufficient for further growth. Under the management system where persons related to the DXC Group occupy half or more of the board of directors of the Target Company, while the Target Company cannot establish a business strategy based on aggressive investments because it is expected to achieve short-term performance goals, DXC is passive in making efforts to make improvements by means such as radically changing the current composition of the board of directors and actively recruiting human resources from outside the DXC Group. Therefore, the Target Company considers that under the current management structure where a majority of the board of directors consists of related parties of the DXC Group, it will not be able to take advantage of the opportunity described above by the Target Company independently making efforts as a corporation and it is considerably difficult to enhance the corporate value of the Target Company. On the other hand, as stated in “(D) Management Policy After the Tender Offer and the Transactions, Etc.” below, with respect to the management structure after the execution of the Transactions, the Target Company will take radical measures, including the implementation of strategic M&A, by utilizing the management resources of the Longreach Group and the broad management personnel networks that the Longreach Group has cultivated, while at the same time utilizing the business foundation and resources that the Target Company has built thus far under DXC. The Target Company considers that in the case of cooperation with the Longreach Group, it will be possible to obtain the support essential for responding to the megatrends described above and achieving dramatic growth.

Further, while the Longreach Group considers that the specific growth strategies and policies for each segment are as stated in “(B) Consultation between the Tender Offeror and the Target Company and DXC and Decision-Making Process of the Tender Offeror” above, the Target Company also considers that such growth strategies and policies determined by the Longreach Group embody the understanding of the Target Company that it is required to expeditiously and dramatically expand the domains to which it contributes by making decisive business decisions and bold capital investments. The Target Company considers that while it may be possible to execute those growth strategies on its own, it will be able to execute strategies more quickly by leveraging access to the Longreach Group’s networks and resources as well as its know-how regarding the analysis, establishment and execution of business strategies, and the Target Company will be able to accelerate its growth by executing growth strategies in cooperation with the Longreach Group.

On the other hand, while the offer price per Target Company Share owned by the general shareholders (615 yen) and the offer price or purchase price per Target Company Share owned by DXC (510 yen) as indicated in the New MBO Proposal exceeds the tender offer price (590 yen) in the Transactions and the Target Company's Repurchase Price (510 yen), because DXC has clearly expressed to the Target Company its intention not to support the New MBO Proposal, the Target Company examined the reasonableness of this decision. DXC supports the Transactions on the ground that (a) DXC highly appraises the past investment results and experience of the Longreach Group and networks held by the Longreach Group and considers that support from the Longreach Group is the best option from the standpoint of enhancing the corporate value of the Target Company, which will be a business partner of DXC moving forward, and (b) it is not feasible to privatize the Target Company through the New MBO Proposal because, while the New MBO Proposal offers a price of 615 yen per share to general shareholders on the assumption that DXC will accept the tender offer at a price lower than the price offered to general shareholders, DXC agreed to sell the Target Company Shares only to the Longreach Group by accepting the proposal by the Longreach Group with a price lower than the price offered to general shareholders based on its belief that receiving support from the Longreach Group would be the best option from the perspective of enhancing the corporate value of the Target Company, which will continue to be a trading partner of DXC in the future, and thus DXC has no intention to sell the Target Company Shares at a price lower than the price offered to general shareholders in the New MBO Proposal. The Target Company considers that this decision by DXC is not particularly unreasonable.

In addition, taking into account that the current three executive officers and division managers (the division manager of the First Business Division, the division manager of the Second Business Division, and the division manager of the Public Sector Business Division) supported the New MBO Proposal, in order to examine the possibility of the resignation of the executive officers described above after the implementation of the Transactions and the influence of that resignation on the corporate value of the Target Company, the Target Company had meetings with the executive officers described above on multiple occasions and had a meeting between the Longreach Group and those executive officers in early November 2020. However, the Target Company understood that it could not obtain support from the executive officers described above for the Transactions through those meetings, and in mid-November 2020, it proposed to the executive officers described above having another discussion with the Longreach Group with respect to the executive structure in the case where the Transactions are implemented. However, such discussions have not been held as of the date hereof. In regard to this matter, the Longreach Group intends to make further explanations to the executive officers described above with respect to the purpose of the Transactions. On the other hand, when the Target Company confirmed with the Longreach Group the policy of the treatment of employees after the implementation of the Transactions in order to examine such treatment, the Target Company received explanations from the Longreach Group that (a) the Longreach Group basically had no intention to change the current executive structure and intended to continue consultations with those executive officers to request them to play principal roles in the management, (b) the Longreach Group intended to establish relationships of trust with the Target Company's employees by giving careful explanations and proactively investing in the redesign of a fair compensation structure and personnel systems, the improvement of the working

environment and working styles, and the enhancement of internal training programs and career path programs as one of the material growth strategies, and (c) it would be possible to enhance the corporate value of the Target Company by taking various measures such as internal promotion and external recruitment of alternative human resources even if the executive officers described above leave the Target Company. While the Target Company considers that it is necessary for the Longreach Group to continue discussions with the executive officers described above, based on the explanations by the Longreach Group, the Target Company has determined that the fact that the executive officers described above have indicated their intention to support the New MBO Proposal does not constitute a reason to deny the support for the Transactions.

In the process of reviewing the Transactions, the Target Company also considered the possibility of maintaining its listing. However, because (a) as described above, the mid-to long-term enhancement of the corporate value of the Target Company is reasonably expected by implementing growth strategies in cooperation with the Tender Offeror and the Longreach Group, (b) in light of the relationships between the Target Company and its customers and the management policies, etc. of the Target Company after the Transactions by the Tender Offeror, the social credibility, maintaining and improvement of recognition, and business relationships with customers achieved through maintaining its listing will not be immediately lost due to the Transactions, and (c) it is not necessary for the Target Company to be able to directly procure funds from the market when implementing measures to enhance the corporate value of the Target Company, the Target Company has determined that the Transactions would contribute to enhancing the corporate value of the Target Company compared to other transaction schemes that are based on maintaining its listing.

The Target Company also determined, based on the following, that while 590 yen per share, which is the Tender Offer Price, is determined to be sufficiently valuated based on the process of past negotiations, the results of calculation by the third-party appraiser and the premium that is not inferior compared to and similar transactions, (i) the offer price per Target Company Share in the tender offer as indicated in the New MBO Proposal is 615 yen, and the New MBO Proposal implied the possibility of implementing a competitive tender offer in the case of the implementation of the tender offer as a part of the Transactions (however, because whether such tender offer will actually be implemented or not will be determined by the party making the New MBO Proposal, the Target Company does not express its opinion on the probability thereof; in addition, DXC has expressed its intention not to support or tender shares in such tender offer even if it is actually implemented) and (ii) because the Target Company thought that if it recommends that its shareholders tender shares in the Tender Offer under the present circumstances where Mr. Tomohiro Kawada has implied the possibility of implementing a competitive tender offer in the event of the implementation of the Tender Offer, it is likely that such recommendation could invite a misunderstanding by giving the wrong impression that the Target Company has, at this point of time, predetermined how it would act if a competitive tender offer were to be implemented while the Target Company has not made any determination on whether it can support the MBO Proposal or not as of December 24, 2020, although this does not mean that the Target Company is expressing any opinion on the probability of the implementation of that competitive tender offer. Therefore, taking into account that there is a possibility that the Target Company's shareholders may be able to sell shares of the Target Company at a price higher than the Tender Offer Price depending on the

specific conditions if the tender offer under the New MBO Proposal is actually implemented, the Target Company determined that it is reasonable to take a neutral position regarding whether or not to recommend that the Target Company's shareholders tender shares in the Tender Offer, thereby ultimately leaving that decision to the judgment of its shareholders.

- (a) The fact that the price has been presented to the Tender Offeror based on sufficient negotiations conducted on multiple occasions with the Tender Offeror, in which the special committee was substantially involved, and after the Target Company taking sufficient measures to ensure the fairness of the terms and conditions of the Transactions, including the Tender Offer Price, stated in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” under “Background of Valuation” in “(2) Price of Tender Offer” in “4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased” below;
- (b) the fact that the price exceeds the range of the results of the valuation using the market price method, and it is within the ranges of the results of the valuation using the comparable company method and a discounted cash flow analysis (the “**DCF analysis**”) according to the result of the valuation of the Target Company Shares by Mizuho Securities as stated in the Share Price Valuation Report (Mizuho Securities) stated in “(A) Obtainment by the Target Company of a Share Price Valuation Report from an Independent Financial Adviser and Third-Party Appraiser” in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” under “Background of Valuation” in “(2) Price of Tender Offer” in “4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased” below;
- (c) the fact that the price is within the range of the result of the valuation by the DCF analysis according to the result of the valuation of the Target Company Shares by Stand by C as stated in the share price valuation report with respect to the result of the valuation of the Target Company Shares that the special committee received from Stand by C on December 23, 2020 (the “**Share Price Valuation Report (Stand by C)**”) stated in “(E) Obtainment by the Special Committee of a Share Price Valuation Report from an Independent Financial Adviser and Third-Party Appraiser” in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” under “Background of Valuation” in “(2) Price of Tender Offer” in “4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased” below;
- (d) the fact that the price is calculated inclusive of a premium of 44.25% (rounded to the second decimal place; the same applies for each calculation of the premium rates on the share prices below) on 409 yen, the closing price on December 23, 2020, which is the Business Day immediately preceding the announcement date of the implementation of the Tender Offer, 31.70% on 448 yen, the simple average closing price (rounded to the nearest one yen; the same applies for each calculation of the simple average closing prices below)

for the one-month period ending on December 23, 2020, 16.37% on 507 yen, the simple average closing price for the three-month period ending on December 23, 2020, and 21.90% on 484 yen, the simple average closing price for the six-month period ending on December 23, 2020 of the Target Company Shares respectively on the JASDAQ of the TSE, and taking into consideration that the increase in the stock price from late September 2020 to late October 2020 was temporary, the price cannot be said to be inferior compared to other tender offer transactions whose purpose is to privatize shares, and it is considered that a reasonable premium is added; and

- (e) the fact that, as stated in “(C) Establishment by the Target Company of an Independent Special Committee” in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” under “Background of Valuation” in “(2) Price of Tender Offer” in “4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased” below, the special committee has determined that it is reasonable to take a neutral position regarding whether or not to recommend that the Target Company’s shareholders tender shares in the Tender Offer, thereby ultimately leaving that decision to the judgment of its shareholders.

Based on the facts above, the Target Company determined that while the Transactions are considered to contribute to increasing the corporate value of the Target Company, it is reasonable to take a neutral position regarding whether or not to recommend that the Target Company’s shareholders tender shares in the Tender Offer, thereby ultimately leaving that decision to the judgment of its shareholders. Therefore, the Target Company resolved at the meeting of its board of directors held on December 24, 2020 to express its opinion in support of the Tender Offer and to take a neutral position regarding whether the shareholders of the Target Company tender shares in the Tender Offer, thereby leaving that decision to the judgment of the shareholders of the Target Company.

For details of the method of the resolution by the board of directors of the Target Company described above, please refer to “(E) Approval of All Disinterested Directors of the Target Company” in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” under “Background of Valuation” in “(2) Price of Tender Offer” in “4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased” below.

(D) Management Policy After the Tender Offer and the Transactions, Etc.

As set out in “(1) Outline of the Tender Offer” above, after the successful completion of the Tender Offer, the Tender Offeror intends to ultimately make the Target Company a wholly-owned subsidiary of the Tender Offeror through the following procedures:

- (i) making the Tender Offeror and DXC US the only shareholders of the Target Company through the Share Consolidation;
- (ii) the Capital Increase by Third-Party Allotment and the Capital Decrease, Etc. to be conducted by the Target Company for the purpose of procuring funds and

a distributable amount necessary for conducting the Target Company's Share Repurchase; and

- (iii) the Target Company's Share Repurchase to be conducted by the Target Company after the Capital Increase by Third-Party Allotment and the Capital Decrease, Etc. have taken effect.

With respect to the management structure after the implementation of the Transactions, the Tender Offeror will promote measures to enhance the Target Company's corporate value through taking radical measures, including the implementation of strategic M&As, by utilizing the management resources of the Longreach Group and the broad management personnel networks that the Longreach Group has cultivated, while at the same time utilizing the business foundation that the Target Company has built thus far under DXC.

The matters regarding the number of the officers delegated from the Longreach Group to the Target Company have not been determined at present, and the policy in regard thereto will be determined taking into account the Target Company's intentions. As stated in "(6) Important Agreements relating to the Tender Offer," because SIGP and DXC Pension have agreed in the Partnership Agreement that DXC Pension may appoint one director of the Target Company, it is planned that DXC Pension will appoint one director of the Target Company. The Tender Offeror will introduce incentive plans such as stock options and performance-based compensation (specific terms have not been determined at present) for officers and employees of the Target Company and will establish a structure to enhance the corporate value of the Target Company in the long term.

- (3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest

In order to ensure the fairness of the Tender Offer Price and avoid conflicts of interest between the DXC Group and minority shareholders of the Target Company—and in light of the fact that the Tender Offeror and DXC US, which is the parent company of the Target Company and a wholly owned subsidiary of DXC, have executed the Transaction Agreement and DXC Group's interests may not necessarily align with those of the minority shareholders of the Target Company—the Tender Offeror and the Target Company implemented the following measures. Among the statements below, matters relating to the measures implemented by the Target Company are based on the Target Company's Press Release and the explanations given by the Target Company.

The Tender Offeror believes that, if the minimum number of Share Certificates, Etc. to be purchased is set to the so-called "majority of minority" in the Tender Offer, it would increase the uncertainty as to whether the Tender Offer will be completed and, on the contrary, it would not contribute to the interests of minority shareholders who wish to tender their shares in response to the Tender Offer. For this reason, in the Tender Offer, the Tender Offeror does not set the minimum number of Share Certificates, Etc. to be purchased to the "majority of minority." However, the Tender Offeror and the Target Company have implemented the measures described below as measures to ensure fairness of the Tender Offer Price and measures to avoid conflicts of interest, and thus

the Tender Offeror believes that the interests of minority shareholders of the Target Company are fully considered.

