



[Translation]

December 24, 2020

For immediate release

Name of company: Japan Systems Co., Ltd.
Representative: Tomohiro Kawada
President & Representative Director
(Code No.: 9758, TSE JASDAQ)
Contact: Jun Maejima
Corporate Planning Section Manager
(Tel: 03-5309-0300)

**Announcement of Opinion regarding the Tender Offer for Our Shares to be Conducted
by JSL Holdings LLC**

Japan Systems Co., Ltd. (the “**Company**”) hereby announces that it resolved at its board of directors meeting held today to express its opinion in favor of a tender offer (the “**Tender Offer**”) for its common shares (the “**Company Shares**”) to be conducted by JSL Holdings LLC (the “**Tender Offeror**”) as described below and to take a neutral position regarding whether its shareholders tender their shares in the Tender Offer, thereby leaving that decision to the judgment of its shareholders.

The resolution of the board of directors stated above was made on the assumption that the Tender Offeror intends to make the Company its wholly-owned subsidiary through the Tender Offer and a series of subsequent procedures and that the Company Shares will be delisted.

1. Outline of the Tender Offeror

(1) Name	JSL Holdings LLC
(2) Location	Sumitomo Realty & Development, Fukuoka Hanzomon Building 3F, 1-12-1, Kojimachi, Chiyoda-ku, Tokyo
(3) Name and title of representative	Law Thin Ken, Operating Officer

(4)	Description of business	1. Control and management of the business activities of companies by owning the shares or interests of those companies; and 2. All businesses incidental and relating to the above.
(5)	Capital	0 yen
(6)	Date of incorporation	July 15, 2020
(7)	Major shareholders and shareholding ratios	Daylight Holding L.P. ^(Note)
(8)	Relationship between the listed company and the Tender Offeror	
	Capital relationship	N/A
	Personnel relationship	N/A
	Business relationship	N/A
	Status as related party	N/A

(Note) The Tender Offeror is a *godo kaisha* but is composed of only one member, Daylight Holding L.P.

2. Price of tender offer

590 yen per Company Share (the “**Tender Offer Price**”)

3. Details of Opinion on the Tender Offer and Grounds and Reasons Therefor

(1) Details of the Opinion on the Tender Offer

The 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, based on the grounds and reasons stated in “(2) Grounds and Reasons for the Opinion on the Tender Offer” below. As stated in “(C) Process of and Reasons for the Decision by the Company” in “(2) Grounds and Reasons for the Opinion on the Tender Offer” below, in order for the 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 Company can expect to make aggressive investments and expeditious business decisions using the management resources of the Longreach Group (as defined below) by reviewing the Company’s previous capital structure and cooperating with the Longreach Group, the Company has determined that the Tender Offer will contribute to the enhancement of 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, is reasonable from the perspective of providing the general shareholders of the Company with an opportunity to recover their

investments and can be determined to have been sufficiently valued. However, (i) as stated in “(C) Process of and Reasons for the Decision by the Company” in “(2) Grounds and Reasons for the Opinion on the Tender Offer” below, since the New MBO Proposal (for details, please refer to ““(C) Process of and Reasons for the Decision by the Company” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” below) presented by Mr. Tomohiro Kawada, the president and representative director of the 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 Company does not express its opinion on the probability thereof; in addition, DXC (as defined below) has expressed its intention not to support or tender shares in such tender offer even if it is actually implemented) and (ii) although the Company does not express its opinion on the probability of the MBO Proposal being implemented, because the 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 that the Company has made a decision regarding the case of the implementation of a competitive tender offer despite the fact that the Company has not made any decision on whether or not to support the MBO Proposal as of today, and therefore the 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.

The above board of directors’ resolution was made by the method stated in “(E) Approval of All Disinterested Directors of the Company” of “(6) 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” below.

(2) Grounds and Reasons for the Opinion on the Tender Offer

Statements regarding the grounds and reasons for the opinion on the Tender Offer that relate to the Tender Offeror are based on the explanations given by the Tender Offeror.

(A) Outline of the Tender Offer

The following is an outline of the Tender Offer as explained by the Tender Offeror to the Company.

The Tender Offeror is a godo kaisha established on July 15, 2020 for the main purpose of acquiring and holding all of the 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 today. As of today, (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 Company Shares as of today.

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 Company Shares (excluding treasury shares held by the Company and the 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 Company a wholly-owned subsidiary of the Tender Offeror (the “**Transactions**”).

In the Transactions, the Tender Offeror intends to ultimately make the 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 Company through the Tender Offer and a share consolidation (the “**Share Consolidation**”) to be conducted by the Company if the Tender Offer is completed but the Tender Offeror is not able to acquire all of the Company Shares (excluding treasury shares held by the 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 Company in accordance with Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act ((Note 3); the “**Capital Decrease, Etc.**”) to be conducted by the Company for the purpose of procuring funds and a distributable

amount necessary for conducting the 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 Company, through which the Untendered Shares held by DXC US are acquired (the “**Company's Share Repurchase**”).

Please refer to “(5) Policy for Organizational Restructuring, Etc. 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 Company upon the 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 Company Shares and appointment of directors of the Company. Please refer to “4. Matters relating to Important Agreements regarding 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 Company Shares (excluding treasury shares held by the 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 Company Shares (excluding treasury shares held by the 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 Company Shares owned by DXC US filed 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 Company as of September 30, 2020 (26,051,832 shares) stated in the Q3 Report for the 52nd fiscal year filed by the Company on November 13, 2020 (the “**Company's Quarterly Report**”) less the number of treasury shares held by the 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 Company on November 12, 2020 (the “**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 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 Company as of September 30, 2020 (26,051,832 shares) stated in the Company’s Quarterly Report, minus the number of treasury shares held by the Company as of September 30, 2020 (15,827 shares) stated in the Company’s Financial Statement, by (ii) one unit of the Company Shares (100 shares), then subtracting the number of the Untendered Shares held by DXC US (13,973,000 shares).

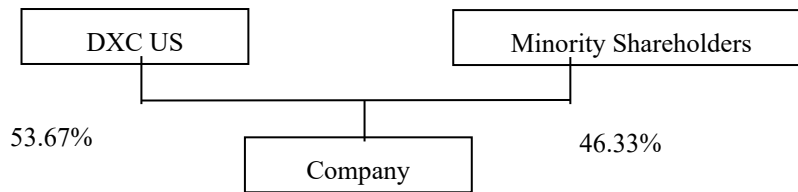
The Tender Offeror intends to cover funds required for the settlement of the Tender Offer by contribution from DH Fund (the “**Contribution**”) and loan from MUFG Bank, Ltd. (“**MUFG**”). Also, as set out in “(5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the “Two-Step Acquisition”)” below, the Tender Offeror intends to request the Company to conduct the Share Consolidation as part of the Transactions if the Tender Offeror is not able to acquire all of the Company Shares (excluding treasury shares held by the Company and the Untendered Shares) through the Tender Offer. However, the acquisition price of the 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 Company’s Share Repurchase will be conducted within the distributable amount of the Company, the Tender Offeror intends to cover any shortage in the distributable amount of the Company by (A) subscribing for the Capital Increase by Third-Party Allotment to be conducted by the Company after the Share Consolidation takes effect and (B) causing the 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 Company for the payment of the Company’s Share Repurchase, the amount of deposits held by the 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.

