

Translation

Notice: This document has been translated from the Japanese original for reference purposes. In the event of any discrepancy between this translated document and the Japanese original, the latter shall prevail.

Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 2024 (Based on Japanese GAAP)

August 10, 2023

Company name: Interworks Confidence Inc.

Listing exchange: Tokyo Stock Exchange

Securities code: 7374

URL: <https://ciw.jp>

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Scheduled date for filing quarterly securities report: August 10, 2023

Scheduled date for commencing dividend payments: -

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results briefing session: No

(Amounts are rounded down to the nearest million yen, unless otherwise noted)

1. Consolidated Financial Results for the First Quarter (April 1, 2023 to June 30, 2023) of the Fiscal Year Ending March 31, 2024

(1) Consolidated Operating Results (Cumulative)

(Percentage figures represent year-on-year changes)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter ended June 30, 2023	1,409	12.7	282	19.6	245	4.0	167	7.3
First quarter ended June 30, 2022	1,250	20.0	236	30.1	236	34.8	156	34.0

(Note) Comprehensive income

First quarter ended June 30, 2023: 167 million yen [7.3%]

First quarter ended June 30, 2022: 156 million yen [34.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter ended June 30, 2023	36.18	35.36
First quarter ended June 30, 2022	34.06	32.99

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	2,825	2,064	72.6
As of March 31, 2023 (end of previous fiscal year)	2,892	2,023	69.6

(Reference) Total shareholders' equity

As of June 30, 2023: 2,051 million yen

As of March 31, 2023: 2,012 million yen

2. Cash Dividends

	Annual dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2023	-	20.00	-	28.00	48.00
Fiscal year ending March 2024	-	-	-	-	-
Fiscal year ending March 2024 (Forecast)	-	25.00	-	30.00	55.00

(Note) Revisions to the most recently announced dividend forecast: Yes

For the revisions to the dividend forecast, please refer to "Notice Concerning Revisions to the Earnings Forecast and Dividend Forecast for the First Two Quarters (Cumulative) and the Entire Year of the Fiscal Year Ending March 2024" (Japanese) announced today (August 10, 2023).

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentage figures indicate year-on-year changes)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First two quarters (cumulative)	3,275	28.7	502	0.2	453	(9.3)	312	(7.8)	55.64
Full year	8,000	53.9	1,120	20.0	1,065	14.8	725	17.3	118.58

(Note) Revisions to the most recently announced dividend forecast: Yes

For the revisions to the consolidated earnings forecast, please refer to “Notice Concerning Revisions to the Earnings Forecast and Dividend Forecast for the First Two Quarters (Cumulative) and the Entire Year of the Fiscal Year Ending March 2024” (Japanese) announced today (August 10, 2023).

* Notes

(1) Changes in significant subsidiaries during the quarter (changes in specified subsidiaries resulting in change in scope of consolidation): No

(2) Application of accounting treatments specific to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

1) Changes in accounting policies due to revisions to accounting standards and other regulations: No

2) Changes in accounting policies other than those in 1) above: No

3) Changes in accounting estimates: No

4) Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2023	4,625,800 shares	As of March 31, 2023	4,623,000 shares
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2) Number of treasury shares at the end of the period

As of June 30, 2023	46 shares	As of March 31, 2023	46 shares
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3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

First quarter ended June 30, 2023	4,625,046 shares	First quarter ended June 30, 2022	4,580,774 shares
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* This summary of financial results is not subject to quarterly review procedures by a public accountant or audit corporation.

* Explanation regarding appropriate use of earnings forecasts, and other notes

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual financial results and the like may differ materially due to various factors.

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1. Quarterly Consolidated Financial Statements and Major Notes
(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (As of March 31, 2023)	First quarter of current fiscal year (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	2,047,536	1,972,514
Accounts receivable - trade	572,768	601,260
Accounts receivable - other	418	320
Other	41,291	28,243
Total current assets	2,662,015	2,602,338
Non-current assets		
Property, plant and equipment		
Buildings	46,334	46,334
Accumulated depreciation	(2,464)	(3,240)
Buildings, net	43,869	43,093
Tools, furniture and fixtures	47,859	49,591
Accumulated depreciation	(22,122)	(23,843)
Tools, furniture and fixtures, net	25,736	25,747
Total property, plant and equipment	69,606	68,840
Intangible assets		
Software	17,193	15,997
Trademark right	128	62
Total intangible assets	17,321	16,059
Investments and other assets		
Investment securities	20,900	20,900
Deferred tax assets	56,483	52,062
Guarantee deposits	64,693	64,019
Other	1,300	1,231
Total investments and other assets	143,377	138,212
Total non-current assets	230,305	223,113
Total assets	2,892,320	2,825,451