- (A) Obtainment by the Target Company of a share price valuation report from an independent financial adviser and third-party appraiser.
- (B) Obtainment by the Target Company of advice from an independent legal advisor.
- (C) Establishment by the Target Company of an independent special committee.
- (D) Obtainment by the special committee of a share price valuation report from an independent financial adviser and third-party appraiser.
- (E) Approval of all disinterested directors of the Target Company.
- (F) Measures for securing opportunities for purchase by other tender offerors.

For the details of the matters described above, please refer to “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” of “Background of Valuation” in “(2) Price of Tender Offer” under “4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased” below.

- (4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the “Two-Step Acquisition”)

If the Tender Offeror is unable to obtain all of the Target Company Shares (excluding treasury shares held by the Target Company and the Untendered Shares) under the Tender Offer, the Tender Offeror intends, after the successful completion of the Tender Offer, to request the Target Company to implement the following procedures and carry out a set of procedures necessary for making the Tender Offeror and DXC US the only shareholders of the Target Company.

Specifically, the Tender Offeror will, promptly after the completion of the settlement of the Tender Offer, pursuant to Article 180 of the Companies Act, request the Target Company to hold an extraordinary shareholders’ meeting at which the Share Consolidation and an amendment to the Target Company’s Articles of Incorporation that would abolish the share unit number provisions on the condition that the Share Consolidation is conducted and the Share Consolidation becomes effective will be proposed (the “**Extraordinary Shareholders’ Meeting**”). The Tender Offeror and DXC US intend to approve the proposal at the Extraordinary Shareholders’ Meeting. Also, the Tender Offeror believes that it is preferable to hold the Extraordinary Shareholders’ Meeting as promptly as possible in the interest of enhancing the corporate value of the Target Company, and it plans to request the Target Company to give public notice regarding setting a record date during the Tender Offer Period in order to set a day (as of the date hereof, this date is planned to be in early March 2021) soon after the commencement date of the settlement of the Tender Offer as the record date for the Extraordinary Shareholders’ Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Target Company will, on the effective date of the Share Consolidation, hold the number of Target Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders' Meeting. If, due to the Share Consolidation, the number is a fraction less than one, each such shareholder of the Target Company will receive an amount of cash obtained by selling the Target Company Shares equivalent to the total number of shares less than one unit (with such aggregate sum rounded down to the nearest whole number; the same applies hereinafter) to the Target Company or the Tender Offeror as per the procedures specified in Article 235 of the Companies Act and other applicable laws and regulations. The purchase price for the aggregate sum of shares less than one unit in the Target Company Shares will be valued so that the amount of cash received by each shareholder who did not tender its shares in the Tender Offer (excluding the Tender Offeror, DXC US and the Target Company) as a result of the sale will be equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares held by each such shareholder. The Tender Offeror intends to request the Target Company to file a petition to the court for permission to purchase such Target Company Shares on this basis.

Although the ratio of the Share Consolidation of the Target Company Shares has not been determined as of the date hereof, it is intended that shareholders (excluding the Tender Offeror, DXC US and the Target Company) who hold shares in the Target Company and do not tender in the Tender Offer will have their shares classified as shares less than one unit in order for the Tender Offeror and DXC US to become the only owners of all of the Target Company Shares (excluding treasury shares held by the Target Company).

In the interest of protecting the rights of minority shareholders in circumstances involving the Share Consolidation, the Companies Act provides that if the Share Consolidation occurs and there are shares less than one unit as a result thereof, each shareholder may request that the Target Company purchase all such shares less than one unit at a fair price, and such shareholders may file a petition to the court to determine the price of the Target Company Shares in accordance with Articles 182-4 and 182-5 of the Companies Act and other applicable laws and regulations. As stated above, because the number of the Target Company Shares held by the shareholders who do not tender their shares in the Tender Offer (excluding the Tender Offeror, DXC US and the Target Company) will be less than one unit, the shareholders of the Target Company objecting to the Share Consolidation may file a petition described above.

With regard to the above procedure, it is possible that, depending on amendments to or the implementation and interpretation of the relevant laws and regulations by authorities, the shareholding percentage of the Tender Offeror and DXC US after the Tender Offer, and the ownership of Target Company Shares by shareholders other than the Tender Offeror, it will require time to implement the procedure or the methods of implementation may be altered. However, even in such a case, upon completion of the Tender Offer, it is intended that a method will be used whereby the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror, DXC US and the Target Company) will ultimately receive cash consideration equal to the number of Target Company Shares held by such shareholder multiplied by the Tender Offer Price in exchange for their shares. If a petition for

determination of a price regarding a share purchase demand in relation to the Share Consolidation is filed, the court will finally determine the sale price of the Target Company Shares or a price regarding the share purchase demand.

The specific details and expected timing for the procedures described above will be determined through consultation with the Target Company and then promptly announced by the Target Company.

It is further noted that shareholders of the Target Company will not be solicited to agree to the Tender Offer at the Extraordinary Shareholders' Meeting. All shareholders of the Target Company are solely responsible for seeking their own specialist tax advice with regard to the tax consequences of tendering their shares in the Tender Offer or the procedures outlined above.

(5) Prospects and Reasons for Delisting

The Target Company Shares are currently listed on the JASDAQ of the TSE as of the date hereof. However, since the Tender Offeror has not set a maximum number of shares to be purchased in the Tender Offer, the Target Company Shares may be delisted through prescribed procedures in accordance with the delisting criteria set out by the TSE, depending on the results of the Tender Offer.

Also, even in the case that the delisting criteria are not met upon completion of the Tender Offer, the Tender Offeror plans to make the Tender Offeror and DXC US the only shareholders of the Target Company and privatize the Target Company in accordance with the procedures stated in “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the ‘Two-Step Acquisition’)” above upon the successful completion of the Tender Offer, in which case the Target Company Shares will be delisted through the prescribed procedures in accordance with the delisting criteria of the TSE. After delisting, the Target Company Shares will no longer be traded on the JASDAQ of the TSE.

(6) Important Agreements relating to the Tender Offer

(A) The Transaction Agreement

Upon conducting the Tender Offer, the Tender Offeror executed with DXC US the Transaction Agreement dated December 24, 2020 under which DXC US agreed not to tender the Untendered Shares (13,973,000 shares) in the Tender Offer.

Under the Transaction Agreement, the Tender Offeror and DXC US have agreed that (i) they shall request the Target Company to conduct the Share Consolidation after the completion of the settlement of the Tender Offer, (ii) they shall request the Target Company to conduct the Capital Increase by Third-Party Allotment and the Capital Decrease, Etc. after the completion of the Squeeze-Out, and (iii) DXC US shall transfer the Untendered Shares to the Target Company for the total consideration amount of 6,986,500,000 yen through the Target Company's Share Repurchase after the Capital Increase by Third-Party Allotment and the Capital Decrease, Etc. become effective.

(B) The Partnership Agreement

Upon conducting the Tender Offer, SIGP and DXC Pension have executed the Partnership Agreement dated September 1, 2020 and agreed to the following matters:

- (i) DXC Pension may appoint one director of the Target Company;
- (ii) If SI Fund directly or indirectly disposes of the Target Company Shares, DXC Fund shall have a tag-along right; and
- (iii) If SI Fund directly or indirectly disposes of the Target Company Shares, SI Fund shall have a right to request DXC Fund to participate in the sale.

4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased

(1) Period of the Tender Offer

(A) Initial period as of registration

Tender offer period	December 25, 2020 (Friday) to February 15, 2021 (Monday (31 Business Days))
Date of public notice	December 25, 2020 (Friday)
Name of newspaper in which public notice is to appear	An electronic public notice will be conducted, and a notice to that effect will be published in the Nikkei. (URL of the electronic public notice: http://disclosure.edinet-fsa.go.jp/)

(B) Possibility of extension by request of the Target Company

N/A

(C) Person to contact for information about extension of Tender Offer Period

N/A

(2) Price of Tender Offer

Share certificates	590 yen per share
Call options	—
Bonds with call options	—
Trust beneficiary certificates for Share Certificates, Etc. ()	—
Deposit receipts for Share Certificates, Etc.	—

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Basis of Valuation	<p>In deciding the Tender Offer Price, the Tender Offeror conducted a multifaceted and comprehensive analysis of the Target Company's business and financial status based on the Target Company's disclosed financial information and the results of due diligence conducted with respect to the Target Company. In light of the fact that the Target Company Shares are traded on a financial instruments exchange, the Tender Offeror also referred to 409 yen, which was the closing price for the Target Company Shares quoted on the JASDAQ of the TSE on December 23, 2020 (which was the Business Day immediately preceding the announcement date of the Tender Offer); 448 yen (to be rounded to the nearest whole yen; the same applies to each simple average closing price below), which was the simple average closing price for the Target Company Shares over the one-month period from November 24, 2020 to December 23, 2020; 507 yen, which was the simple average closing price for the Target Company Shares over the three-month period from September 24, 2020 to December 23, 2020; and 484 yen, which was the simple average closing price for the Target Company Shares over the six-month period from June 24, 2020 to December 23, 2020. In addition, the Tender Offeror comprehensively considered, among other things, the results of discussions and negotiations with the Target Company and DXC, the support for the Tender Offer by the Target Company's board of directors, the estimated number of shares to be tendered in the Tender Offer, and examples of premiums added to offer prices in tender offers conducted in the past for the purpose of making the target companies wholly-owned subsidiaries of the tender offerors, and the Tender Offeror finally decided on the Tender Offer Price of 590 yen per share on December 23, 2020. The Tender Offer Price of 590 yen per share represents a premium of 44.25% (rounded to two decimal places; the same applies to the calculation of premium percentages below) on 409 yen, which was the closing price for the Target Company Shares quoted on the JASDAQ of the TSE on December 23, 2020 (which was the Business Day immediately preceding the announcement date of the Tender Offer); a premium of 31.70% on 448 yen, which was the simple average closing price for the Target Company Shares over the one-month period from November 24, 2020 to December 23, 2020; a premium of 16.37% on 507 yen, which was the simple average closing price for the Target Company Shares over the three-month period from September 24, 2020 to December 23, 2020; and a premium of 21.90% on 484 yen, which was the simple average closing price over the six-month period from June 24, 2020 to December 23, 2020.</p>

	<p>The Tender Offer Price of 590 yen also represents a premium of 42.51% on 414 yen, which was the closing price for the Target Company Shares on December 24, 2020, which was the Business Day immediately preceding the date hereof.</p> <p>As the Tender Offeror decided on the Tender Offer Price based on discussions and negotiations with the Target Company and DXC while comprehensively taking into account the factors stated above, the Tender Offeror did not obtain a share price valuation report from a third-party appraiser.</p>
<p>Background of Valuation</p>	<p>(Background of the Decisions on the Tender Offer Price)</p> <p>As stated in “(B) Discussions among the Tender Offeror and the Target Company and DXC and Process of Decision-Making by the Tender Offeror” of “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” in “3. Purpose of the Tender Offer” above, DXC, which is the ultimate parent company of the Target Company, caused DXC US to propose to several companies a partial transfer and privatization of the Target Company Shares held by DXC from January 2019 in order to examine a new partner from the perspective of strengthening its competitiveness and enhancing its corporate value. As a result, because only the Longreach Group proposed to acquire all of the Target Company Shares and privatize the Target Company Shares, DXC executed a confidentiality agreement with the Longreach Group on March 4, 2019 and had consultations regarding the possibility of privatizing the Target Company Shares, and based on the terms of those consultations, the Longreach Group submitted a preliminary letter of intent expressing its intention to acquire the Target Company Shares to DXC on April 16, 2019. Then, in order to conduct a more concrete examination of the possibility of collaboration with the Target Company, in late May 2019, the Longreach Group executed a confidentiality agreement with the Target Company and DXC, received partial disclosure of the financial information and business strategy plans of the Target Company, and commenced the concrete examination of the possibility of privatizing the Target Company Shares and a growth strategy for the enhancement of the Target Company’s corporate value over the medium to long term to which the Longreach Group may contribute.</p> <p>Based on those examinations, the Longreach Group proposed to DXC a transaction scheme where the Longreach Group ultimately holds 62% of the Target Company Shares and DXC holds 38% of the Target Company Shares through the acquisition of all of the Target Company Shares held by the minority shareholders of the Target Company through a tender</p>

offer and subsequent squeeze-out procedures by the Longreach Group, and the acquisition of part of the Target Company Shares held by DXC through a share repurchase on October 21, 2019. Then, based on such proposal, the Longreach Group had consultations with DXC on multiple occasions and made another proposal to DXC including, but not limited to, a more concrete post-investment growth strategy plan and the terms of a governance policy under a co-investment structure in mid-April 2020. With respect to the form of the joint investment, the Longreach Group proposed a scheme where in order to minimize DXC's influence on the Target Company's management after the transaction, the Longreach Group would cause a joint investment fund established and operated by the Longreach Group to receive contributions from the DXC Pension as a passive co-investor who does not lead investment decisions or management decisions, and the joint investment fund would ultimately hold all of the Target Company Shares. As a result, in relation to the privatization of the Target Company Shares, the Longreach Group received a response from DXC to the effect that the proposal of the Longreach Group will contribute to future enhancement of the corporate value of the Target Company and gives due consideration to the preservation of a good relationship with DXC, and DXC will provide full support. Upon the receipt of the response, the Longreach Group proposed to the Target Company the privatization of the Target Company Shares on May 15, 2020. Then, from late May 2020, the Longreach Group conducted due diligence (which was completed in mid-July 2020) with respect to the Target Company's business, finances, taxes and legal affairs and held interviews with the Target Company's management. In light of the information obtained in the process of such due diligence and interviews, the Longreach Group further analyzed and examined the significance of the Transactions, the acquisition structure and the feasibility of the Transactions and continued to have consultations with DXC on the terms and conditions of the Transactions, including the consideration for the Transactions. During such consultations, the Longreach Group and DXC discussed the options of various schemes, including a scheme where DXC US offers its Target Company Shares in the tender offer and a scheme where a tender offer for the purpose of acquiring the Target Company Shares held by the minority shareholders of the Target Company and a tender offer for the purpose of acquiring the Target Company Shares held by DXC US are conducted, and the tender offer price in the tender offer for the purpose of acquiring the Target Company Shares held by the minority shareholders of the Target Company is set to be higher than the tender offer price in the tender offer for the purpose of acquiring the Target Company