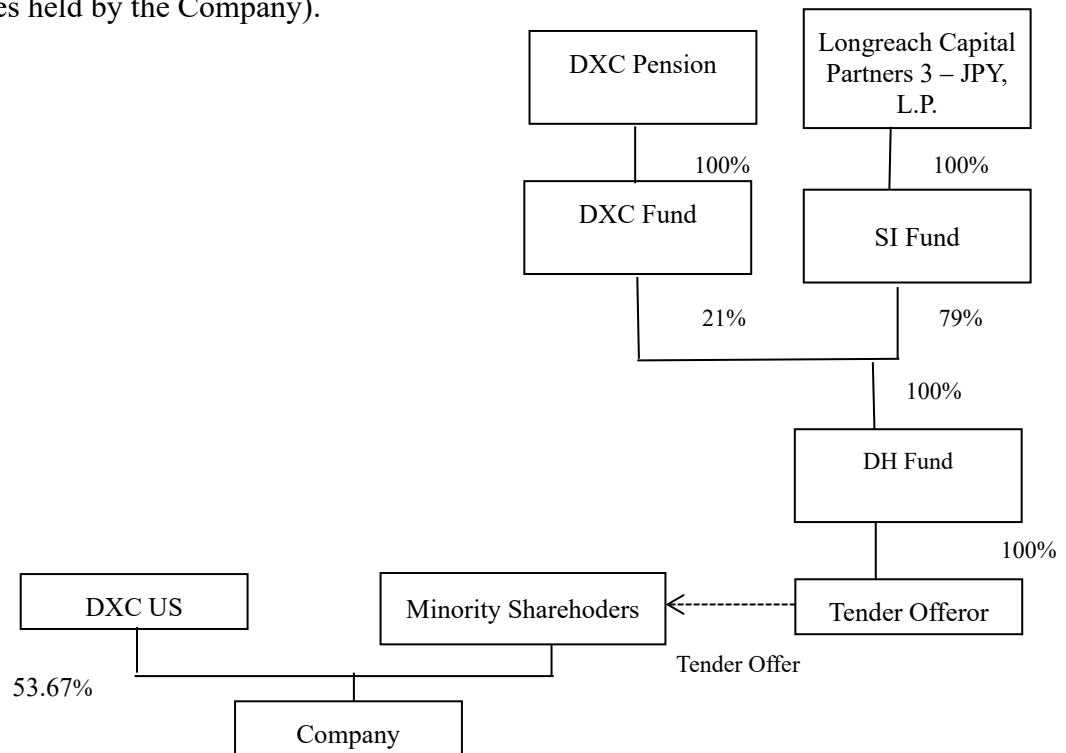
I. Before the Tender Offer

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



II. The Tender Offer

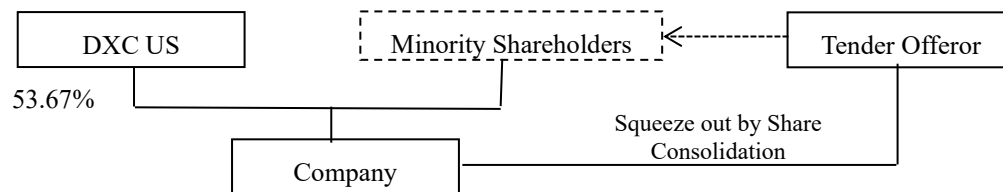
The Tender Offeror conducts the Tender Offer for acquiring all of the Company Shares (excluding the Untendered Shares held by DXC US (13,973,000 shares) and treasury shares held by the Company).



III. After the Tender Offer

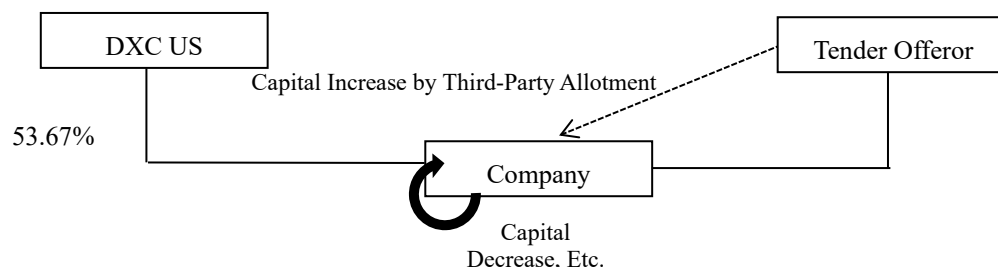
(i) The Share Consolidation

If the Tender Offeror is not able to acquire all of the Company Shares (excluding the Untendered Shares held by DXC US (13,973,000 shares) and treasury shares held by the Company) through the Tender Offer, the Tender Offeror requests the 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 Company.



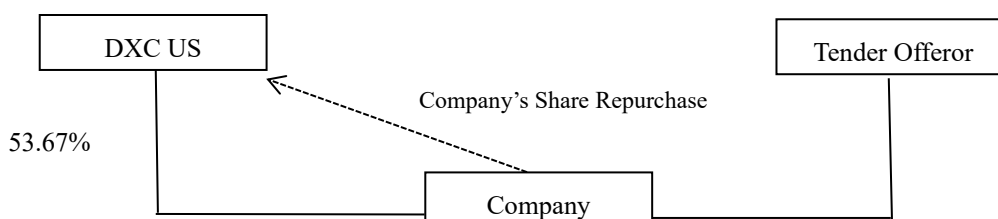
(ii) The Capital Increase by Third-Party Allotment and Capital Decrease, Etc.

After the Company Shares are delisted and the Share Consolidation takes effect, the 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 “(iii) Company’s Share Repurchase” below.



(iii) The Company’s Share Repurchase

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



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

- (i) Consultation between the Tender Offeror and the Company and DXC and decision-making process of the Tender Offeror

As stated in “(C) Process of and Reasons for the Decision by the Company” below, the Company’s revenue from sales declined for two successive fiscal years from 2017 to 2018, and its profit margin was much lower than the average of the service information industry. Under such circumstances, DXC, which is the ultimate parent company of the Company, commenced a review of the holding of the Company Shares from the perspective of its business strategy in 2018 and, taking into account the advice from multiple investment banks, reached the conclusion that it is necessary to aggressively take the lead in creating value and making investments, including strategic acquisitions, in order to enhance the corporate value of the Company. However, DXC determined that it is limited in regard to expending resources for the Company for creating value and making investments from the perspective of the business strategy of the DXC Group as a whole and believed that it is necessary to drastically review its capital structure in order to implement a growth strategy based on the Company’s current business environment and to strengthen competitiveness and enhance corporate value. Thus, DXC caused DXC US to propose to several companies a partial transfer of the 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, since only the Longreach Group made a proposal for privatizing the Company Shares through acquisition of all of the Company Shares on conditions acceptable to DXC, DXC executed a confidentiality agreement with the Longreach Group on March 4, 2019 and had consultations with the Longreach Group regarding the possibility of privatizing the Company Shares. Based on the terms of those consultations, the Longreach Group submitted a preliminary letter of intent expressing its intention to acquire the Company Shares to DXC on April 16, 2019. Then, in order to conduct a more concrete examination of the possibility of collaboration with the Company, in late May 2019, the Longreach Group executed a confidentiality agreement with the Company and DXC, received partial disclosure of the financial information and business strategy plans of the Company, and commenced the concrete examination of the possibility of privatizing the Company Shares and a growth strategy for the enhancement of the 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 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 enhancement of the customer base and product development and taking more radical measures with a view to achieving non-continuous growth, including through M&A. The Longreach Group understands that human resources, mainly engineers, are the principal driving force for the future growth of the businesses conducted by the 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.