(Thousands of yen)

	Previous fiscal year (As of March 31, 2023)	First quarter of current fiscal year (As of June 30, 2023)
Liabilities		
Current liabilities		
Current portion of long-term borrowings	22,500	-
Accounts payable - other	82,858	67,251
Accrued expenses	283,333	309,544
Income taxes payable	216,116	81,614
Accrued consumption taxes	129,222	122,721
Deposits received	18,953	44,863
Refund liabilities	97	308
Provision for bonuses	115,632	134,917
Total current liabilities	868,715	761,222
Non-current liabilities		
Deferred tax liabilities	11	-
Total non-current liabilities	11	-
Total liabilities	868,726	761,222
Net assets		
Shareholders' equity		
Share capital	508,034	508,734
Capital surplus	400,028	400,728
Retained earnings	1,104,231	1,142,118
Treasury shares	(83)	(83)
Total shareholders' equity	2,012,210	2,051,496
Share acquisition rights	11,383	12,732
Total net assets	2,023,594	2,064,229
Total liabilities and net assets	2,892,320	2,825,451

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive IncomeQuarterly Consolidated Statements of Income
(Cumulative)

(Thousands of yen)

	First quarter of previous fiscal year (April 1, 2022 - June 30, 2022)	First quarter of current fiscal year (April 1, 2023 - June 30, 2023)
Revenue	1,250,685	1,409,111
Cost of sales	801,565	891,999
Gross profit	449,119	517,111
Selling, general and administrative expenses	212,759	234,535
Operating profit	236,359	282,576
Non-operating income		
Rental income from buildings	-	92
Total non-operating income	-	92
Non-operating expenses		
Interest expenses	273	37
Commission expenses	44	36,778
Other	-	265
Total non-operating expenses	317	37,081
Ordinary profit	236,042	245,586
Extraordinary income		
Gain on reversal of share acquisition rights	282	-
Total extraordinary income	282	-
Extraordinary losses		
Loss on retirement of non-current assets	2,873	-
Office relocation expenses	7,687	-
Total extraordinary losses	10,560	-
Profit before income taxes	225,764	245,586
Income taxes - current	78,228	73,848
Income taxes - deferred	(8,477)	4,409
Total income taxes	69,751	78,257
Profit	156,012	167,329
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	156,012	167,329

Quarterly Consolidated Statements of Comprehensive Income
(Cumulative)

(Thousands of yen)

	First quarter of previous fiscal year (April 1, 2022 - June 30, 2022)	First quarter of current fiscal year (April 1, 2023 - June 30, 2023)
Profit	156,012	167,329
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	156,012	167,329
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	156,012	167,329
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in the Amounts of Shareholder's Equity)

Not applicable.

(Segment Information, Etc.)

[Segment information]

I. First quarter of the previous fiscal year (April 1, 2022 - June 30, 2022)

Information on revenue and profit or loss by reportable segment

(Thousands of yen)

	Reportable segment			Adjustments (Note 1)	Amount recorded in quarterly statements of income (Note 2)
	HR Solution business	Media business	Total		
Revenue					
Sales to outside customers	1,234,406	16,279	1,250,685	-	1,250,685
Inter-segment sales or transfers	6,199	-	6,199	(6,199)	-
Total	1,240,605	16,279	1,256,884	(6,199)	1,250,685
Segment profit (loss)	372,739	(2,688)	370,050	(133,690)	236,359

(Notes) 1. Adjustments of segment profit (loss) (-133,690 thousand yen) include corporate expenses of 133,690 thousand yen that are not allocated to each reportable segment.

2. Segment profit (loss) has been adjusted with the operating profit in the Quarterly Consolidated Statements of Income.

II. First quarter of the current fiscal year (April 1, 2023 - June 30, 2023)

Information on revenue and profit or loss by reportable segment

(Thousands of yen)

	Reportable segment			Adjustments (Note 1)	Amount recorded in quarterly statements of income (Note 2)
	HR Solution business	Media business	Total		
Revenue					
Sales to outside customers	1,392,950	16,161	1,409,111	-	1,409,111
Inter-segment sales or transfers	-	-	-	-	-
Total	1,392,950	16,161	1,409,111	-	1,409,111
Segment profit	403,341	4,725	408,066	(125,489)	282,576

(Notes) 1. Adjustments of segment profit (-125,489 thousand yen) include corporate expenses of 125,489 thousand yen that are not allocated to each reportable segment.