	<p>Shares held by DXC US, and included input from experts, taking into account the economic interests to be obtained by the Target Company's shareholders from the Transactions, the stability of the Transactions and other matters. Then, the Longreach Group and DXC determined that they would propose the Acquisition Scheme to the Target Company. The Longreach Group and DXC decided to adopt the Acquisition Scheme in light of the interests of the Target Company's minority shareholders, taking into account the fact that despite the disadvantages of more time being required to complete all of the transactions and there being greater complexity compared to a scheme where DXC US offers its Target Company Shares in the tender offer, it is possible to distribute a greater amount of the funds necessary for the acquisition of all of the Target Company Shares to the Target Company's minority shareholders and increase the interests of the Target Company's minority shareholders by adopting the Acquisition Scheme and setting the Tender Offer Price at a price higher than the Target Company's Repurchase Price, the fact that because DXC US is a foreign corporation and the provisions on the exclusion of deemed dividends from gross profits prescribed in the Corporation Tax Act do not apply to DXC US, although the price is set unfavorably to DXC US, it will have the opportunity to sell the Untendered Shares that it holds (13,973,000 shares) at the Target Company's Repurchase Price, and the fact that it is possible that it will take less time to complete all of the transactions compared to the scheme where a tender offer for the purpose of acquiring the Target Company Shares held by the minority shareholders of the Target Company and a tender offer for the purpose of acquiring the Target Company Shares held by DXC US are conducted.</p> <p>As described above, while the Longreach Group and DXC maintain a good relationship as business partners important to both the Target Company and DXC, they have agreed that in order to minimize DXC's influence on the decision-making of the Target Company on future growth strategies, instead of DXC directly holding part of the equity interests of the Tender Offeror, the DH Fund to be established and operated by the Longreach Group holds 100% of the equity interests and the DXC Fund, to which DXC Pension makes capital contributions, will hold 21% of the equity interests in the DH Fund as a passive co-investor who is not involved in investment decisions or management decisions. With respect to the ratio of investment in the DH Fund, as a result of consultation based on the absolute requirement that the Longreach Group would have a majority of the equity interests, it was agreed that the Longreach Group will hold 79% and the DXC Fund will hold 21% so as to satisfy both</p>
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	<p>companies' criteria for the minimum investment amount per transaction.</p> <p>Based on such decision, the Longreach Group made a proposal on September 1, 2020 to the Target Company regarding its intention to set the Tender Offer Price at 515 yen, which was the total of 424 yen, the closing price for the Target Company Shares on the JASDAQ of the TSE on the previous day (August 31, 2020), and a premium of 21%, and the Target Company's Repurchase Price at 500 yen, which was the total of 424 yen and a premium of 18%. Then, after consultations on multiple occasions with the Target Company and DXC and receiving a request from the Target Company to increase the price to a level in line with the current stock price, and taking into account the rapid increase in the stock price of the Target Company Shares after September 2020 and past average stock prices, as a result of the Longreach Group continuing to consult with the Target Company and DXC, it was agreed with DXC that the Tender Offer Price would be at 590 yen and, in light of the maximum amount of investment by the Longreach Group based on the corporate value calculated by the Longreach Group, the Target Company's Repurchase Price would be left unchanged at 500 yen. The Longreach Group made a proposal on October 19, 2020 to the Target Company indicating that the Tender Offer Price be increased to 590 yen. Then, from late October 2020 to mid-November 2020, the Longreach Group held question-and-answer sessions with the Target Company about the management system and policy after investment, and it provided explanations about the management system and policy by meeting with the current executive officers of the Target Company. In addition, from mid-November 2020, the Longreach Group provided explanations about its opinions and policy regarding the intentions of the current executive officers of the Target Company, held question-and-answer sessions with the Target Company about these matters, and continued to have consultations regarding transaction terms and conditions, including the purchase price per Target Company Share. Specifically, although from mid-November 2020, the Target Company requested the Tender Offeror to raise the Tender Offer Price to 615 yen or above, which is the purchase price per share of the New MBO Proposal, the Tender Offeror has not changed the Tender Offer Price because it considers (i) that there is doubt as to the feasibility of the New MBO Proposal (for details, please refer to "(i) Establishment of a structure for review and process of review" in "(C) Process of and Reasons for the Decision to Support the Tender Offer by the Target Company" below) because it is conditioned on DXC's approval and (ii) that the Tender Offer Price is the sum of the latest market value of the Target Company and a certain premium, is reasonable taking</p>
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into account the result of the analysis of the Target Company's business and financial status by the Tender Offeror, and will provide to the Company's general shareholders a reasonable opportunity to sell shares.

(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)

In order to ensure the fairness of the Tender Offer Price and avoid conflicts of interest between the DXC Group and minority shareholders of the Target Company—and in light of the fact that the Tender Offeror and DXC US, which is the parent company of the Target Company and a wholly owned subsidiary of DXC, have executed the Transaction Agreement and DXC Group's interests may not necessarily align with those of the minority shareholders of the Target Company—the Tender Offeror and the Target Company implemented the following measures. Among the statements below, matters relating to the measures implemented by the Target Company are based on the Target Company's Press Release and the explanations given by the Target Company.

As stated in "(1) Outline of the Tender Offer" of "3. Purpose of the Tender Offer" above, in light of the fact that the Tender Offeror has executed the Transaction Agreement with DXC US, the Tender Offeror believes that, if the minimum number of Share Certificates, Etc. to be purchased is set to the so-called "majority of minority" in the Tender Offer, it would increase the uncertainty as to whether the Tender Offer will be completed and, on the contrary, it would not contribute to the interests of minority shareholders who wish to tender their shares in response to the Tender Offer. For this reason, in the Tender Offer, the Tender Offeror does not set the minimum number of Share Certificates, Etc. to be purchased to be the majority of minority. However, the Tender Offeror and the Target Company have implemented the measures described below as measures to ensure fairness of the Tender Offer Price and measures to avoid conflicts of interest, and thus the Tender Offeror believes that the interests of shareholders of the Target Company are fully considered.

(A) Obtainment by the Target Company of a Share Price Valuation Report from an Independent Financial Advisor and Third-Party Appraiser

According to the Target Company's Press Release, when examining the appropriateness of the terms and conditions of the Transactions, including the Tender Offer Price, and conducting

	<p>negotiations and making determinations regarding the terms and conditions, in order to ensure the fairness thereof, the Target Company requested Mizuho Securities, which is a financial advisor and third-party appraiser independent from the Target Company, the Tender Offeror, and DXC US, to evaluate the Target Company Shares and conduct financial analysis incidental thereto and obtained the Share Price Valuation Report (Mizuho Securities) on December 24, 2020.</p> <p>Mizuho Securities is not a party affiliated with the Target Company, the Tender Offeror, or DXC and does not have a material interest in the Transactions, including the Tender Offer. The fees payable to Mizuho Securities for the Transactions include contingency fees to be paid subject to the completion of the Tender Offer. The Target Company did not obtain an opinion letter regarding the fairness of the price of the Tender Offer (a fairness opinion).</p> <p>Based on Mizuho Securities' belief that it is appropriate to evaluate the Target Company Shares from various aspects after examining factors such as the financial condition of the Target Company and trends in the market prices of the Target Company Shares, it considered which of several share value calculation methods should be used and, as a result, conducted evaluation of the Target Company Shares using the market price method because the Target Company Shares are listed on the JASDAQ of the TSE and have a market price, the comparable company method because there are several listed companies engaged in businesses that are relatively similar to those that the Target Company operates and it is possible to analogize stock prices in comparison to similar companies, and DCF analysis in order to reflect future business activity conditions of the Target Company in the calculation. The range of values per Target Company Share calculated by each of the above methods is as follows.</p> <p>Market price method: From 409 yen to 507 yen Comparable company method: From 388 yen to 602 yen DCF Analysis: From 526 yen to 847 yen</p> <p>The range of values per Target Company Share obtained from the market price method is 409 yen to 507 yen, which is calculated based on 409 yen, the closing price of the Target Company Shares quoted on the JASDAQ of the TSE as of the evaluation reference date of December 23, 2020 (the Business Day before the announcement date of the Tender Offer) and 448 yen, 507 yen, and 484 yen, the simple average closing prices for the Target Company Shares quoted on the JASDAQ over the preceding one-month, three-month, and six-month periods, respectively.</p>
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The range of values per Target Company Share obtained from the comparable company method is 388 yen to 602 yen, which is derived by evaluating the Target Company's share value by selecting Ad-Sol Nissin Corporation, System Information Co., Ltd., Cube System Inc., SOLXYZ Co., Ltd., Toho System Science Co., Ltd., Cross Cat Co., Ltd., R&D Computer Co., Ltd., Needs Well Inc. and Techfirm Holdings Inc. as listed companies engaged in businesses that are relatively similar to those that the Target Company operates and using a multiple of EBITDA to the corporate value.

The range of values per Target Company Share obtained from the DCF Analysis is 529 yen to 847 yen, which is derived by evaluating the Target Company's corporate value and share value as calculated by discounting to the present value at a certain discount rate the free cash flow that the Target Company is expected to generate from the fourth quarter of Y.E. December 2020 based on revenue forecasts and investment plans set out in the business plan prepared by the Target Company for the three years from Y.E. December 2020 (from October 2020) to Y.E. December 2022, as well as other factors such as publicly released information. 5.75% to 7.75% is adopted as the discount ratio, the perpetuity growth rate method is adopted for the calculation of continuous value, and the perpetuity growth rate is determined to be 1.00% to 1.00%.

The business plan (consolidated) prepared by the Target Company, which is used by Mizuho Securities in the DCF analysis, covers a certain fiscal year in which significant increases or decreases in profits year-on-year are expected. Specifically, the forecast for operating profit for Y.E. December 2021 is 1,000 million yen, a 56.5% increase year-on-year, while the forecast for EBITDA is 1,261 million yen, a 40.8% increase year-on-year, and these are mainly caused by the effects of an increase in sales due to the negative impact of the spread of COVID-19 being mitigated and to the expanded sales of strategic products such as BI and RPA. The financial forecast in the business plan does not necessarily assume that the Tender Offer will be executed.

The specific figures of the Target Company's financial forecast (consolidated) based on which Mizuho Securities made calculations by the DCF analysis are as follows:

(Unit: million yen)

	Y.E. December 2020 (3 months)	Y.E. December 2021	Y.E. December 2022

Sales	2,186	11,241	12,976
Operating profit	110	1,000	1,223
EBITDA	174	1,261	1,484
Free cash flow	166	684	839

(B) Obtainment by the Target Company of Advice from an Independent Legal Advisor

According to the Target Company's Press Release, in order to ensure the fairness and appropriateness of the decision-making of the Target Company's board of directors, the Target Company appointed Nagashima Ohno & Tsunematsu as a legal advisor independent from the Target Company, the Tender Offeror, and DXC US and received legal advice, including advice on matters such as measures to be taken to ensure the fairness of the procedures for the Transactions, the procedures for the Transactions, methods of decision-making of the Target Company regarding the Transactions, and its decision-making process.

Nagashima Ohno & Tsunematsu is not a party affiliated with the Target Company, the Tender Offeror, or DXC and does not have a material interest in the Transactions, including the Tender Offer.

(C) Establishment by the Target Company of an Independent Special Committee

(i) Process of establishment, etc.