According to the Longreach Group, the specific growth strategies and policies for each business of the Company are as follows.

1. Enterprise business

In addition to further strengthening relationships with major customers, mainly including the group companies of the NTT DATA Corporation and DXC, and increasing the value of services to be provided, the Tender Offeror will 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 (Note 6) of legacy systems (Note 5) in the future by combining the vast knowledge of the financial and insurance industry held by the 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 will make it possible to increase the prime project percentage (Note 7) 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 5): 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 6): The replacement of software and hardware used in companies' information systems with the latest products and designs while utilizing assets already in operation.

(Note 7): "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, 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 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 expanding product lineups and strengthening strategic sales and marketing. The Tender Offeror will also aggressively invest in development for standardizing FAST and making it a cloud-based solution and 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 will 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 will expand business by appropriately allocating human and financial resources to NetCam Systems Corporation, which is a subsidiary of the Company, expanding sales personnel and engineers and entering into peripheral businesses through software development and M&A, and will create mutual synergies with the 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.

Based on the business environment surrounding the Company as described in “(C) Process of and Reasons for the Decision by the Company” below, the Longreach Group believes that amidst the changing environment, it is necessary for the 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 of legacy systems 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.

The Longreach Group considers that the sustainable growth of the Company through the implementation of the above measures cannot be achieved as an extension of the business that the 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 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 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 Company, the Longreach Group believes that the 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 Company's profits on a short-term basis, and there is a possibility that those measures would decrease the 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 Company Shares, the possibility of there being a negative effect on the Company's share price cannot be denied, and the Longreach Group therefore concluded that it is difficult for the 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 Company aggressively pursues its growth strategy, the capital structure in which DXC, which is also a large customer of the Company, indirectly holds a majority of the 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 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 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 more detailed transaction scheme where the Longreach Group ultimately holds 62% of the Company Shares and DXC holds 38% of the Company Shares through the acquisition of all of the Company Shares held by the minority shareholders of the Company through a tender offer and subsequent squeeze-out procedures by the Longreach Group, and the acquisition of part of the 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 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 such joint investment fund would

ultimately hold all of the Company Shares. As a result, in relation to the privatization of the 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 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 Company the privatization of the 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 Company's business, finances, taxes and legal affairs and held interviews with the 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 Company Shares in the tender offer and a scheme where a tender offer for the purpose of acquiring the Company Shares held by the minority shareholders of the Company and a tender offer for the purpose of acquiring the Company Shares held by DXC US are conducted, and the tender offer price in the tender offer for the purpose of acquiring the Company Shares held by the minority shareholders of the Company is set to be higher than the tender offer price in the tender offer for the purpose of acquiring the Company Shares held by DXC US, taking into account the economic interests to be obtained by the 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 Company a two-step acquisition scheme for the Transactions (the "**Acquisition Scheme**") consisting of (i) the acquisition of all of the Company Shares excluding treasury shares held by the 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 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 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 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 Company Shares to the Company's minority shareholders and increase the interests of the 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 Company's Share Repurchase (the "**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 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 Company Shares held by the minority shareholders of the Company and a tender offer for the purpose of acquiring the 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 Company and DXC, they have agreed that in order to minimize DXC's influence on the decision-making of the 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 does not lead 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 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 Company Shares on the JASDAQ of the TSE on the previous day (August 31, 2020), and the Repurchase Price at 500 yen, which represents a premium of 18% on 424 yen. Then, after consultations on multiple occasions with the Company and DXC receiving a request from the 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 Company Shares after September 2020 and past average stock prices, as a result of the Longreach Group continuing to consult with the 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 Company's Repurchase Price would be kept at 500 yen. The Longreach Group made a proposal on October 19, 2020 to the 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 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 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 Company, held question-and-answer sessions with the Company about these matters, and continued to have consultations regarding transaction terms and conditions, including the purchase price per Company Share. Specifically, although from mid-November 2020, the 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 "(ii) Establishment of a structure for review and process of review" in "(C) Process of and Reasons for the Decision by the 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 Company and a certain premium, is reasonable taking into account the result of the analysis of the 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 Tender Offeror considers that the Tender Offer Price is the sum of the latest market value of the Company and a certain premium, that it is reasonable taking into account

the result of the analysis of the Company's business and financial status by the Tender Offeror, and that it will provide to the Company's general shareholders a reasonable opportunity to sell shares. In addition, in the New MBO Proposal (for details, please refer to "(ii) Establishment of a structure for review and process of review" in "(C) Process of and Reasons for the Decision by the Company" below), the Company received a proposal from Mr. Tomohiro Kawada, the president and representative director of the Company, that indicated that the offer price for the 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 Tender Offeror, DXC determined that the New MBO Proposal would not ensure the enhancement of the 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 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 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 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 Company, which will be a business partner of DXC moving forward, and DXC has no intention to sell the 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 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 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 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 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 Company, and the Tender Offeror has decided to implement the Tender Offer at the Tender Offer Price even if the Company does not recommend that the Company Shares be tendered.

(ii) Management policy after the Tender Offer and the Transactions, etc.

As set out in "(A) Outline of the Tender Offer" above, after the successful completion of the Tender Offer, the Tender Offeror intends to ultimately make the 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 Company through the Share Consolidation;

- (ii) the Capital Increase by Third-Party Allotment and the Capital Decrease, Etc. to be conducted by the Company for the purpose of procuring funds and a distributable amount necessary for conducting the Company's Share Repurchase; and
- (iii) the Company's Share Repurchase to be conducted by the 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 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 Company has built thus far under DXC.

The matters regarding the number of the officers delegated from the Longreach Group to the Company have not been determined at present, and the policy in regard thereto will be determined taking into account the Company's intentions. As stated in "4. Matters relating to Important Agreements regarding the Tender Offer," because SIGP and DXC Pension have agreed in the Partnership Agreement that DXC Pension may appoint one director of the Company, it is planned that DXC Pension will appoint one director of the 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 Company and will establish a structure to enhance the corporate value of the Company in the long term.

(C) Process of and Reasons for the Decision by the Company

(i) Business environment surrounding the Company

The 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 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 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 Company came to have financial difficulties due to aggressive business investments made amid continuing rapid growth as part of a growth industry. The 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 Company Shares held by EDS to the total number of the issued shares of the Company less the number of treasury shares held by the Company as of the end of the most recent quarter at that time; the same applies below in this

paragraph)) of the Company Shares through a tender offer bid in October 1993. (Subsequently, EDS ultimately became the Company's parent company owning 53.6% (shareholding ratio) of the Company Shares through a capital increase by a third-party allotment in July 1994.)