2. Segment profit has been adjusted with the operating profit in the Quarterly Consolidated Statements of Income.

(Significant Subsequent Events)

[Business combination through acquisition]

The Company and Interworks, Inc. (“Interworks”) conducted an absorption-type merger with the Company as the absorbing and surviving company and Interworks as the absorbed and dissolving company (the “Merger”), effective August 1, 2023, and changed its trade name to “Kabushiki Kaisha Confidence Interworks” (English name: “Interworks Confidence Inc.”) on the same day.

1. Purpose of business combination

The Company and Interworks, Inc. aim to realize the benefits of the integration with a focus on “Expanding the business areas of the HR Solution business/achieving business growth through cross-selling,” “Reinforcing the Media business,” and “Strengthening the business management foundation and reducing administration costs.”

2. Date of business combination

August 1, 2023

3. Name and business description of the absorbed and dissolving company

Name of the absorbed and dissolving company: Interworks, Inc.

Business description: Media & solutions business, recruitment business, hiring support business

4. Legal format of business combination

Absorption-type merger with the Company as the absorbing and surviving company and Interworks as the absorbed and dissolving company

5. Company name after business combination

“Kabushiki Kaisha Confidence Interworks”

(English name: “Interworks Confidence Inc.”)

6. Details of allotments in connection with the business combination

1) Merger ratio by type of shares

The Company allotted and issued 0.205 shares of its common stock for each share of common stock of Interworks.

2) Calculation method of merger ratio

In order to ensure the fairness of the merger ratio, it was determined that each company should separately request an independent third-party appraiser to calculate the merger ratio. The Company selected SBI Securities Co., Ltd. and Interworks selected YAMADA Consulting Group Co., Ltd.

The Company and Interworks repeatedly conducted negotiations and discussions on the merger ratio in earnest, with reference to the calculation results, etc. received from the third-party appraisers they selected and in consideration of their respective financial conditions, performance trends and stock price trends, etc. Consequently, the two companies ultimately determined that the above merger ratio is appropriate and contributes to the interests of their respective shareholders, and agreed and determined the merger ratio.

3) Number of shares issued

1,981,177 shares in common stock

7. Consideration paid for the acquisition

Consideration for the acquisition: 3,480,927 thousand yen (the fair value of the Company’s common stock shares issued on the date of business combination)

8. Amounts of assets and liabilities assumed by the succeeding company

Not yet finalized at this point in time.

9. Goodwill generated by merger, reason, amortization method and period

Not yet finalized at this point in time.

10. Status after merger and trade name change

		New company after the merger
(1)	Name	Kabushiki Kaisha Confidence Interworks (English name: Interworks Confidence Inc.)
(2)	Location	2-19-1 Shinjuku, Shinjuku-ku, Tokyo
(3)	Title and name of representative	Nobuyuki Takushi, President
(4)	Line of business	HR solution business (staffing, outsourcing, recruitment) Media & solutions business
(5)	Share capital	Not yet finalized at this point in time.
(6)	Fiscal year end	March every year
(7)	Net assets	Not yet finalized at this point in time.
(8)	Total assets	Not yet finalized at this point in time.

[Issuance of the 5th share acquisition rights (free stock options)]

At its Board of Directors' meeting held on August 10, 2023, the Company decided on issuing share acquisition rights for its Directors and employees (the "officers and employees"), as described below, based on the provisions of Articles 236, 238 and 240 of the Companies Act.

1. Purpose and reason for offering share acquisition rights

The Company will issue share acquisition rights for its Directors and employees free of charge in order to strengthen determination and raise the morale of officers and employees to maximize the Company's corporate value.

When all share acquisition rights are exercised, the total number of shares of the Company's common stock will increase by 92,000, which will cause a maximum dilution rate of 1.4%. However, the Company deems the impact of the share dilution to be reasonable, as it considers that the issuance of share acquisition rights will contribute to the interests of its existing shareholders.

2. Terms and conditions of the issuance of the share acquisition rights

(1) Name of the share acquisition rights

Interworks Confidence Inc. 5th Series of Share Acquisition Rights (the "Share Acquisition Rights")

(2) Subscription period or date

August 29, 2023

(3) Allocation date

August 31, 2023

(4) Offering method

The Share Acquisition Rights will be allocated by way of a third-party allotment.