According to the Target Company's Press Release, in order to ensure the fairness of the Tender Offer Price, eliminate arbitrary decision-making regarding the Transactions, ensure the fairness, transparency, and objectivity of the decision-making process of the Target Company, and avoid any conflicts of interest, the Target Company's board of directors established, by its resolution at an extraordinary meeting held on May 25, 2020, a special committee independent from the Target Company, the Tender Offeror, and the DXC Group, which is composed of three members, namely, Mr. Satoshi Soga (a substitute director and a member of the audit and supervisory committee of the Target Company and the representative director of Xiidea Consulting, Ltd.), who has many years of business experience and results in the information systems business as well as abundant experience and knowledge as a company manager, Ms. Yuri Tatsuta (an outside director and a member of the audit and supervisory committee of the Target Company, a certified public accountant

	<p>and the representative of Yuri Tatsuta Tax Accounting Office), who has abundant experience, expertise, and the like with regard to the provision of advice from a financial perspective as a certified public accountant, and another person who has knowledge on legal affairs (whose appointment was to be determined by the special committee; accordingly, Mr. Zen Tatsumura (attorney-at-law, Tatsumura Law Office), who has long been involved in corporate legal affairs and has abundant experience, expertise, and the like as a lawyer, was appointed at the first meeting of the special committee held on June 8, 2020). The members of the special committee have not changed since their initial appointment.</p> <p>Then, the Target Company’s board of directors delegated the special committee to examine and provide its opinion to the Target Company’s board of directors regarding (i) whether or not the Target Company’s board of directors should support the Transactions and recommend that the Target Company Shares be tendered and (ii) whether or not the Target Company’s board of directors’ decision on the Transactions is disadvantageous to general shareholders (collectively, the “Delegated Matters”). In addition, the Target Company’s board of directors resolved (i) to give the highest degree of respect to the determinations of the special committee when making decisions on the Transactions, (ii) if the special committee determines that the implementation of the Transactions or the terms and conditions of the Transactions are not appropriate, not to approve the Transactions under those terms and conditions, and (iii) to authorize the special committee (a) to be substantially involved in negotiations about terms and conditions and other matters related to the Transactions (including giving instructions and making requests to the Target Company about the Target Company’s negotiation policy and engaging in negotiations itself as necessary), (b) to appoint its own external advisors if necessary when examining the Delegated Matters (any expenses incurred in this case are to be borne by the Target Company) and to designate or approve (including ex post facto approval) external advisors of the Target Company, and (c) to receive from the Target Company’s officers and employees any information necessary for conducting the examination and making determinations regarding the Transactions.</p> <p>The special committee decided to appoint Stand by C as its own financial advisor and third party appraiser independent from the Target Company, the Tender Offeror, and DXC US.</p> <p>Further, the special committee approved the appointment by the Target Company of Mizuho Securities as its financial advisor and third party appraiser and Nagashima Ohno & Tsunematsu as its legal advisor after confirming that there were no issues concerning the independence and expertise of Mizuho Securities</p>
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	<p>and Nagashima Ohno & Tsunematsu and confirmed that the special committee itself may receive professional advice as necessary from Nagashima Ohno & Tsunematsu, the legal advisor. The special committee received legal advice, including advice on matters such as measures to be taken to ensure the fairness of the procedures for the Transactions, the methods of deliberations on the Transactions by the special committee, and the process of the deliberations from Nagashima Ohno & Tsunematsu, the legal advisor.</p> <p>Each of the members of the special committee will be paid remuneration calculated based on the actual hours worked multiplied by the hourly rate of that member as consideration for his/her duties, irrespective of the matters reported.</p> <p>(ii) Process of review</p> <p>According to the Target Company's Press Release, the special committee held meetings 27 times in total (approximately 40 hours in total) during the period from June 8, 2020 to December 23, 2020, and the members of the special committee performed their duties for the Delegated Matters by, among other actions, reporting to and sharing information with other members as well as deliberating and making decisions on the relevant matters through frequent emails during periods in between those meetings.</p> <p>Specifically, the special committee received explanations from and held question-and-answer sessions with Nagashima Ohno & Tsunematsu about matters such as (i) the scheme of the Transactions proposed by the Tender Offeror and the expected schedule for the Transactions, (ii) the necessity to ensure the fairness of the procedures for the Transactions and measures to be taken for that purpose, (iii) roles that the members of the special committee are requested to perform, and (iv) whether it is necessary to obtain a fairness opinion.</p> <p>In addition, the special committee received explanations from and held question-and-answer sessions with the Target Company about matters such as (i) the course of events leading to the Transactions, (ii) its views on the significance of the Transactions and the matters proposed by the Tender Offeror, (iii) the business environment surrounding the Target Company, (iv) management issues concerning the Target Company and its current measures and business strategy to address those issues, (v) the Target Company's management policy after the Transactions, (vi) the status of the Target Company's examination of the Transactions, and (vii) matters discussed with the Tender Offeror and DXC US. Additionally, the special committee received explanations from and held question-and-answer sessions with the Target Company about</p>
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	<p>the process of preparing the business plan approved by the Target Company’s board of directors on November 29, 2019 (the “Business Plan”) and the mid-term management plan, the contents thereof, and the reasonableness of material assumptions or the like.</p> <p>Further, the special committee received explanations directly from and held question-and-answer sessions with the Longreach Group about matters such as (i) the purposes of and reasons for conducting the Transactions, (ii) the background that led the Target Company to choose to conduct the Transactions at this time and reasons therefor, (iii) the Target Company’s management policy and management structure after the Transactions, (iv) advantages and disadvantages of the Transactions, (v) the details of business strategies and specific measures after the Transactions and the feasibility thereof, and (vi) the procedures and terms and conditions regarding the Transactions.</p> <p>Also, the special committee confirmed the reasonableness of the details of the Business Plan based on the explanations from the Target Company and advice given by Stand by C from a financial perspective. Then, as described in “(A) Obtainment by the Target Company of a Share Price Valuation Report from an Independent Financial Advisor and Third-Party Appraiser” above and “(D) Obtainment by the Special Committee of a Share Price Valuation Report from an Independent Financial Advisor and Third-Party Appraiser” below, Stand by C and Mizuho Securities conducted evaluations of the Target Company Shares based on the Business Plan, and the special committee received explanations from and held question-and-answer sessions with Stand by C and Mizuho Securities about (i) the calculation methods used by them for their evaluations of the Target Company Shares, (ii) the reasons for using those calculation methods, and (iii) the details of calculations and material assumptions for each calculation method (including the basis of the calculation of the discount rate used in the DCF analysis and the reasons for selecting the comparable companies referred to in the comparative company analysis or comparative company method), and then deliberated on and examined these matters to confirm that they are reasonable.</p> <p>Furthermore, the special committee received explanations from Nagashima Ohno & Tsunematsu about the matters stated in the drafts of the press release and the opinion statement regarding the Tender Offer to be released or filed by the Target Company, as well as the matters stated in the draft of the tender offer registration statement for the Tender Offer to be filed by the Tender Offeror, thereby confirming that a substantial amount of information will be disclosed.</p>
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	<p>(iii) Determinations</p> <p>According to the Target Company’s Press Release, following the process described above, the special committee submitted the Report mainly stating the matters set out below on December 24, 2020 to the Target Company’s board of directors with the unanimous approval of all members of the special committee as a result of careful and repeated discussions and examination of the Delegated Matters based on the legal advice from Nagashima Ohno & Tsunematsu, advice from Stand by C from a financial perspective, and the matters stated in the Share Price Valuation Report (Mizuho Securities) submitted on December 24, 2020 and in the Share Price Valuation Report (Stand by C) submitted on December 23, 2020.</p> <p>(a) Matters reported</p> <ul style="list-style-type: none"> - The Target Company’s board of directors should support the Transactions but take a neutral position regarding whether the shareholders of the Target Company tender shares in the Tender Offer, thereby leaving that decision to the judgment of its shareholders. - The special committee believes that the Target Company’s board of directors’ decision to express an opinion in support of the Tender Offer and to take a neutral position regarding whether the shareholders of the Target Company tender shares in the Tender Offer, thereby leaving that decision to the judgment of its shareholders, would not be disadvantageous to the minority shareholders of the Target Company. In addition, the special committee believes that the Target Company’s board of directors’ determination to make the Target Company a wholly-owned subsidiary of the Tender Offeror after the completion of the Tender Offer would not be disadvantageous to the minority shareholders of the Target Company. <p>(b) Reasons for giving the above opinions in the Report</p> <p>i. Whether the Transactions will contribute to the enhancement of the Target Company’s corporate value</p> <p>The special committee determined that the Transactions are likely to contribute to the enhancement of the corporate value of the Target Company based on the following reasons.</p> <ul style="list-style-type: none"> - The special committee has the same awareness as that of the Target Company and the Tender Offeror regarding the current status of the business environment surrounding the Target Company and the management issues concerning the Target
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	<p>Company described in “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” of “3. Purpose of the Tender Offer” above, and it has no objection to these matters.</p> <ul style="list-style-type: none"> - The special committee believes that the Tender Offeror provided explanations about the significance and purpose of the Transactions, the advantages of the Transactions, and the management structure after the Transactions described in “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” of “3. Purpose of the Tender Offer” above in certain concrete terms based on the business environment surrounding the Target Company and the management issues concerning the Target Company and that it can be determined to be necessary and reasonable to implement the Transactions in order to attempt to achieve the growth and increased competitiveness of the Target Company. - The business plan prepared by the Longreach Group can be evaluated highly in that (a) it was formulated after appropriately analyzing the current status and issues of the Target Company, (b) it specifically states that it will not be possible to prevail against competition by merely continuing the current form of business and thus the Longreach Group will carry out aggressive investment, (c) it commits to procuring necessary funds and human resources to achieve the growth strategy, and (d) it aims to push ahead with reform in cooperation with the employees of the Target Company, not by relying only on external forces. - Although the special committee believes that the Transactions have some disadvantages in that (a) they could decrease the name recognition of the Target Company and have a negative impact on its sales and recruitment as a result of privatization, (b) there is a possibility that the Target Company could lose local governments and the like as clients due to the fact that the Target Company will become a subsidiary of a private equity fund, and (c) appeal for employees could decrease due to changes in the management structure, it is considered that all of these issues are merely abstract concerns and their impact on the Target Company’s corporate value would be limited. In addition, as described in “(C) Process of and Reasons for the Decision to Support the Tender Offer by the Target Company” of “(2) Background, Purpose, and Decision-Making Process with
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	<p>respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” under “3. Purpose of the Tender Offer” above, the Longreach Group plans to take various measures for the employees of the Target Company, and this would significantly reduce the level of concern that the Target Company’s corporate value could be adversely affected by employees leaving the Target Company, and the special committee infers from these facts that the advantages of the Transactions will surpass the disadvantages of the Transactions to a considerable degree.</p> <p>ii. Fairness of process of negotiations leading to the Transactions and other related procedures</p> <p>The special committee determined that the process of negotiations leading to the Transactions and other related procedures are likely to be fair based on the following reasons.</p> <ul style="list-style-type: none"> - The Target Company’s board of directors established a special committee independent from the Target Company and the Tender Offeror. - The Target Company ensured a system under which the special committee is able to be substantially involved in negotiations with the Tender Offeror, and negotiations with the Tender Offeror can be regarded as having been conducted with the substantial involvement of the special committee. - The Target Company’s examination and decision-making regarding the Transactions were conducted by disinterested directors. - The Target Company received legal advice from Nagashima Ohno & Tsunematsu, an independent legal advisor. - The Target Company obtained a share price valuation report from Mizuho Securities, an independent financial advisor and third-party appraiser. - The special committee obtained a share price valuation report from Stand by C, who is the special committee’s own financial advisor and third-party appraiser. - The special committee believes that DXC conducted active market checks as stated in “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” of “3. Purpose of the Tender Offer” above. In
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	<p>addition, the Target Company and the Tender Offeror have not entered into any agreement that restricts the Target Company from contacting counter offerors other than the Tender Offeror, and the tender offer period of the Tender Offer has been set to a longer period (31 Business Days) than the minimum tender offer period under laws and ordinances (20 Business Days).</p> <ul style="list-style-type: none"> - The special committee believes that although it is planned that the tendering of shares by the majority of minority will not be a precondition for the Tender Offer, it is possible to determine that the Transactions are likely to contribute to the enhancement of the Target Company's corporate value, and the Tender Offer Price may be considered to be reasonable from the perspective of providing the general shareholders of the Target Company with an opportunity to recover their investments and can be determined to have been sufficiently valuated. Therefore, it is believed that not setting the tendering of shares by the majority of minority as a precondition for the Tender Offer, thereby not deliberately making the completion of the Tender Offer uncertain, is reasonable to a certain degree. - It is planned that appropriate information will be disclosed to minority shareholders. - It may be determined that measures to eliminate any coerciveness in the Transactions have been taken as much as possible. <p>iii Appropriateness of the Tender Offer Price and other terms and conditions for the Tender Offer</p> <p>The special committee determined that the Tender Offer Price and other terms and conditions for the Tender Offer are reasonable and appropriate from the perspective of providing the general shareholders of the Target Company with an opportunity to recover their investments based on the following reasons. However, because the purchase price per Target Company Share for the tender offer in the New MBO Proposal is 615 yen, and it is implied that there is a possibility of implementing a competitive tender offer in the case of the implementation of the tender offer as a part of the Transactions, if such competitive tender offer were to be actually implemented, there would be a possibility that the shareholders of the Target Company would be able to sell their shares in the Target Company at a price higher than the Tender Offer Price depending on the specific terms and conditions of the competitive tender offer. In light</p>
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	<p>of this fact and other circumstances, the special committee determined that it is reasonable to take a neutral position regarding whether or not to recommend that the Target Company's shareholders tender shares in the Tender Offer, thereby ultimately leaving that decision to the judgment of its shareholders.</p> <ul style="list-style-type: none"> - The process of negotiations regarding the Tender Offer Price stated in "(C) Process of and Reasons for the Decision to Support the Tender Offer by the Target Company" of "(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer" under "3. Purpose of the Tender Offer" above may be regarded as being conducted with the substantial involvement of the special committee. - The special committee did not find anything particularly unreasonable with regard to the methods and details of calculation in the Share Price Valuation Report (Mizuho Securities), and the Tender Offer Price is at a level within the range of the results of the calculation of the value per share using the DCF Analysis (from 526 yen to 847 yen) in the Share Price Valuation Report (Mizuho Securities) and is also at a level within the range of the results of the calculation of the value per share using the comparable company method (from 388 yen to 602 yen) in the Share Price Valuation Report (Mizuho Securities). - The special committee did not find anything particularly unreasonable with regard to the methods and details of calculation in the Share Price Valuation Report (Stand by C), and the Tender Offer Price is at a level within the range of the results of the calculation of the value per share using the DCF Analysis (from 552 yen to 634 yen) in the Share Price Valuation Report (Stand by C). - It can be determined that the level of the premium of the Tender Offer Price over the market price is not necessarily low compared to the examples of the levels of premiums added to offer prices in tender offers conducted in the past for the purpose of privatization of the target companies. - The Tender Offer Price exceeds the purchase price for the Target Company Shares owned by DXC US, which would contribute to the interests of minority shareholders of the Target Company in principle.
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	<p>- It can be determined that the purchase price for the aggregate sum of shares less than one unit in the Company as a result of the Share Consolidation (equality between the amount of cash to be delivered to shareholders who do not tender shares in the Tender Offer and the Tender Offer Price) and other transaction terms and conditions are similar as compared to those of transactions of similar type and size.</p> <p>(D) Obtainment by the Special Committee of a Share Price Valuation Report from an Independent Financial Advisor and Third-Party Appraiser</p> <p>According to the Target Company’s Press Release, in examining the Delegated Matters, in order to ensure the fairness of the terms and conditions of the Transactions, including the Tender Offer Price, the special committee requested Stand by C, its own financial advisor and third-party appraiser that is independent from the Target Company, the Tender Offeror, and DXC US, to evaluate the value of the Target Company Shares and to conduct financial analysis incidental thereto, and obtained the Share Price Valuation Report (Stand by C) on December 23, 2020. As stated in “(C) Process of and Reasons for the Decision to Support the Tender Offer by the Target Company” of “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” in “3. Purpose of the Tender Offer” above, the Target Company’s board of directors received the Share Price Valuation Report (Stand by C) at the same time it received the Report submitted by the special committee on December 24, 2020, and, based on the contents thereof, passed a resolution as stated in “(E) Approval of All Disinterested Directors of the Target Company” below.</p> <p>Stand by C is not a party affiliated with the Target Company, the Tender Offeror, or DXC US and does not have a material interest in the Transactions, including the Tender Offer. The remuneration of Stand by C for the Transactions is solely composed of fixed-rate fees to be paid irrespective of whether the Transactions are completed or not and does not include any contingency fees to be paid on the condition that the Transactions are completed or the like.</p> <p>Stand by C used the DCF Analysis in order to evaluate the share value of the Target Company while reflecting the Target Company’s future cash flow to be generated by its business activities because it is expected that the Target Company will continue its business activities and achieve a certain amount of revenue, and it used the market price method because the Target Company Shares are listed on JASDEQ of the TSE and therefore</p>
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	<p>have a market value. The ranges of values per Target Company Share calculated by each of those methods are as follows.</p> <p>Market price method: From 409 yen to 507 yen DCF Analysis: From 522 yen to 634 yen</p> <p>The range of values per Target Company Share obtained from the market price method is 409 yen to 507 yen, which is calculated based on 409 yen, the closing price of the Target Company Shares quoted on the JASDAQ of the TSE as of the evaluation reference date of December 23, 2020 (the Business Day before the announcement date of the Tender Offer) and 448 yen, 507 yen, and 484 yen, the simple average closing prices for the Target Company Shares quoted on the JASDAQ of the TSE over the preceding one-month, three-month, and six-month periods, respectively.</p> <p>The range of values per Target Company Share obtained from the DCF Analysis is 522 yen to 634 yen, which is derived by evaluating the Target Company's corporate value and share value as calculated by discounting to the present value at a certain discount rate the free cash flow that the Target Company is expected to generate from the fourth quarter of Y.E. December 2020 based on revenue forecasts and investment plans set out in the business plan prepared by the Target Company for the three years from Y.E. December 2020 (from October 2020) to Y.E. December 2022, as well as other factors such as publicly released information. 8.5% to 9.5% are adopted as the discount ratio, and the perpetuity growth rate method is adopted for calculation of continuous value and the perpetuity growth rate is determined to be 1.0% to 2.0%.</p> <p>The business plan (consolidated) prepared by the Target Company that was used by Stand by C for its analysis through the DCF Analysis is the same as the business plan used by Mizuho Securities for its evaluation of share values as described above.</p> <p>(E) Approval of All Disinterested Directors of the Target Company</p> <p>According to the Target Company's Press Release, taking into account the legal advice from Nagashima Ohno & Tsunematsu, advice from a financial perspective and the Share Price Valuation Report (Mizuho Securities) obtained from Mizuho Securities, and the contents of the Share Price Valuation Report (Stand by C) submitted through the special committee, and respecting to the maximum extent the determinations of the</p>
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	<p>special committee indicated in the Report, the Target Company’s board of directors conducted careful discussions and examinations regarding whether the Transactions, including the Tender Offer, would contribute to the enhancement of the Target Company’s corporate value and whether the terms and conditions of the Transactions, including the Tender Offer Price, were appropriate, as stated in “(C) Process of and Reasons for the Decision to Support the Tender Offer by the Target Company” of “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” in “3. Purpose of the Tender Offer” above.</p> <p>As a result, the Target Company judged that (i) the Transactions, including the Tender Offer, would contribute to the enhancement of the Target Company’s corporate value and (ii) the terms and conditions of the Transactions, including the Tender Offer Price, were appropriate and secured the interests that should be enjoyed by the Target Company’s general shareholders, and the Tender Offer would provide the Target Company’s general shareholders with a reasonable opportunity to sell the Target Company Shares; accordingly, the Target Company resolved at its board of directors meeting held on December 24, 2020, with unanimous approval of the Target Company’s directors who participated in the deliberations and resolutions, to express its opinion in favor of the Tender Offer and to take a neutral position regarding whether the shareholders of the Target Company tender shares in the Tender Offer, thereby leaving that decision to the judgment of its shareholders, as stated in “(C) Process of and Reasons for the Decision to Support the Tender Offer by the Target Company” of “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” in “3. Purpose of the Tender Offer” above.</p> <p>Of the eight directors of the Target Company (Mr. Takatsugu Ibi resigned from his position as a director on December 20, 2020), Mr. Nozomu Nishikawa, Mr. Lilian Furno-Schneider, and Mr. Dai Kirisawa serve as the representative director, the CFO, and the Manager of the Delivery Management Division of DXC’s Japanese corporations respectively, Mr. Eizo Takami had a position as an executive officer of DXC’s Japanese corporations, and Mr. Tomohiro Kawada made a separate proposal for privatizing the Target Company Shares; therefore, from the standpoint of eliminating the possibility of the deliberations and resolutions at the board of directors meeting being affected by problems with structural conflicts of interests and problems with asymmetric information in the Transactions, the Target Company’s board of directors meeting held on December 24, 2020 stated above was two-tiered: first, (i) the three directors</p>
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	<p>other than Mr. Nozomu Nishikawa, Mr. Lilian Furno-Schneider, Mr. Dai Kirisawa, Mr. Eizo Takami, and Mr. Tomohiro Kawada participated in deliberations and passed a resolution as stated above by unanimous approval; and further, in order to exercise the utmost prudence, (ii) five directors (those three directors participating in (i) above plus Mr. Dai Kirisawa and Mr. Eizo Takami) once again passed a resolution as stated above by unanimous approval.</p> <p>(F) Measures for Securing Opportunities for Purchase by Other Tender Offerors</p> <p>According to the Target Company’s Press Release, DXC, which is the ultimate parent company of the Target Company, implemented a selection process in which it approached multiple companies regarding the transfer of the Target Company Shares held by DXC, as stated in “(B) Consultation between the Tender Offeror and the Target Company and DXC and Decision-Making Process of the Tender Offeror” of “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” under “3. Purpose of the Tender Offer” above. The Tender Offeror and the Target Company have not agreed to any transaction protection clause that prohibits the Target Company from contacting counter offerors or made any other agreement on any matter that would restrict counter offerors from contacting or performing other acts with the Target Company.</p> <p>In addition, although the shortest tender offer period under laws and ordinances is 20 Business Days, the Tender Offeror has set the Tender Offer Period for the Tender Offer to 31 Business Days. The Tender Offeror has set a comparatively long tender offer period to ensure an appropriate opportunity for the shareholders of the Target Company to make a decision about the tendering of shares in response to the Tender Offer while ensuring an opportunity for counter offers by parties other than the Tender Offeror as a means to guarantee the fairness of the Tender Offer.</p>
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Note: In calculating the share value of the Target Company Shares, Mizuho Securities has, in principle, used data such as information provided to it by the Target Company and publicly available information as presented; Mizuho Securities has assumed that all of those materials, information, and the like are accurate and complete and did not independently verify the accuracy and completeness of such materials and information. In addition, Mizuho Securities has assumed that information regarding the financial forecasts of the Target Company has been reasonably prepared based on the best forecasts and judgments obtainable from the management of the Target Company at present. Also, Mizuho Securities has not conducted an independent