Although the ultimate parent company of the 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 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 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 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 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 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 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 8) 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: 9) in the security business. The 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 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 8): "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 9): "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 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 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 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 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 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: 10), Business Analytics (Note: 11) and Enterprise Cloud Applications (Note: 12), 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 Company believes that the pandemic is creating megatrends that will greatly change the way in which business and transactions are conducted. While the 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 Company considers the current situation to be the very moment that the 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 Company considers that the current situation presents the greatest chance for it to do so.

(Note 10): “RPA” stands for Robotic Process Automation and means the use of IT (robots) for the performance of simple administrative services.

(Note 11): “Business Analytics” means the process of evaluating extensive data held by companies and making data-driven decisions using the results of the evaluation.

(Note 12): “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.

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

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

Thereafter, the Company received a specific proposal for privatizing the 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 Company, has agreed to the privatization of the 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 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 Company from a standpoint independent from the Tender Offeror and the DXC Group.

Specifically, the 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 Company of an Independent Special Committee” in “(6) 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” below.

The Company has then cooperated with the Longreach Group in its due diligence investigations with respect to the Company from late May 2020 to mid-July 2020. The 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 Company Shares at 515 yen per share and a proposal that DXC US, the parent company of the Company, would not tender the Company Shares it holds in the Tender Offer and would sell the Company Shares through the Company’s Share Repurchase after completing the privatization of the Company Shares. Subsequently, the Company received advice from a financial point of view, including a report on the result of the valuation of the 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 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 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 Company Shares, the significance of the Transactions from the perspective of DXC, and DXC's view towards the management conditions of the Company.

While those deliberations were ongoing, the Company received another proposal (the **"MBO Proposal"**) with respect to the privatization of the Company Shares from Mr. Tomohiro Kawada, the president and representative director of the Company, on October 9, 2020. Subsequently, the 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 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 Company, and the Company's general shareholders and to ensure the fairness of the procedures. In addition, the 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 DXC doubting the likelihood that funds will be raised for the execution of the MBO Proposal on October 15, 2020.

Then, the Company received a revised written proposal dated October 19, 2020 from the Longreach Group, which indicated that the Tender Offer Price for the Company Shares would be increased to 590 yen per share, the Repurchase Price would be unchanged at 500 yen, and DXC would continue to support the Longreach Group's proposal. The Company received another proposal on October 30, 2020 from Mr. Tomohiro Kawada again regarding the privatization of the Company Shares, which included the offer price for the Company Shares being 615 yen per share and the purchase price for the 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 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 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 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 Company Shares, and the management policy after the privatization of the Company Shares based on the New MBO Proposal from early November 2020 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 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 from in early November 2020. Further, the Company had discussions with the Longreach Group and Mr. Tomohiro Kawada with respect to the terms and conditions including the offer price per Company Share from early November 2020 to early December 2020.

On November 30, 2020, the 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 Company Shares in order to acquire 100% of the 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 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 Company Share being 615 yen irrespective of whether the board of directors of the 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 Company does not express its opinion on the probability thereof.

Under those circumstances, the 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 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 Company would not be disadvantageous to the minority shareholders of the Company (for details of the Report, please refer to “(C) Establishment by the Company of an Independent Special

Committee” in “(6) 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” below).

(iii) Determinations

In light of the background described above, the 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 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 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 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 “(i) Business environment surrounding the Company” above, after the reform of the business structure in 2018 and 2019, the 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 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 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 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 Company, is limited in regard to expending resources to make such aggressive capital investments in the Company from the perspective of the overall business strategies of DXC, and thus the 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 Company, while the 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 Company considers that under the current management structure where half or more 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 Company independently making efforts as a corporation and it is considerably difficult to enhance the corporate value of the Company. On the other hand, as stated in “(i) Consultation between the Tender Offeror and the Company and DXC and decision-

making process of the Tender Offeror” in “(B) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror Conducting the Tender Offer, and Management Policy After the Tender Offer” above, with respect to the management structure after the execution of the Transactions, the 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 Company has built thus far under DXC. The 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 “(i) Consultation between the Tender Offeror and the Company and DXC and decision-making process of the Tender Offeror” in “(B) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror Conducting the Tender Offer, and Management Policy After the Tender Offer” above, the Company also considers that the following growth strategies and policies determined by the Longreach Group embody the understanding of the 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 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 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 (615 yen) per Company Share owned by the general shareholders and the offer price or purchase price (510 yen) per Company Share owned by DXC as indicated in the New MBO Proposal exceeds the tender offer price (590 yen) in the Transactions and the Company’s Repurchase Price (510 yen), because DXC has clearly expressed to the Company its intention not to support the New MBO Proposal, the 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 Company, which will be a business partner of DXC moving forward, and (b) it is not feasible to privatize the 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 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 Company, which will continue to be a trading partner of DXC in the future, and thus DXC has no intention to sell the Company Shares at a price lower than the price offered to general shareholders in the New MBO Proposal. The 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 Company, the 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 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 today. 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 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 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 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 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 Company. While the 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 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 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 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 Company and its customers and the management policies, etc. of the 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 Company to be able to directly procure funds from the market when implementing measures to enhance the corporate value of the Company, the Company has determined that the Transactions would contribute to enhancing the corporate

value of the Company compared to other transaction schemes that are based on maintaining its listing.

The Company also determined, based on the following, that while 590 yen per share, which is the Tender Offer Price, is determined to be sufficiently valued 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 similar transactions, (i) the offer price per 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 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) although the Company does not express its opinion on the probability of the MBO Proposal being implemented, because the 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 that the Company has made a decision regarding the case of the implementation of a competitive tender offer despite the fact that the Company has not made any decision on whether or not to support the MBO Proposal as of today. Therefore, taking into account that there is a possibility that the Company's shareholders may be able to sell shares of the 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 Company determined that it is reasonable to take a neutral position regarding whether or not to recommend that the 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 Company taking sufficient measures to ensure the fairness of the terms and conditions of the Transactions, including the Tender Offer Price, stated in “(6) 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” 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 Company Shares by Mizuho Securities as stated in the Share Price Valuation Report (Mizuho Securities) stated in “(A) Obtainment by the Company of a Share Price Valuation Report from an Independent Third-Party Appraiser” in “(3) Matters relating to Valuation” below;
- (c) the fact that the price is within the range of the result of the valuation by DCF analysis according to the result of the valuation of the Company Shares by Stand by C as stated in the share price valuation report with respect to

the result of the valuation of the 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 “(B) Obtainment by the Special Committee of a Share Price Valuation Report from an Independent Third-Party Appraiser” in “(3) Matters relating to Valuation” 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 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 Company of an Independent Special Committee” in “(6) 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” below, the special committee has determined that it is reasonable to take a neutral position regarding whether or not to recommend that the 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 Company determined that while the Transactions are considered to contribute to increasing the corporate value of the Company, it is reasonable to take a neutral position regarding whether or not to recommend that the Company’s shareholders tender shares in the Tender Offer, thereby ultimately leaving that decision to the judgment of its shareholders. Therefore, the 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 Company tender shares in the Tender Offer, thereby leaving that decision to the judgment of the shareholders of the Company.