evaluation or assessment, nor has it made any request to a third-party institution for any appraisal or assessment, in connection with any assets or liabilities (including off-balance-sheet assets and liabilities and other contingent liabilities) of the Target Company and any of its affiliates. The calculation by Mizuho Securities reflects the above information up to December 23, 2020.

Note: In calculating the share value of the Target Company Shares, Stand by C has, in principle, used data such as information provided to it by the Target Company and publicly available information as presented; Stand by C has assumed that all of those materials, information, and the like are accurate and complete and did not independently verify the accuracy and completeness of such materials and information. In addition, Stand by C has assumed that information regarding the financial forecasts of the Target Company has been reasonably prepared based on the best forecasts and judgments obtainable from the management of the Target Company at present. Also, Stand by C has not conducted an independent evaluation or assessment, nor has it made any request to a third-party institution for any appraisal or assessment, in connection with any assets or liabilities (including off-balance-sheet assets and liabilities and other contingent liabilities) of the Target Company and any of its affiliates. The calculation by Stand by C reflects the above information up to December 23, 2020.

(3) Number of Share Certificates, Etc. to be Purchased

Number of Share Certificates, Etc. to be purchased	Minimum number of Share Certificates, Etc. to be purchased	Maximum number of Share Certificates, Etc. to be purchased
12,063,005 shares	3,384,400 shares	– shares

(Note 1): If the total number of Tendered Share Certificates, Etc. is less than the minimum number of the Share Certificates, Etc. to be purchased (3,384,400 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. is equal to or more than the minimum number of the Share Certificates, Etc. to be purchased (3,384,400 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

(Note 2): In the Tender Offer, the Tender Offeror has not set a maximum number of Share Certificates, Etc. to be purchased, and thus the number of Share Certificates, Etc. to be purchased is stated as the maximum number of Share Certificates, Etc. of the Target Company to be acquired by the Tender Offeror through the Tender Offer (12,063,005 shares). The maximum number of Share Certificates, Etc. to be purchased in the Tender Offer is the number of shares (12,063,005 shares) representing (i) the total number of issued shares (26,051,832 shares) as of September 30, 2020, as stated in the Target Company's Quarterly Report, minus (ii) the 15,827 treasury shares held by the Target Company as of September 30, 2020 as stated in the Target

Company's Financial Statement and the number of Untendered Shares (13,973,000 shares) held by DXC US.

(Note 3): Shares less than one unit are also subject to the Tender Offer. If a right to demand purchase of shares less than one unit is exercised by a shareholder in accordance with the Companies Act, the Target Company may purchase its own shares during the Tender Offer Period in accordance with procedures under laws and regulations.

(Note 4): The Tender Offeror does not intend to acquire the treasury shares held by the Target Company through the Tender Offer.

5. Ownership Ratio of Share Certificates, Etc. after Tender Offer

Details	Number of voting rights
Number of voting rights represented by the Share Certificates, Etc. to be purchased: (a)	120,630
Number of voting rights represented by the potential Share Certificates, Etc. included in (a): (b)	-
Number of voting rights represented by trust beneficiary certificates and depositary receipts for Share Certificates, Etc. included in (b): (c)	-
Number of voting rights represented by the Share Certificates, Etc. held by the Tender Offeror (as of December 25, 2020): (d)	-
Number of voting rights represented by the potential Share Certificates, Etc. included in (d): (e)	-
Number of voting rights represented by trust beneficiary certificates and depositary receipts for Share Certificates, Etc. included in (e): (f)	-
Number of voting rights represented by the Share Certificates, Etc. held by specially related parties (as of December 25, 2020): (g)	139,730
Number of voting rights represented by the potential Share Certificates, Etc. included in (g): (h)	-
Number of voting rights represented by trust beneficiary certificates and depositary receipts for Share Certificates, Etc. included in (h): (i)	-
Total number of voting rights of all shareholders, etc. of the Target Company (as of September 30, 2020): (j)	260,243

Proportion of the number of voting rights represented by the Share Certificates, Etc. to be purchased in the total number of voting rights of all shareholders, etc. of the Target Company (a/j) (%)	46.33
Ownership ratio of Share Certificates, Etc. after the Tender Offer ((a+d+g)/(j+(b-c)+(e-f)+(h-i))×100) (%)	100.00

Note 1: “Number of voting rights represented by the Share Certificates, Etc. to be purchased: (a)” is the number of voting rights represented by the number of Share Certificates, Etc. to be purchased (12,063,005 shares) in the Tender Offer.

Note 2: “Number of voting rights represented by the Share Certificates, Etc. held by specially related parties (as of December 25, 2020): (g)” states the total number of voting rights represented by Share Certificates, Etc. held by each specially related party.

Note 3: “Total number of voting rights of all shareholders, etc. of the Target Company (as of September 30, 2020): (j)” is the number of voting rights of all shareholders of the Target Company as of September 30, 2020 stated in the Target Company’s Quarterly Report (based on the number of shares per unit being 100 shares). However, since the Target Company Shares including shares less than one unit (excluding treasury shares held by the Target Company) are subject to the Tender Offer, when calculating “Proportion of the number of voting rights represented by the Share Certificates, Etc. to be purchased in the total number of voting rights of all shareholders, etc. of the Target Company” and “Ownership ratio of Share Certificates, Etc. after the Tender Offer,” the number of voting rights (260,360) represented by 26,036,005 shares, which is the total number of issued shares (26,051,832 shares) of the Target Company as of September 30, 2020 stated in the Target Company’s Quarterly Report less the number of treasury shares held by the Target Company (15,827 shares) as of September 30, 2020 stated in the Target Company’s Financial Statement, is used as the denominator.

Note 4: “Proportion of the number of voting rights represented by the Share Certificates, Etc. to be purchased in the total number of voting rights of all shareholders, etc. of the Target Company” and “Ownership ratio of Share Certificates, Etc. after the Tender Offer” have been rounded to two decimal places.

6. Licenses, etc. concerning Acquisition of Share Certificates, Etc.

(1) Class of Share Certificates, Etc.

Common shares

(2) Relevant laws and regulations

(A) Foreign Exchange and Foreign Trade Act

The Tender Offeror made a filing pursuant to Article 27, Paragraph 1 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended; the “**Foreign Exchange Act**”) to the Minister of Finance and the competent Minister with respect to its business through the Bank of Japan on December 16, 2020, and the filing was received as of that date. After receipt of that filing, a waiting period of 30 days is required before the Tender Offeror can acquire the Target Company Shares, but the waiting period was reduced and the Tender Offeror can acquire the Target Company Shares from December 23, 2020.

(3) Date and number of approval

(A) Foreign Exchange Act

Date of approval: December 23, 2020

Approval No.: JD No. 983

7. Method of Tendering Shares in Response to the Tender Offer and Cancellation Thereof

(1) Method of tendering shares in response to the tender offer

(A) Tender offer agent

Nomura Securities Co., Ltd. 13-1, Nihombashi 1-chome, Chuo-ku, Tokyo

(B) Persons who accept the offer for the purchase of Share Certificates, Etc. in the Tender Offer or offer the sale of Share Certificates, Etc. in the Tender Offer (“**Tendering Shareholders, Etc.**”) are requested to fill out the prescribed “Tender Offer Subscription Form” and submit it to the head office or any domestic branch office of the tender offer agent by 3:30 p.m. on the last day of the Tender Offer Period. When tendering Share Certificates, Etc., a seal, My Number (Individual Number) or corporate number, and identification documents or the like may be necessary (see Note 1).

If a Tendering Shareholder, Etc. tenders Share Certificates, Etc. through the online service (the online service exclusively offered to customers who have accounts with the tender offer agent), please complete procedures through the online service at <https://hometrader.nomura.co.jp/> by 3:30 p.m. on the last day of the Tender Offer Period. In order to tender Share Certificates, Etc. through the online service, the Tendering Shareholder, Etc. needs to apply for use of the online service with an account in the name of the Tendering Shareholder, Etc. opened with the tender offer agent (a “**Tendering Shareholder, Etc. Account**”) (see Note 2).

Note: Due to measures for the prevention of the spread of COVID-19, services at the head office and branch offices may be suspended, or other special measures may be taken during the Tender Offer Period. For details, please contact the head office

or any domestic branch office of the tender offer agent. Also, for details of special measures and head and branch offices subject to such measures, see the website of the tender offer agent (<https://www.nomura.co.jp/>).

- (C) When accepting Share Certificates, Etc. tendered, the Share Certificates, Etc. that a Tendering Shareholder, Etc. intends to tender must be recorded in the relevant Tendering Shareholder, Etc. Account. Therefore, if any Share Certificates, Etc. that a Tendering Shareholder, Etc. intends to tender are recorded in an account opened with a financial instruments business operator, etc. other than the tender offer agent (including cases where they are recorded in a special account opened with Mizuho Trust & Banking Co., Ltd., which is the account administrator for the Target Company's special accounts), the Tendering Shareholder, Etc. must, before tendering, complete procedures for transferring them to the Tendering Shareholder, Etc. Account.
- (D) In the Tender Offer, Share Certificates, Etc. tendered through financial instruments business operators other than the tender offer agent will not be accepted.
- (E) Shareholders, etc. residing in foreign countries who do not have accounts with the tender offer agent that are available for trading (including corporate shareholders, etc., "**Non-Resident Shareholders, Etc.**") are requested to tender Share Certificates, Etc. through their standing proxies residing in Japan. Persons residing in foreign countries cannot tender Share Certificates, Etc. through the online service.
- (F) Individual shareholders residing in Japan will in principle be subject to separate self-assessment taxation concerning capital gains from transfer of shares, etc. with respect to capital gains on the difference between the sale price and the acquisition cost of Share Certificates, Etc. sold/purchased in the Tender Offer (see Note 3).
- (G) If all of the Tendered Share Certificates, Etc. are ultimately not purchased, the Share Certificates, Etc. that are not purchased will be returned to the Tendering Shareholders, Etc.

(Note 1): Seal, My Number (Individual Number) or corporate number, and identification documents or the like:

If a Tendering Shareholder, Etc. opens a new account with Nomura Securities Co., Ltd., the tender offer agent, the Tendering Shareholder, Etc. will be required to submit his/her seal as well as My Number (Individual Number) or corporate number and identification documents or the like. Also, even if the Tendering Shareholder, Etc. already has an account with the tender offer agent, the Tendering Shareholder, Etc. may be required to submit his/her My Number (Individual Number) or corporate number and identification documents or the like each time that procedures for a change of address or change of handling branch (the head or branch office that

handles the relevant transactions), tax-related procedures, or other procedures are carried out. Required identification documents will be different depending on the type of document submitted to verify My Number (Individual Number). Please inquire with the tender offer agent about the details of documents for verifying My Number (Individual Number) or corporate number and identification documents.

- Individuals:

Documents required when submitting My Number (Individual Number)

When submitting My Number (Individual Number), a prescribed “My Number Submission Form,” as well as (i) a document for verifying My Number (Individual Number) and (ii) an identification document(s) will be required.

(i) Documents for verifying My Number (Individual Number)

Any one of the following is required: Individual Number Card; Notification Card; a copy of a residence certificate stating My Number (Individual Number); or a certificate of items entered in residence certificate stating My Number (Individual Number).

(ii) Identification documents

Documents for verifying My Number (Individual Number)	Required identification documents
Individual Number Card	Not required
Notification Card	Any one of the documents described in (A) below; or Any two of the documents described in (B) below
Copy of a residence certificate stating My Number (Individual Number)	Any one of the documents described in (A) or (B) below (other than a copy of residence certificate and certificate of items entered in the residence certificate)
Certificate of items entered in residence certificate stating My Number (Individual Number)	

(A) Photo identification documents

- A copy of a valid original of the following must be submitted:

A passport; driver’s license; certificate of driving history; physical disability certificate; health and welfare certificate of persons with mental disorders; medical treatment and education handbook; residence card; or special permanent resident certificate.

(B) Identification documents without photos

- An original or a copy of the original of the following issued within the past six months must be submitted:

A copy of a residence certificate; certificate of items entered in the residence certificate; or seal registration certificate.

- A copy of a valid original of the following must be submitted:

A health insurance card; pension handbook (on which the holder's name, address and date of birth are stated); or welfare benefit certificate.

* An identification document (original or copy) must be a document that can verify the matters set out in the following two items:

(i) the expiration date of the identification document; and (ii) the address, name, and date of birth stated in the Tender Offer Subscription Form.

* A Tendering Shareholder, Etc. who goes through the procedures for tendering at the head office or a branch office of Nomura Securities Co., Ltd. will be requested to present originals of any required identification documents for immediate verification.

* If a copy is presented, the Tendering Shareholder, Etc. may be requested to present an original on another occasion.

* Nomura Securities Co., Ltd. will send transaction-related documents by mail to the address stated in the identification document to verify the identity of the Tendering Shareholder, Etc.

* When an identification document for opening a new account, a change of address, or other procedures is submitted, the identification document may also serve as a document required when submitting My Number (Individual Number) if it is an identification document of the account holder (it is not necessary to submit multiple originals or copies of the same document).

- Corporations:

A certificate of all recorded matters, document issued by a public office, or other identification document will be required.

Details required for identification: (i) corporate name; and (ii) address of the head office or principal office

In addition to the verification of the identity of the relevant corporation, the identity of its representative or agent and the person in charge of the transaction (who executes the agreement) must be verified.

When submitting a corporate number, a printout of a search result on the "Corporate Number Publication Site" of the National Tax Agency or a copy of a "Notification of Corporate Number" will be required as a document for verifying the corporate number. Also, the prescribed "Corporate Number Submission Form" may be required.

- Foreigners (excluding residents) and corporations whose head office or principal office is located in a foreign country:

Identification documents such as documents issued by a foreign government or a competent international organization and approved by the Japanese government or other similar documents equivalent to the identification documents required for Japanese residents will be required.

(Note 2): An application will be necessary for using the online service. Please complete the application procedures early because a password will arrive at the applicant's

registered address about one week after applying for use of the online service. Tendering procedures at the handling branch will take less time if the procedures are carried out around the end of the Tender Offer Period.

Individuals: New applications will be accepted on the login page of the online service. Alternatively, please contact the handling branch or the online service support number.

Corporations: Please contact the handling branch. Only corporations for whom no proxies or other agents are registered may tender Share Certificates, Etc. through the online service.

(Note 3): Separate self-assessment taxation concerning capital gains from transfer of shares, etc. (for individual shareholders):

For individual shareholders, capital gains from transfer of shares, etc. will in principle be subject to separate self-assessment taxation. Please consult with a certified tax accountant or other expert for any specific inquiries about taxation and make your own decision.

(2) Method of cancellation of agreement

Tendering Shareholders, Etc. may, at any time during the Tender Offer Period, cancel the agreement for the Tender Offer. If a Tendering Shareholder, Etc. intends to cancel the agreement, he/she will be requested to deliver or mail a document stating the intention to cancel the agreement for the Tender Offer (a “**Cancellation Document**”) to the head office or a domestic branch office of the person designated below that accepted the tendering of Share Certificates, Etc. by 3:30 p.m. on the last day of the Tender Offer Period. However, if a Cancellation Document is sent by mail, it will become effective on the condition that it arrives by 3:30 p.m. on the last day of the Tender Offer Period.

Please request the cancellation of the agreement for the tendering of Share Certificates, Etc. through the online service at <https://hometrader.nomura.co.jp/> or by delivering or mailing a Cancellation Document. If canceling through the online service, please follow the methods described on the web page and complete the cancellation procedures by 3:30 p.m. on the last day of the Tender Offer Period. Any agreement for the tendering of Share Certificates, Etc. accepted at the handling branch cannot be canceled by the cancellation procedures through the online service. If canceling by delivering or mailing a Cancellation Document, please request the handling branch to send a Cancellation Document in advance and deliver or mail the Cancellation Document to the handling branch by 3:30 p.m. of the last day of the Tender Offer Period. However, if a Cancellation Document is sent by mail, it will become effective on the condition that it arrives by 3:30 p.m. on the last day of the Tender Offer Period.

Note: Due to measures for the prevention of the spread of COVID-19, services at the head office and branch offices may be suspended, or other special measures may be taken during the Tender Offer Period. For details, please contact the head office or any domestic branch office of the tender offer agent. Also, for details of special measures and head and branch offices subject to such measures, see the website of the tender offer agent (<https://www.nomura.co.jp/>).

Party authorized to receive the Cancellation Document:

Nomura Securities Co., Ltd. 13-1, Nihombashi 1-chome, Chuo-ku, Tokyo
(or any other domestic branch of Nomura Securities Co., Ltd.)

(3) Method of return of Share Certificates, Etc.

If a Tendering Shareholder, Etc. requests to cancel the agreement for the Tender Offer in the manner described in “(2) Method of cancellation of agreement” above, the tendered Share Certificates, Etc. will be returned promptly after the completion of the cancellation procedures in accordance with the method indicated in “(4) Method of return of Share Certificates, Etc.” of “10. Method of Settlement” below.

(4) Name and address of the head office of financial instruments business operator/bank, etc. holding in trust and returning Share Certificates, Etc.

Nomura Securities Co., Ltd. 13-1, Nihombashi 1-chome, Chuo-ku, Tokyo

8. Funds Required for Tender Offer

(1) Funds, etc. required for tender offer

Purchase price (yen): (a)	7,117,172,950
Type of consideration other than cash:	-
Total amount of consideration other than cash:	-
Purchase commission: (b)	60,000,000
Others: (c)	4,000,000
Total (a)+(b)+(c):	7,181,172,950

Note 1: “Purchase price (yen): (a)” shows the amount obtained by multiplying the number of shares to be purchased (12,063,005 shares) by the Tender Offer Price (590 yen).

Note 2: “Purchase commission: (b)” consists of estimated commissions to be paid to the tender offer agent.

Note 3: “Others: (c)” consists of the estimated amount of fees and expenses including fees for public notice of the Tender Offer and printing fees of the explanatory statement of the Tender Offer and other necessary documents.

Note 4: There are other expenses to be paid to the tender offer agent and attorney's fees, etc., but the amounts of those expenses and fees are not determined as of the date of this Statement.

Note 5: The above amounts are exclusive of consumption tax, etc.

(2) Deposits or borrowings allocable for funds required for tender offer

(A) Deposits as of one day or two days preceding the date hereof

Type of deposit	Amount (thousand yen)
-	-
Total (a)	-

(B) Borrowings before the date hereof

(a) Financial institutions

	Category of business of lender	Name of lender	Terms of contract	Amount (thousand yen)
1	-	-	-	-
2	-	-	-	-
Total				-

(b) Others

Category of business of lender	Name of lender	Terms of contract	Amount (thousand yen)
-	-	-	-
-	-	-	-
Total			-

(C) Funds to be borrowed on or after the date hereof

(a) Financial institutions

	Category of business of lender	Name of lender	Terms of contract	Amount (thousand yen)
1	-	-	-	-
2	Bank	MUFG Bank, Ltd. 2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Japan	Borrowing to be allocated to funds required for the Transactions, etc. (Note) (1) Term Loan A Term of borrowing: seven years from the loan drawdown date of the First Term Loan Interest rate: variable interest rate based on JBA Japanese Yen TIBOR Security: Target Company Shares, etc. (2) Term Loan B Term of borrowing: seven years from the loan drawdown date of the First Term Loan Interest rate: variable interest rate based on JBA Japanese Yen TIBOR Security: Target Company Shares, etc.	(1) Term Loan A: 2,500,000 (2) Term Loan B: 2,500,000
Total (b)				5,000,000

Note: On December 23, 2020, the Tender Offeror obtained a loan certificate as evidence of the borrowing in the amount stated above from MUFG Bank, Ltd. stating that it is ready to make a loan of up to 5,000,000 thousand yen. The terms set out in the loan certificate attached hereto are planned to be stipulated in the agreement concerning the loan as conditions precedent for implementing the loan.