For details of the method of the resolution by the board of directors of the Company described above, please refer to “(E) Approval of All Disinterested Directors of the Company” in “(6) 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” below.

(3) Matters relating to Valuation

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

When examining the appropriateness of the terms and conditions of the Transactions, including the Tender Offer Price, and conducting negotiations and making determinations regarding the terms and conditions, in order to ensure the fairness thereof, the Company requested Mizuho Securities, which is a financial advisor and third-party appraiser independent from the Company, the Tender Offeror, and DXC US, to evaluate the Company Shares and conduct financial analysis incidental thereto and obtained the Share Price Valuation Report (Mizuho Securities) on December 24, 2020.

Mizuho Securities is not a party affiliated with the 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 Company did not obtain an opinion letter regarding the fairness of the price of the Tender Offer (a fairness opinion).

Based on Mizuho Securities' belief that it is appropriate to evaluate the Company Shares from various aspects after examining factors such as the financial condition of the Company and trends in the market prices of the Company Shares, it considered which of several share value calculation methods should be used and, as a result, conducted evaluation of the Company Shares using the market price method because the 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 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 Company in the calculation. The range of values per Company Share calculated by each of the above methods is as follows.

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

The range of values per 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 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 Company Shares quoted on the JASDAQ of the TSE over the preceding one-month, three-month, and six-month periods, respectively.

The range of values per Company Share obtained from the comparable company method is 388 yen to 602 yen, which is derived by evaluating the 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 Company operates and using a multiple of EBITDA to the corporate value.

The range of values per Company Share obtained from the DCF Analysis is 526 yen to 847 yen, which is derived by evaluating the 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 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 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 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 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

(Note): In calculating the share value of the Company Shares, Mizuho Securities has, in principle, used data such as information provided to it by the 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 Company has been reasonably prepared based on the best forecasts and judgments obtainable from the management of the 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 Company and any of its affiliates. The calculation by Mizuho Securities reflects the above information up to December 23, 2020.

- (B) Obtainment by the Special Committee of a Share Price Valuation Report from an Independent Third-Party Appraiser

In examining the Delegated Matters (as defined below), 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, which is an independent financial advisor and a third-party appraiser that is independent from the Company, the Tender Offeror, and DXC US, to evaluate the value of the Company Shares and to conduct financial analysis incidental thereto, and the special committee obtained the Share Price Valuation Report (Stand by C) on December 23, 2020.

As stated in “(C) Process of and Reasons for the Decision by the Company” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” above, the 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 Company” in “(6) 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” below.

Stand by C is not a party affiliated with the 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.

Stand by C used the DCF Analysis in order to evaluate the share value of the Company while reflecting the Company’s future cash flow to be generated by its business activities because it is expected that the Company will continue its business activities and achieve a certain amount of revenue, and it used the market price method because the Company Shares are listed on the JASDAQ of the TSE and therefore have a market value. The ranges of values per Company Share calculated by each of those methods are as follows.

Market price method: From 409 yen to 507 yen

DCF Analysis: From 522 yen to 634 yen

The range of values per 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 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 Company Shares quoted on the JASDAQ of TSE over the preceding one-month, three-month, and six-month periods, respectively.

The range of values per Company Share obtained from the DCF Analysis is 522 yen to 634 yen, which is derived by evaluating the 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 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 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%.

The business plan (consolidated) prepared by the 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.

(Note): In calculating the share value of the Company Shares, Stand by C has, in principle, used data such as information provided to it by the 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 Company has been reasonably prepared based on the best forecasts and judgments obtainable from the management of the 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 Company and any of its affiliates. The calculation by Stand by C reflects the above information up to December 23, 2020.

(4) Prospects and Reasons for Delisting

The Company Shares are currently listed on the JASDAQ of the TSE as of today. However, since the Tender Offeror has not set a maximum number of shares to be purchased in the Tender Offer, the 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 Company and privatize the Company in accordance with the procedures stated in “(5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the “Two-Step Acquisition”)” below upon the successful completion of the Tender Offer, in which case the Company Shares will be delisted through the prescribed procedures in accordance with the delisting criteria of the TSE. After delisting, the Company Shares will no longer be traded on the JASDAQ of the TSE. The reasons why delisting is a purpose of the Tender Offer and the impact of the delisting on minority shareholders, as well as the Company’s views thereon, are as stated in “(ii) Establishment of a structure for review and process of review” and “(iii) Determinations” in “(C) Process of and Reasons for the Decision by the Company” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” above.

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

As stated in “(A) Outline of the Tender Offer” in “(2) Grounds and Reasons for the Opinion on the Tender Offer,” if the Tender Offeror is unable to obtain all of the Company Shares (excluding treasury shares held by the Company and the Untendered Shares) under the Tender Offer, the Tender Offeror intends, after the successful completion of the Tender Offer, to request the 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 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 Company to hold an extraordinary shareholders' meeting at which the Share Consolidation and an amendment to the 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 Company, and it plans to request the Company to give public notice regarding setting a record date during the tender offer period in the Tender Offer (the "**Tender Offer Period**") in order to set a day (as of today, 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 Company will, on the effective date of the Share Consolidation, hold the number of 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 Company will receive an amount of cash obtained by selling the 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 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 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 Company) as a result of the sale will be equal to the price obtained by multiplying the Tender Offer Price by the number of Company Shares held by each such shareholder. The Tender Offeror intends to request the Company to file a petition to the court for permission to purchase such Company Shares on this basis.

Although the ratio of the Share Consolidation of the Company Shares has not been determined as of today, it is intended that shareholders (excluding the Tender Offeror, DXC US and the Company) who hold shares in the 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 Company Shares (excluding treasury shares held by the 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 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 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 Company Shares held by the shareholders who do not tender their

shares in the Tender Offer (excluding the Tender Offeror, DXC US and the Company) will be less than one unit, the shareholders of the 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 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 Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror, DXC US and the Company) will ultimately receive cash consideration equal to the number of 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 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 Tender Offeror and then promptly announced by the Company.

It is further noted that shareholders of the Company will not be solicited to agree to the Tender Offer at the Extraordinary Shareholders' Meeting. All shareholders of the 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.

(6) 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

Taking into account factors such as that the Transactions are intended to include (x) the Company acquiring the Untendered Shares held by DXC US through the Company's Share Repurchase after the Tender Offer and the Share Consolidation following the Tender Offeror executing the Transaction Agreement with the Company's controlling shareholder (i.e., its parent company), DXC US, as well as (y) the DXC Pension making a contribution to the co-investment fund to be managed for the Transactions, the Company and the Tender Offeror decided to take the following measures 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 Company, and avoid any conflicts of interest.