(b) Others

Category of business of lender	Name of lender	Terms of contract	Amount (thousand yen)
-	-	-	-
Total (c)			-

(D) Other methods of financing

Contents	Amount (thousand yen)
Contribution by DH Fund	7,100,000
Total (d)	7,100,000

Note: As evidence of the above financing, on December 24, 2020, the Tender Offeror obtained a certificate of contribution from the DH Fund, which holds 100% of the equity interests of the Tender Offeror, stating that it is prepared to make a contribution of up to 7,100,000 thousand yen to the Tender Offeror. The DH Fund intends to raise funds from the SI Fund and the DXC Fund, both of which are limited partners of the DH Fund, to fulfill its contribution stated above to the Tender Offeror, and on December 24, 2020, the DH Fund obtained a certificate of contribution from each of them stating that it is prepared to make a contribution of up to 5,600,000 thousand yen on the part of the SI Fund and 1,500,000 thousand yen on the part of the DXC Fund. The SI Fund intends to raise funds from Longreach Capital Partners 3 – JPY, L.P. (the “**LCP Fund**”) to fulfill its contribution stated above to the DH Fund, and on December 24, 2020, the SI Fund obtained a certificate of contribution from the LCP Fund stating that it is prepared to make a contribution of up to 5,600,000 thousand yen (the “**LCP Fund Contribution**”). The LCP Fund intends to procure funds required in connection with the LCP Fund Contribution through borrowing from Sumitomo Mitsui Banking Corporation, and the Tender Offeror has confirmed that Sumitomo Mitsui Banking Corporation is, under an agreement regarding loans with the LCP Fund, obligated to make a loan to the LCP Fund within the extent of a certain amount not lower than the amount of the LCP Fund Contribution pursuant to a notice by the LCP Fund. The DXC Fund intends to raise funds from the DXC Pension to fulfill its contribution stated above to the DH Fund, and on December 24, 2020, the DXC Fund obtained a certificate of contribution from the DXC Pension stating that it is prepared to make a contribution of up to 1,500,000 thousand yen. The Tender Offeror and the DXC Fund have confirmed, by confirming the balance certificate of the DXC Pension, that the DXC Pension has cash and deposits in an amount greater than the funds required in connection with such contribution.

(E) Total amount of deposits or borrowings allocable for funds required for purchase
12,100,000 thousand yen ((a)+(b)+(c)+(d))

- (3) Relationship between the Tender Offeror and the issuer of securities to be used as consideration for tender offer

N/A

9. Conditions of the Issuer of Securities to be Used as Consideration for the Tender Offer

N/A

10. Method of Settlement

- (1) Name and address of head office of financial instruments business operator, bank, etc. in charge of settlement of tender offer

Nomura Securities, Co., Ltd. 13-1, Nihombashi 1-chome, Chuo-ku, Tokyo

- (2) Commencement date of settlement

February 22, 2021 (Monday)

- (3) Method of settlement

A notice regarding the purchase under the tender offer will be mailed to the address of the Tendering Shareholders, Etc. (or the address of the standing proxy in the case of Non-Resident Shareholders, Etc.) without delay after the expiration of the Tender Offer period.

The purchase will be settled in cash. The Tendering Shareholders, Etc. may receive the sales proceeds from the tender offer in the manner they specify, including by way of remittance, without delay after the commencement date of the settlement (a remittance fee may be charged).

- (4) Method of return of Share Certificates, Etc.

In the event that all of the Tendered Share Certificates, Etc. will not be purchased under the terms set forth in “(1) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act and the details thereof” and “(2) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc.” in “11. Other Conditions and Methods of Purchase” below, the Share Certificates, Etc. that are to be

returned will be returned to the Tendering Shareholders, Etc. Accounts with the tender offer agent by restoring the record to the status immediately preceding the tendering of those Share Certificates, Etc. promptly after the Business Day that is two days after the last day of the Tender Offer Period (or the day of withdrawal, etc. if the Tender Offeror withdraws the Tender Offer) (if the Tendering Shareholders, Etc. wish their Share Certificates, Etc. to be transferred to an account established with other financial instruments business operators, please confirm with the head office or any domestic branch office of the tender offer agent that accepted the tender).

Note: Due to measures for the prevention of the spread of COVID-19, services at the head office and branch offices may be suspended, or other special measures may be taken during the Tender Offer Period. For details, please contact the head office or any domestic branch office of the tender offer agent. Also, for details of special measures and head and branch offices subject to such measures, see the website of the tender offer agent (<https://www.nomura.co.jp/>).

11. Other Conditions and Methods of Purchase

- (1) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act and the details thereof

If the total number of Tendered Share Certificates, Etc. is less than the minimum number of Share Certificates, Etc. to be purchased (3,384,400 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. is equal to or more than the minimum number of Share Certificates, Etc. to be purchased (3,384,400 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

- (2) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc.

If any event listed in Article 14, Paragraph 1, Items (1)1 through (1)9 and Items (1)12 through (1)18, and Items (3)1 through (3)8 and (3)10, as well as Article 14, Paragraph 2, Items (3) through (6) of the Enforcement Order occurs, the Tender Offeror may withdraw the Tender Offer. The “events which are equivalent to those listed in Items (3)1 through (3)9” set out in Article 14, Paragraph 1, Item (3)10 of the Enforcement Order refers to either (i) the case where any of the statutory disclosure documents submitted by the Target Company in the past is found to contain a false statement on a material fact, or omit a statement on a material fact that should have been stated, or (ii) the case where any of the facts listed in Article 14, Paragraph 1, Items (3)1 through (3)7 of the Enforcement Order occurs in respect of a significant subsidiary of the Target Company.

If the Tender Offeror intends to withdraw the Tender Offer, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in

Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement.

- (3) Conditions to reduce purchase price, details thereof and method of disclosure of reduction

Under Article 27-6, Paragraph 1, Item (1) of the Act, if the Target Company conducts any act set out in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offeror may reduce the purchase price in accordance with the standards set out in the provision of Article 19, Paragraph 1 of the Cabinet Ordinance.

If the Tender Offeror intends to reduce the purchase price, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance and give public notice immediately after the announcement. If the purchase price is reduced, the Tender Offeror will also purchase the Share Certificates, Etc. tendered on or before the date of the public notice at the reduced purchase price.

- (4) Matters concerning right of Tendering Shareholders, Etc. to terminate the agreement

The Tendering Shareholders, Etc. may, at any time during the Tender Offer Period, terminate their agreement under the Tender Offer in accordance with the method set out in “(2) Method of termination of the agreement” of “7. Method of Tendering Shares in Response to the Tender Offer and Termination Thereof” above. The Tender Offeror will not make any claim for damages or a penalty payment due to the Tendering Shareholders, Etc.’s cancellation of their agreements. Further, the cost of returning Tendered Share Certificates, Etc. to the Tendering Shareholders, Etc. will be borne by the Tender Offeror.

- (5) Method of disclosure if the conditions of the Tender Offer are changed

The Tender Offeror may change the conditions, etc. of the Tender Offer during the Tender Offer Period unless such change is prohibited under Article 27-6, Paragraph 1 of the Act or Article 13, Paragraph 2 of the Enforcement Order. If the Tender Offeror intends to change any conditions, etc. of the Tender Offer, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement in the manner set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement. If the conditions, etc. of the Tender Offer are changed, the Tender Offeror will also purchase the Share Certificates, Etc. tendered on or before the date of the public notice in accordance with the changed conditions, etc. of the Tender Offer.

- (6) Method of disclosure if amendment statement is filed

If an amendment statement is submitted to the Director-General of the Kanto Local Finance Bureau (unless otherwise provided for in the proviso in Article 27-8, Paragraph 11 of the Act), the Tender Offeror will immediately make a public announcement of the content of that amendment statement that is relevant to the content of the public notice of the commencement of the Tender Offer in the manner set out in Article 20 of the Cabinet Ordinance. The Tender Offeror will also immediately amend the explanatory statement of the Tender Offer and deliver the amended explanatory statement to the Tendering Shareholders, Etc. who have already received the previous explanatory statement. However, if the amendments are limited in scope, the Tender Offeror may instead prepare and deliver to Tendering Shareholders, Etc. a document stating the reason for the amendments, the matters amended, and the details thereof.

(7) Method of disclosure of results of the Tender Offer

Tender Offer will be made public on the day following the last day of the Tender Offer Period in the manner set out in Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Ordinance.

II. Conditions of the Tender Offeror

1. In the case of a Corporation

(1) Outline of the Tender Offeror

(A) History of the Tender Offeror

Date	Matter
July 2020	Established as a <i>godo kaisha</i> under the corporate name of “JSL Holdings LLC” with the head office located at Sumitomo Realty & Development, Fukuoka Hanzomon Building 3F, 12-1 Kojimachi 1-chome, Chiyoda-ku, Tokyo and with capital of 0 yen

Note: The Tender Offeror intends to convert from a *godo kaisha* to a stock company during the period from the day following the last day of the Tender Offer Period to the time when the borrowing from MUFG Bank, Ltd. is implemented.

(B) Business purpose of the Tender Offeror and the details of its business

Purpose of the Tender Offeror:

1. Control and management of the business activities of companies by owning the shares or interests of such companies; and
2. All businesses incidental and relating to the above.

Details of business:

The main business of the Tender Offeror is to acquire and own the Target Company Shares and control and manage the Target Company’s business activities.

(C) Amount of capital and total number of issued shares of the Tender Offeror

(as of December 25, 2020)

Amount of capital	Total number of issued shares
0 yen	-

Note: The Tender Offeror will receive a contribution by the DH Fund in an amount of up to 7,100,000 thousand yen as set out above in “(D) Other methods of financing” of “(2) Deposits or borrowings allocable for funds required for tender offer” in “8. Funds Required for Tender Offer” under “I. Summary of the Tender Offer” by two Business Days before the commencement date of the settlement of the Tender Offer, and the amount of capital and the total number of issued shares of the Tender Offeror will be increased by that contribution.

(D) Major shareholders

(as of December 25, 2020)

Name	Address	Number of shares held (thousand shares)	Ratio to the total number of issued shares (excluding treasury shares) (%)
Daylight Holding L.P.	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	-	100.00
Total	-	-	-

Note: The Tender Offeror is a *godo kaisha*; the above company is the sole member, and its holding ratio is 100.00%.

(E) Employment histories of and number of shares held by officers

(as of December 25, 2020)

Title held	Position	Name	Date of birth	Employment history		Number of shares held
Director	-	Law Thin Ken	July 2, 1973	1996	Arthur Andersen	-
				1999	Bursa Malaysia	
				2000	Goldman Sachs Asia	
				2003	J.P. Morgan Chase	

				2006	TPG-Axon Capital	
				2015	Ally Bridge Group	
				2018	The Longreach Group	
				2020	Executive Officer of the Tender Offeror	
Total						-

(2) Financial condition

The Tender Offeror is a company established on July 15, 2020 and a fiscal year has not ended since its establishment, so no financial statements have been prepared.

(3) Matters concerning the Tender Offeror which is a company subject to the continuous disclosure obligation

(A) Documents filed by the Tender Offeror

(a) Annual Securities Report and documents attached thereto

(b) Quarterly Securities Report or Semiannual Securities Report

(c) Amendment Report

(B) Place of public inspection of documents mentioned above

2. In the case of an Entity other than a Corporation

N/A

3. In the case of an Individual

N/A

III. Breakdown of Share Certificates, Etc. Held and/or Traded by the Tender Offeror and Specially Related Parties

1. Breakdown of Ownership of Share Certificates, Etc.

- (1) Total number of Share Certificates, Etc. held by the Tender Offeror and the specially related parties

(as of December 25, 2020)

	Number of Share Certificates, Etc. held	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (2) of Enforcement Order	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (3) of Enforcement Order
Share certificates	139,730 (shares)	– (shares)	– (shares)
Certificates of stock acquisition rights	–	–	–
Certificates of corporate bonds with stock acquisition rights	–	–	–
Beneficiary certificates of trust of Share Certificates, Etc. ()	–	–	–
Deposit receipts for Share Certificates, Etc. ()	–	–	–
Total	139,730	–	–
Total number of Share Certificates, Etc. held	139,730	–	–
(Total number of potential Share Certificates, Etc. held)	(–)	–	–

- (2) Share Certificates, Etc. held by the Tender Offeror

(as of December 25, 2020)

	Number of Share Certificates, Etc. held	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (2) of Enforcement Order	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (3) of Enforcement Order

Share certificates	– (shares)	– (shares)	– (shares)
Certificates of stock acquisition rights	–	–	–
Certificates of corporate bonds with stock acquisition rights	–	–	–
Beneficiary certificates of trust of Share Certificates, Etc. ()	–	–	–
Deposit receipts for Share Certificates, Etc. ()	–	–	–
Total	–	–	–
Total number of Share Certificates, Etc. held	–	–	–
(Total number of potential Share Certificates, Etc. held)	(–)	–	–

- (3) Share Certificates, Etc. held by the specially related parties (total shares held by specially related parties)

(as of December 25, 2020)

	Number of Share Certificates, Etc. held	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (2) of Enforcement Order	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (3) of Enforcement Order
Share certificates	139,730 (shares)	– (shares)	– (shares)
Certificates of stock acquisition rights	–	–	–
Certificates of corporate bonds with stock acquisition rights	–	–	–
Beneficiary certificates of trust of Share Certificates, Etc. ()	–	–	–
Deposit receipts for Share Certificates, Etc. ()	–	–	–
Total	139,730	–	–
Total number of Share Certificates, Etc. held	139,730	–	–
(Total number of potential Share Certificates, Etc. held)	(–)	–	–

- (4) Share Certificates, Etc. held by each specially related party (breakdown by each specially related party)

(A) Specially related parties

(as of December 25, 2020)

Name or corporate name	DXC US (Netherlands) LLC
Address or location	5400 Legacy Drive, Plano, Texas, USA
Occupation or contents of business	Activities as a holding company that is part of an IT conglomerate providing IT services to customers
Contact information	Contact liaison: Latham & Watkins LLP Address: 32rd floor, Marunouchi Building, 2-4-1, Marunouchi, Chiyoda-ku, Tokyo Tel: 03-6212-7800
Relationship with Tender Offeror	A person who has agreed to exercise voting rights and other rights as a shareholder jointly with the Tender Offeror

Note: If the Tender Offeror is unable to obtain all of the Target Company Shares (excluding treasury shares held by the Target Company and the Untendered Shares) after the successful completion of the Tender Offer, DXC US has agreed in the Transaction Agreement to exercise voting rights as a shareholder of the Target Company jointly with the Tender Offeror at the Extraordinary Shareholders' Meeting to be held after the successful completion of the Tender Offer and has agreed with the Tender Offeror to sell part of the Untendered Shares to the Target Company in the Target Company's Share Repurchase to be conducted on the condition that the Tender Offer is completed and the Share Consolidation takes effect. Therefore, DXC US is listed as a specially related party.

(as of December 25, 2020)

Name or corporate name	Japan Systems Co., Ltd.
Address or location	1-22-1, Yoyogi, Shibuya-ku, Tokyo
Occupation or contents of business	Provision of information systems and services
Contact information	Contact liaison: Japan System Co., Ltd. Address: 1-22-1, Yoyogi, Shibuya-ku, Tokyo Tel: 03-5309-0300
Relationship with Tender Offeror	A person who has agreed to acquire the share certificates, etc. of the Target Company jointly with the Tender Offeror

Note: According to the Target Company, the Target Company expects to conduct the Target Company's Share Repurchase as part of the Transactions after the completion of the Tender Offer and the Share Consolidation. Therefore, Japan Systems Co., Ltd. has been determined to be a person who has agreed

to acquire the share certificates, etc. of the Target Company jointly with the Tender Offeror and is listed as a specially related party.

(B) Number of Share Certificates, Etc. held

DXC US (Netherlands) LLC

(as of December 25, 2020)

	Number of Share Certificates, Etc. held	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (2) of Enforcement Order	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (3) of Enforcement Order
Share certificates	139,730(shares)	— (shares)	— (shares)
Certificates of stock acquisition rights	—	—	—
Certificates of corporate bonds with stock acquisition rights	—	—	—
Beneficiary certificates of trust of Share Certificates, Etc. ()	—	—	—
Deposit receipts for Share Certificates, Etc. ()	—	—	—
Total	139,730		—
Total number of Share Certificates, Etc. held	139,730	—	—
(Total number of potential Share Certificates, Etc. held)	(-)	—	—

Japan Systems Co., Ltd.

(as of December 25, 2020)

	Number of Share Certificates, Etc. held	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (2) of Enforcement Order	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (3) of Enforcement Order
Share certificates	0 (shares)	— (shares)	— (shares)
Certificates of stock acquisition rights	—	—	—

Certificates of corporate bonds with stock acquisition rights	–	–	–
Beneficiary certificates of trust of Share Certificates, Etc. ()	–	–	–
Deposit receipts for Share Certificates, Etc. ()	–	–	–
Total	0		–
Total number of Share Certificates, Etc. held	0	–	–
(Total number of potential Share Certificates, Etc. held)	(–)	–	–

Note: While the Target Company holds 15,827 Target Company Shares as of December 25, 2020, it has no voting rights because all of those shares are treasury shares.

2. Trading of Share Certificates, Etc.

- (1) Trading during the 60-day period prior to the date hereof

N/A

3. Important Agreements regarding the Share Certificates, Etc.

On December 24, 2020, the Tender Offeror and DXC US, a parent company of the Target Company, entered into the Transaction Agreement, which includes provisions to the effect that the Untendered Shares held by DXC US (13,973,000 shares, ownership percentage of 53.67%) will not be tendered in the Tender Offer and that the Untendered Shares will be transferred to the Target Company by accepting the offer for the Target Company's Share Repurchase after the Squeeze-Out is completed. In addition, SIGP and the DXC Pension have entered into the Partnership Agreement with respect to the disposal of the Target Company Shares. Please refer to "(6) Important Agreements relating to the Tender Offer" in "3. Purpose of the Tender Offer" under "I. Summary of the Tender Offer" above for a summary of the Transaction Agreement and the Partnership Agreement.

4. Agreements of Purchase, etc. of Share Certificates, Etc. on and after the Date Hereof

N/A

IV. Transactions etc. between the Tender Offeror and the Target Company

1. Transactions between the Tender Offeror and the Target Company or its Directors or Officers, and the Contents Thereof

N/A

2. Agreements between the Tender Offeror and the Target Company or its Directors or Officers, and the Contents Thereof

(A) Opinion in favor of the Tender Offer

According to the Target Company's Press Release, the Target Company resolved at its board of directors meeting held on December 24, 2020, as the opinion of the Target Company, to express its opinion in favor of the Tender Offer and to take a neutral position regarding whether the shareholders of the Target Company tender shares in the Tender Offer, thereby leaving that decision to the judgment of its shareholders.

(B) Capital Increase by Third-Party Allotment

The Tender Offeror intends to request the Target Company to conduct, as part of the Transactions and after the Share Consolidation to be conducted after the completion of the Tender Offer takes effect, a capital increase by a third-party allotment through which shares are allotted to the Tender Offeror in order to procure funds and a distributable amount required for the Target Company's Share Repurchase.

(C) Target Company's Share Repurchase

According to the Target Company's Press Release, the Target Company intends, as part of the Transactions and after the Share Consolidation to be conducted after the completion of the Tender Offer takes effect, to conduct the Target Company's Share Repurchase with the total consideration amount of 6,986,500,000 yen, the total amount of consideration for the Untendered Shares, and thereby acquire the Untendered Shares held by DXC US (13,973,000 shares).

V. Conditions of the Target Company

1. Profit and Losses, etc. for the Past Three Years

(1) Profits and losses

Fiscal year	-	-	-
Net sales	-	-	-
Cost of Sales	-	-	-
Selling, general and administrative expenses	-	-	-
Non-operating income	-	-	-
Non-operating expenses	-	-	-
Net income (loss)	-	-	-

(2) Profit and loss per share

Fiscal year	-	-	-
Net income or loss per share	-	-	-
Dividend per share	-	-	-
Net assets per share	-	-	-

2. Share Price Information

(unit: yen)

Names of financial instruments exchange or approved financial instruments dealers association	JASDAQ (Standard) of the Tokyo Stock Exchange						
Month	June 2020	July	August	September	October	November	December
Highest share price	603	508	530	583	615	553	490
Lowest share price	377	408	413	426	490	470	389

Note: The highest and lowest share prices for December 2020 indicate the highest and lowest share prices up to and including December 24, 2020.

3. Shareholder Information

(1) Breakdown by holders

as of

Description	Status of Shares (shares constituting 1 unit: shares)								Status of shares less than 1 unit (shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other entities	Foreign entities, etc.		Individuals or others	Total	
					Other than Individuals	Individuals			
Number of shareholders	-	-	-	-	-	-	-	-	-
Number of shares held (units)	-	-	-	-	-	-	-	-	-
Proportion of number of shares held (%)	-	-	-	-	-	-	-	-	-

(2) Number of shares held by major shareholders, directors and officers

(A) Major shareholders

as of

Name or corporate name	Address or location	Number of shares held	Ratio of the number of shares held to the total number of issued shares (excluding treasury shares) (%)
-	-	-	-
Total	-	-	-

(B) Directors and officers

as of

Name	Title	Job title	Number of shares held	Ratio of the number of shares held to the total number of issued shares (excluding treasury shares) (%)
-	-	-	-	-
Total	-	-	-	-

4. Matters concerning the Target Company which is a Company Subject to the Continuous Disclosure Obligation

(1) Documents filed by the Target Company

(A) Annual Securities Report and documents attached thereto

The Annual Securities Report and documents attached thereto for the 50th fiscal term (from January 1, 2018 to December 31, 2018) were filed with the Director-General of the Kanto Local Finance Bureau on March 28, 2019.

The Annual Securities Report and documents attached thereto for the 51st fiscal term (from January 1, 2019 to December 31, 2019) were filed with the Director-General of the Kanto Local Finance Bureau on March 26, 2020.

(B) Quarterly Securities Report or Semiannual Securities Report

The Quarterly Securities Report for the third quarter of the 52nd fiscal term (from July 1, 2020 to September 30, 2020) was filed with the Kanto Local Finance Bureau on November 13, 2020.

(C) Extraordinary report

N/A

(D) Amendment report

N/A

(2) Place of public inspection of documents mentioned above

Japan Systems Co., Ltd.
22-1, Yoyogi 1-chome, Shibuya-ku, Tokyo

Tokyo Stock Exchange, Inc.
2-1 Nihombashi Kabutocho, Chuo-ku Tokyo

5. Details, etc. of Facts regarding Implementation of Tender Offer that have been Notified

The Tender Offeror received information from DXC on October 7, 2020 that Mr. Tomohiro Kawada, the president and representative director of the Target Company, made the MBO Proposal to DXC. Additionally, the Tender Offeror received information from DXC on November 8, 2020 that Mr. Tomohiro Kawada made a proposal to DXC regarding the privatization of the Target Company Shares, which included the offer price for the Target Company Shares being 615 yen per share and the purchase price for the Target Company Shares owned by DXC US being a price significantly lower than 615 yen.

In addition, the Tender Offeror received information from DXC on December 15, 2020 that DXC received notice from Mr. Tomohiro Kawada on December 14, 2020 to the effect that if another tender offeror commences a tender offer, he is considering implementing a tender offer or acquiring the Target Company Shares on the market regardless of whether or not doing so is supported by the special committee of the Target Company.

According to the Target Company, on November 30, 2020, the Target Company indicated to Mr. Tomohiro Kawada that there was doubt regarding the feasibility of the New MBO Proposal because it is conditional on DXC selling to Mr. Tomohiro Kawada (expected to be the company for purchase to be established by Mr. Tomohiro Kawada) the Target Company Shares in order to acquire 100% of the Target Company Shares based on the New MBO Proposal, meaning that the New MBO Proposal is conditional on approval by DXC, and requested him to reconsider the New MBO Proposal by December 7, 2020. On December 7, 2020, the Target Company received another proposal from Mr. Tomohiro Kawada indicating the possibility that although DXC did not approve the New MBO Proposal before December 7, 2020, while the terms of the proposal described above, which is conditional on approval by DXC, remain unchanged, if another tender offeror commences a tender offer before DXC approves the New MBO Proposal, he would implement a tender offer with the purchase price per Target Company Share being 615 yen irrespective of whether the board of directors of the Target Company supports the New MBO Proposal. In addition, according to the Target Company, whether Mr. Tomohiro Kawada or parties connected to him will actually implement such tender offer or not is left to the judgment of the party making the New MBO Proposal, and the Target Company does not express its opinion on the probability thereof.

In regard to the details with respect to which the Tender Offeror received notice from DXC, the matters prescribed in Article 167, Paragraph 5, Item (8) of the Act and Article 62-2, Item (1) of the Cabinet Office Order on Restrictions on Securities Transactions are as follows. The Tender Offeror has stated the following matters based only on the information from DXC,

and the Tender Offeror is not in a position to independently verify, and has not actually verified, the accuracy and correctness of this information.

Name or company name of the tender offeror, etc. associated with the tender offer	Unknown
Address or location	Unknown
Name of the issuer of share certificates, etc. subject to purchase, etc. and type of those share certificates, etc.	Japan Systems Co., Ltd. Common shares
Period of purchase, etc.	Unknown
Price of purchase, etc.	615 yen
Number of share certificates, etc. intended to be purchased	Unknown
Details of the conditions prescribed in each item of Article 27-13, Paragraph 4 of the Act	Unknown

6. Other Matters

- (1) No distribution of dividends from surplus by the Target Company for the Y.E. December 2020

It has been announced that the Target Company resolved at its board of directors meeting held on December 24, 2020 to revise its dividend forecast for the Y.E. December 2020 and not to declare a year-end dividend for the Y.E. December 2020. For details, see “Announcement of Revision of Dividend Forecast for Y.E. December 2020 (Cancellation of Dividend)” released by the Target Company on December 24, 2020.

- (2) Revision of performance forecast of the Target Company for the Y.E. December 2020

The Target Company released “Announcement of Revision of Performance Forecast for the Y.E. December 2020” on December 24, 2020, and a summary of the contents of the press release is as follows. The following summary is a partial excerpt of the contents released by the Target Company, and the Tender Offeror is not in a position to independently verify, and has not actually verified, the accuracy and correctness of this information. For details, see the contents of the press release of the Target Company.

Revision of annual performance forecast for the Y.E. December 2020 (from January 1, 2020 to December 31, 2020)

	Revenue (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Net income attributable to the shareholders of the parent company (million yen)	Net income per share (yen)
Announced forecast (A)	10,057	800	800	480	18.44
Revised forecast (B)	9,491	639	609	483	18.54
Difference (B-A)	(566)	(161)	(191)	3	-
Difference (%)	(5.6%)	(20.1%)	(23.9%)	0.6%	-
(Reference) Actual results for the previous fiscal term (Y.E. December 2019)	9,973	778	802	520	19.98