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." Although the Company requested to set the minimum number of Share Certificates, Etc. to be purchased at the level of the "majority of minority" in the discussions with the Longreach Group stated in "(C) Process of and Reasons for the Decision by the Company" in "(2) Grounds and Reasons for the Opinion on the Tender Offer," the Tender Offeror believes that, if the minimum number of Share Certificates, Etc. to be purchased is set at that level, 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.” While leaving the decision on whether or not to tender shares in the Tender Offer to the judgment of the shareholders, taking into account the existence of the New MBO Proposal, the Company expresses its opinion in favor of the Tender Offer and believes that the tender offer price in the Tender Offer may be considered to be reasonable from the perspective of providing the general shareholders of the Company with an opportunity to recover their investments and can be determined to have been sufficiently valuated, and that not deliberately making the completion of the Tender Offer uncertain is reasonable to a certain degree. In addition, the Tender Offeror and the 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 Company does not believe that not setting the minimum number of Share Certificates, Etc. to be purchased to the “majority of minority” will damage the fairness of the terms and conditions of the Transactions.

Statements regarding the measures taken on the part of the Tender Offeror are based on explanations given by the Tender Offeror.

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

When determining the opinion on the Tender Offer, the Company appointed Mizuho Securities as a financial advisor and third-party appraiser independent from the Company, the Tender Offeror, and DXC US, and the Company received advice and support from a financial perspective, including advice on the evaluation of the value of the Company Shares and the negotiation policies with the Tender Offeror, and obtained the Share Price Valuation Report (Mizuho Securities) on December 24, 2020. For the outline of the Share Price Valuation Report (Mizuho Securities), please refer to “(A) Obtainment by the Company of a Share Price Valuation Report from an Independent Third-Party Appraiser” of “(3) Matters relating to Valuation” above.

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

In order to ensure the fairness and appropriateness of the decision-making of the Company’s board of directors, the Company appointed Nagashima Ohno & Tsunematsu as a legal advisor independent from the 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 Company regarding the Transactions, and its decision-making process.

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

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

- (i) Process of establishment, etc.

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 Company, and avoid any conflicts of interest, the Company's board of directors established, by its resolution at an extraordinary meeting held on May 25, 2020, a special committee independent from the 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 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 Company, a certified public accountant 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.

Then, the Company's board of directors delegated the special committee to examine and provide its opinion to the Company's board of directors regarding (i) whether or not the Company's board of directors should support the Transactions and recommend that the Company Shares be tendered and (ii) whether or not the Company's board of directors' decision on the Transactions is disadvantageous to general shareholders (collectively, the **"Delegated Matters"**). In addition, the 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 Company about the 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 Company) and to designate or approve (including ex post facto approval) external advisors of the Company, and (c) to receive from the Company's officers and employees any information necessary for conducting the examination and making determinations regarding the Transactions.

The special committee decided to appoint Stand by C as its own financial advisor and third-party appraiser independent from the Company, the Tender Offeror, and DXC US.

Further, the special committee approved the appointment by the 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 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.

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.

(ii) Process of review

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.

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.

In addition, the special committee received explanations from and held question-and-answer sessions with the 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 Company, (iv) management issues concerning the Company and its current measures and business strategy to address those issues, (v) the Company's management policy after the Transactions, (vi) the status of the 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 Company about the process of preparing the business plan approved by the 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.

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 Company to choose to conduct the Transactions at this time and reasons therefor, (iii) the 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.

Also, the special committee confirmed the reasonableness of the details of the Business Plan based on the explanations from the Company and advice given by Stand by C from a financial perspective. Then, as described in "(A) Obtainment by the Company of a Share Price Valuation Report from an Independent Third-Party Appraiser" and "(B) Obtainment by the Special Committee of a Share Price Valuation Report from an

Independent Third-Party Appraiser” of “(3) Matters relating to Valuation” above, Stand by C and Mizuho Securities conducted evaluations of the 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 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 method or comparative company analysis), and then deliberated on and examined these matters to confirm that they are reasonable.

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 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.

(iii) Determinations

Following the process described above, the special committee submitted the Report mainly stating the matters set out below on December 24 2020 to the 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.

(a) Matters reported

- The Company’s board of directors should support the Transactions but take a neutral position regarding whether the shareholders of the Company tender shares in the Tender Offer, thereby leaving that decision to the judgment of its shareholders.
- The special committee believes that the 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 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 Company. In addition, the special committee believes that the determination of the board of directors of the Company as to making the 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 Company.

(b) Reasons for giving the above opinions in the Report

i. Whether the Transactions will contribute to the enhancement of the Company’s corporate value

The special committee determined that the Transactions are likely to contribute to the enhancement of the corporate value of the Company based on the following reasons.

- The special committee has the same awareness as that of the Company and the Tender Offeror regarding the current status of the business environment surrounding the Company and the management issues concerning the Company described in “(B) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror Conducting the Tender Offer, and Management Policy After the Tender Offer” and “(C) Process of and Reasons for the Decision by the Company” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” above, and it has no objection to these matters.

- 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 “(B) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror Conducting the Tender Offer, and Management Policy After the Tender Offer” and “(C) Process of and Reasons for the Decision by the Company” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” above in certain concrete terms based on the business environment surrounding the Company and the management issues concerning the 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 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 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 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 Company and have a negative impact on its sales and recruitment as a result of privatization, (b) there is a possibility that the Company could lose local governments and the like as clients due to the fact that the 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 Company’s corporate value would be limited. In addition, as described in “(C) Process of and Reasons for the Decision by the Company” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” above, the Longreach Group plans to take various measures for the employees of the Company, and this would significantly reduce the level of concern that the Company’s corporate value could be adversely affected by employees leaving the 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.

ii. Fairness of process of negotiations leading to the Transactions and other related procedures

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.

- The Company's board of directors established a special committee independent from the Company and the Tender Offeror.
- The 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 Company's examination and decision-making regarding the Transactions were conducted by disinterested directors.
- The Company received legal advice from Nagashima Ohno & Tsunematsu, an independent legal advisor.
- The 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 "(B) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror Conducting the Tender Offer, and Management Policy After the Tender Offer" of "(2) Grounds and Reasons for the Opinion on the Tender Offer" above. In addition, the Company and the Tender Offeror have not entered into any agreement that restricts the 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).
- 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 Company's corporate value, and the tender offer price in the Tender Offer may be considered to be reasonable from the perspective of providing the general shareholders of the Company with an opportunity to recover their investments and can be determined to have been sufficiently valued. 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.

iii Appropriateness of the Tender Offer Price and other terms and conditions for the Tender Offer

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 Company with an opportunity to recover their investments based on the following reasons. However, because the purchase price per 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 Company would be able to sell their shares in the Company at a price higher than the Tender Offer Price depending on the specific terms and conditions of the competitive tender offer. In light 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 Company's shareholders tender shares in the Tender Offer, thereby ultimately leaving that decision to the judgment of its shareholders.

- The process of negotiations regarding the Tender Offer Price stated in “(C) Process of and Reasons for the Decision by the Company” of “(2) Grounds and Reasons for the Opinion on 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 522 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 Company Shares owned by DXC US, which would contribute to the interests of minority shareholders of the Company in principle.

- 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.

(D) Obtainment by the Special Committee of a Share Price Valuation Report from an Independent Financial Advisor and Third-Party Appraiser

The special committee appointed Stand by C as an independent financial advisor and a third-party appraiser that is independent from the Company, the Tender Offeror, and DXC US, received advice from a financial perspective, including advice on the evaluation of the value of the Company Shares and the negotiation policies with the Tender Offeror, and obtained the Share Price Valuation Report (Stand by C) on

December 23, 2020. For the outline of the Share Price Valuation Report (Stand by C), please refer to “(B) Obtainment by the Special Committee of a Share Price Valuation Report from an Independent Third-Party Appraiser” of “(3) Matters relating to Valuation” above.

(E) Approval of All Disinterested Directors of the Company

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 special committee indicated in the Report, the 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 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 by the Company” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” above.

As a result, the Company judged that (i) the Transactions, including the Tender Offer, would contribute to the enhancement of the 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 Company’s general shareholders, and the Tender Offer would provide the Company’s general shareholders with a reasonable opportunity to sell the Company Shares; accordingly, the Company resolved at its board of directors meeting held on December 24, 2020, with unanimous approval of the 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 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 by the Company” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” above.

Of the eight directors of the Company (Mr. Takatsugu Ebi 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 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 Company’s board of directors meeting held on December 24, 2020 stated above was two-tiered: first, (i) the three directors 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.

(F) Measures for Securing Opportunities for Purchase by Other Tender Offerors

DXC, which is the ultimate parent company of the Company, implemented a selection process in which it approached multiple companies regarding the transfer of the Company Shares held by DXC, as stated in “(B) Background, Purpose, and the Decision-Making Process with respect to the Tender Offeror Conducting the Tender Offer, and Management Policy After the Tender Offer” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” above.

The Tender Offeror and the Company have not agreed to any transaction protection clause that prohibits the 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 Company.

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 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.

4. Matters relating to Important Agreements regarding 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 Company to conduct the Share Consolidation after the completion of the settlement of the Tender Offer, (ii) they shall request the 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 Company for the total consideration amount of 6,986,500,000 yen through the Company’s Share Repurchase after the effective date of the Capital Increase by Third-Party Allotment and the Capital Decrease, Etc.

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

5. Details of Benefits Received from the Tender Offeror or its Specially Related Parties
Not applicable.
6. Response Policy Regarding Basic Policies Relating to Control of the Company
Not applicable.
7. Questions to the Tender Offeror
Not applicable.
8. Request for Extension of the Tender Offer Period
Not applicable.
9. Future Prospects
Please refer to “(4) Prospects and Reasons for Delisting” and “(5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the “Two-Step Acquisition”)” under “(B) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror Conducting the Tender Offer, and Management Policy After the Tender Offer” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” in “3. Details of Opinion on the Tender Offer and Grounds and Reasons Therefor” above.
10. Matters Relating to Transactions, Etc. with a Controlling Shareholder
 - (1) Transactions, etc. with a Controlling Shareholder and Status of Conformity with Policy Regarding Measures to Protect Minority Shareholders
The Company determined that the expression of an opinion by the Company’s board of directors regarding the Tender Offer constitutes a transaction, etc. with a controlling shareholder since the Transactions include (x) the plan for the Company to acquire the Untendered Shares held by DXC US through the Company’s Share Repurchase after the Tender Offer and the Share Consolidation following the Tender Offeror executing the Transaction Agreement with the Company’s controlling shareholder (i.e., its parent company), DXC US, as well as (y) the DXC Pension making a contribution to the co-investment fund to be managed for the Transactions. Additionally, the Company determined that the procedures for the Share Consolidation and the Company’s Share Repurchase that are planned to be conducted after the completion of the Tender Offer for the purpose of making the Company a wholly-owned subsidiary constitute a transaction, etc. with a controlling shareholder. The status of conformity with the “Guidelines for Policies to Protect Minority Shareholders in the Event of a Transaction, Etc. with a Controlling Shareholder” set out by the Company in its Corporate Governance Report disclosed on April 7, 2020 is as described below.

The “Guidelines for Policies to Protect Minority Shareholders in the Event of a Transaction, Etc. with a Controlling Shareholder” set out by the Company in its Corporate Governance Report disclosed on April 7, 2020 stated that “when entering

into a transaction, etc. with DXC, the parent company, or with other entities in the DXC Group, the Company will take into account factors such as the contract conditions or quoted market values in the same way as in the case of an ordinary transaction with other companies and thereby make the transaction fair and proper.” With respect to the Transactions, the Company has implemented measures to ensure fairness and avoid conflicts of interest as stated in “(6) 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 “3. Details of Opinion on the Tender Offer and Grounds and Reasons Therefor” above, and the Company believes these measures are consistent with the policy stated above.

(2) Details of Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest

Please refer to “(6) 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 “3. Details of Opinion on the Tender Offer and Grounds and Reasons Therefor” above.

(3) Outline of Opinion Obtained from a Party Who Has No Interest in the Controlling Shareholder that Conducting the Transactions (Including the Company’s Board of Directors Expressing Its Opinion in Favor 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) Would Not be Disadvantageous to the Minority Shareholders

On December 24, 2020, the Company received the Report from the special committee that includes a statement that the special committee believes that the board of directors of the Company expressing an opinion in support of the Tender Offer and recommending that the shareholders of the Company tender the Company Shares in the Tender Offer would not be disadvantageous to the minority shareholders of the Company. Please refer to “(C) Establishment by the Company of an Independent Special Committee” of “(6) 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 “3. Details of Opinion on the Tender Offer and Grounds and Reasons Therefor” above for details.

11. Other Matters Necessary for Investors to Properly Understand the Information of the Company and Make an Appropriate Decision

The Company resolved at its board of directors meeting held today 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 Company today.

In addition, the Company released an “Announcement of Revision of Performance Forecast for the Y.E. December 2020” today. For details, see the contents of that press release.

End

Reference: Please refer to “Announcement of Commencement of Tender Offer for Shares Certificates in Japan Systems Co., Ltd. (Securities Code: 9758) by JSL Holdings LLC” dated December 24, 2020 (as attached)

US Regulations

The Tender Offer will be conducted in compliance with the procedures and information disclosure standards provided under the Financial Instruments and Exchange Act of Japan, and those procedures and standards are not always the same as those applicable in the United States. In particular, neither Section 13(e) nor Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, the “U.S. Securities Exchange Act of 1934”) or the rules under these sections apply to the Tender Offer; therefore, the Tender Offer is not conducted in accordance with those procedures or standards. The financial information included in this press release do not conform to the U.S. accounting standards and may not be equivalent to the financial statements of a company in the United States. Also, because the Tender Offeror and the Company are corporations incorporated outside the United States and some or all of their directors are non-U.S. residents, it may be difficult to exercise rights or demands against them under the U.S. securities laws. It also may be impossible to bring an action against a company that is based outside of the United States or its directors in a court outside of the United States on the grounds of a violation of the federal securities laws of the United States. There is also no guarantee that a company that is based outside of the United States or its subsidiaries or affiliates may be compelled to submit themselves to the jurisdiction of a U.S. court.

All procedures regarding the Tender Offer will be conducted in Japanese unless specifically set forth otherwise. All or part of the documents regarding the Tender Offer will be prepared in English. However, if there is any discrepancy between the documents in English and those in Japanese, the documents in Japanese shall prevail.

Before the commencement of the Tender Offer or during the purchase period of the Tender Offer, the Tender Offeror and its affiliate, and the affiliates of the financial advisor of each of the Tender Offeror and the Company might purchase by means other than the Tender Offer or conduct an act aimed at such a purchase of the 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.

Prediction of the Future

This press release includes forward-looking statements as defined in Section 27A of the U.S. Securities Act of 1933 (as amended, the “U.S. Securities Exchange Act of 1933”) and Section 21E of the U.S. Securities Exchange Act of 1934. The actual results may be significantly different from the predictions expressly or impliedly indicated in the forward-looking statements, due to known or unknown risks, uncertainty, or other factors. The Tender Offeror or its affiliates do not guarantee that the predictions expressly or impliedly indicated as the forward-looking statements will turn out to be correct. The forward-looking statements included in this press release were prepared based on the information held by the Tender Offeror as of the date hereof, and unless obligated by laws or regulations or the rules of a financial instruments exchange, the Tender Offeror, the Company or their affiliates shall not be obligated to update or revise the statements to reflect future incidents or situations.

[Translation]
December 24, 2020

To whom it may concern:

Company Name	Japan Systems Co., Ltd.
Name of Representative	Tomohiro Kawada, President and Representative Director (Code: 9758, JASDAQ)
Contact	Jun Maejima, Corporate Planning Section Manager (Telephone: +81-3-5309-0300)

Company Name	JSL Holdings LLC
Name of Representative	Law Thin Ken, Operating Officer

Announcement of Commencement of Tender Offer for Shares in Japan Systems Co., Ltd. (Securities Code: 9758) by JSL Holdings LLC

JSL Holdings LLC (the “**Tender Offeror**”) hereby announces that it decided on December 24, 2020 to acquire shares in Japan Systems Co., Ltd. through a tender offer with the details as described in the attachment.

End

These materials are disclosed in accordance with Article 30, Paragraph 1, Item (4) of the Financial Instruments and Exchange Act Enforcement Order upon the request of JSL Holdings LLC (the Tender Offeror) to Japan Systems Co., Ltd. (company subject to the Tender Offer).

Attached materials:

Announcement of Commencement of Tender Offer for Common Shares in Japan Systems Co., Ltd. (Securities Code: 9758) dated December 24, 2020

December 24, 2020

To whom it may concern:

Company Name	JSL Holdings LLC
Name of Representative	Law Thin Ken, Operating Officer

**Announcement of Commencement of Tender Offer for Common Shares in Japan
Systems Co., Ltd. (Securities Code: 9758)**

JSL Holdings LLC (the “**Tender Offeror**”) hereby announces that it decided on December 24, 2020 to acquire shares of common stock in Japan Systems Co., Ltd. (the “**Target Company**”) (the “**Target Company Shares**”) listed on the JASDAQ Standard Market (“**JASDAQ**”) of the Tokyo Stock Exchange, Inc. (the “**TSE**”) through a tender offer under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) (the “**Tender Offer**”) with the details as described below.

The Tender Offeror is a *godo kaisha* established on July 15, 2020 for the main purpose of acquiring and holding all of the Target Company Shares listed on JASDAQ of the TSE, and all of its equity interests are held by Daylight Holding L.P. (“**DH Fund**”) as of today. As of today, (i) Sunlight Investment L.P., 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., in which DXC Pension Trust e.V. (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 today.

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 ones, 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 and the parent company of the Target Company (number of shares owned: 13,973,000 shares (Note 1); ownership ratio (Note 2): 53.67%)), and making the Target Company a wholly-owned subsidiary of the Tender Offeror.

(Note 1): The number of shares owned is the number of shares held by DXC US stated in the Report of Change (*henko houkoku sho*) (No. 2) regarding the Target Company Shares held 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 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 same applies to statements regarding ownership ratios below.

The outline of Tender Offer is as follows.

(1) Name of the Target Company

Japan Systems Co., Ltd.

(2) Period of Purchase

From December 25, 2020 (Friday) to February 15, 2021 (Monday) (31 Business Days)

(3) Type of Share Certificates, Etc. to Be Purchased and Price of Purchase

Common shares 590 yen per share

(4) 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

(5) Commencement Date of Settlement

February 22, 2021 (Monday)

(6) Tender Offer Agent

Nomura Securities Co., Ltd.

13-1, Nihombashi 1-chome, Chuo-ku, Tokyo

For the specific details of the Tender Offer, please refer to the Tender Offer Registration Statement to be submitted by the Tender Offeror for the Tender Offer on December 25, 2020.

End

Restrictions on Solicitation

This press release is to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first carefully read the Tender Offer Explanatory Statement for the Tender Offer and make their own independent decision. This press release does not constitute, nor form part of, any offer to sell, solicitation of a sale of, or any solicitation of any offer to buy, any securities. In addition, neither this press release (or any part of it) nor the fact of its distribution shall form the basis for any agreement on the Tender Offer or be relied on when executing such an agreement.

US Regulations

The Tender Offer will be conducted in compliance with the procedures and information disclosure standards provided under the Financial Instruments and Exchange Act of Japan, and those procedures and standards are not always the same as those applicable in the United States. In particular, neither Section 13(e) nor Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, the “U.S. Securities Exchange Act of 1934”) or the rules under these sections apply to the Tender Offer; therefore, the Tender Offer is not conducted in accordance with those procedures or standards. The financial information included in this press release do not conform to the U.S. accounting standards and may not be equivalent to the financial statements of a company in the United States. Also, because the Tender Offeror and the Target Company are corporations incorporated outside the United States and some or all of their directors are non-U.S. residents, it may be difficult to exercise rights or demands against them under the U.S. securities laws. It also may be impossible to bring an action against a company that is based outside of the United States or its directors in a court outside of the United States on the grounds of a violation of the federal securities laws of the United States. There is also no guarantee that a company that is based outside of the United States or its subsidiaries or affiliates may be compelled to submit themselves to the jurisdiction of a U.S. court.

All procedures regarding the Tender Offer will be conducted in Japanese unless specifically set forth otherwise. All or part of the documents regarding the Tender Offer will be prepared in English. However, if there is any discrepancy between the documents in English and those in Japanese, the documents in Japanese shall prevail.

Before the commencement of the Tender Offer or during the purchase period of the Tender Offer, 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.

Prediction of the Future

This press release includes forward-looking statements as defined in Section 27A of the U.S. Securities Act of 1933 (as amended, the “U.S. Securities Exchange Act of 1933”) and Section 21E of the U.S. Securities Exchange Act of 1934. The actual results may be significantly different from the predictions expressly or impliedly indicated in the forward-looking statements, due to known or unknown risks, uncertainty, or other factors. The Tender Offeror or its affiliates do not guarantee that the predictions expressly or impliedly indicated as the forward-looking statements will turn out to be correct. The forward-looking statements included in this press release were prepared based on the information held by the Tender Offeror as of the date hereof, and unless obligated by laws or regulations or the rules of a financial instruments exchange, the Tender Offeror, the Target Company or their affiliates shall not be obligated to update or revise the statements to reflect future incidents or situations.

In other countries

Some countries or regions may impose restrictions on the announcement, issue, or distribution of this press release. In such cases, please take note of such restrictions and comply with them. The announcement, issue, or distribution of this press release shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.