(5) Class and number of shares to be issued upon exercise of the Share Acquisition Rights

The class of shares to be issued upon exercise of the Share Acquisition Rights shall be the Company's common stock, and the number of shares to be issued upon exercise of each Share Acquisition Right (the "number of granted shares") shall be 100 shares. In the event that, following the allocation date of the Share Acquisition Rights, the Company conducts a stock split of its common stock shares (including free allocation of its common stock shares; the same shall apply hereinafter) or stock consolidation, the number of granted shares shall be adjusted using the formula below. However, such adjustment shall be made only with respect to the number of granted shares for the Share Acquisition Rights that have not been exercised as of such time, and any fraction of less than one share resulting from the adjustment shall be rounded down.

$$\text{Post-adjustment number of granted shares} = \text{Pre-adjustment number of granted shares} \times \text{ratio of stock split or stock consolidation}$$

In addition, after the allocation date of the Share Acquisition Rights, the Company may, if it deems necessary, adjust the number of granted shares to a reasonable extent.

(6) Total number of the Share Acquisition Rights

920

(7) Amount to be paid upon exercise of each Share Acquisition Right

No payment of money shall be required in exchange for the Share Acquisition Rights.

(8) Value of assets to be contributed upon exercise of the Share Acquisition Rights

1) The assets to be contributed upon exercise of each Share Acquisition Right shall be cash, and the value shall be the amount obtained by multiplying the exercise price by the number of granted shares.

2) The amount of money per share of the Company's common stock to be contributed upon exercise of the Share Acquisition Rights (the "exercise price") shall be the amount obtained by multiplying the average closing price of the Company's common stock shares in regular trading on the Tokyo Stock Exchange for each day of the month preceding the month to which the date of issuance of the Share Acquisition Rights belongs by 1.05, with any fraction less than one yen rounded up. However, if such price is lower than the closing price of the Company's common stock shares in regular trading on the Tokyo Stock Exchange on the date of issuance of the Share Acquisition Rights (or, if no such closing price exists, the closing price of the day immediately preceding that date), the price shall be the said closing price.

(9) Adjustment of exercise price

1) In the event that, following the allocation date of the Share Acquisition Rights, the Company conducts a stock split of its common stock shares or stock consolidation, the exercise price shall be adjusted using the formula below, with any fraction less than one yen resulting from the adjustment to be rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Ratio of stock split or stock consolidation}}$$

2) In the event that, following the allocation date of the Share Acquisition Rights, the Company issues new shares or disposes of treasury shares at a price below the fair value (excluding cases where the Company issues new shares or disposes of treasury shares by exercising share acquisition rights, or transfers treasury shares through a share exchange), the exercise price shall be adjusted using the formula below, with any fraction less than one yen resulting from the adjustment to be rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of newly issued/disposed shares} \times \text{paid-in amount per share}}{\text{Fair value}}}{\text{Number of shares already issued} + \text{number of newly issued/disposed shares}}$$

- In the above formula, the “number of shares already issued” shall be the number obtained by deducting the number of treasury shares held by the Company from the total number of shares issued and outstanding of the Company.
- 3) After the allocation date of the Share Acquisition Rights, the Company may, if it deems necessary, adjust the exercise price to a reasonable extent.
- (10) Period during which the Share Acquisition Rights may be exercised
From September 1, 2025 to August 31, 2033 (or, if the last day is not a bank business day, until the preceding bank business day)
- (11) Other conditions for the exercise of the Share Acquisition Rights
- 1) If the Share Acquisition Rights holder is an officer such as Director or an employee of the Company when the relevant person has acquired the Share Acquisition Rights, the holder must continuously hold the position of either an officer such as Director or an employee of the Company or its subsidiaries for the period from the acquisition of the Share Acquisition Rights to the exercise of the rights. This shall not apply, however, in cases where the Board of Directors of the Company deems that there is a justifiable reason.
 - 2) In the event that the Share Acquisition Rights holder dies during the exercise period, his/her heirs may not exercise the Share Acquisition Rights.
 - 3) The Share Acquisition Rights holder may not exercise the Share Acquisition Rights if any of the following events occur. This shall not apply, however, if the Board of Directors of the Company agrees to otherwise handling the matter in a reasonable manner, except in the following cases of a), c) and i).
 - a) When the right holder is sentenced to imprisonment or severer punishment
 - b) When the right holder directly or indirectly establishes a company engaged in business that competes with the Company, or assumes the position of an officer such as director or employee of such a company, or otherwise competes with the Company in any name (except in cases where prior written approval of the Company has been obtained)
 - c) When the right holder damages the Company’s credibility through violations of laws and regulations or other misconducts
 - d) When the right holder receives the order of seizure, provisional seizure, provisional disposition, compulsory execution or auction, or when the right holder is subject to delinquent payment of taxes and public dues
 - e) When the right holder faces suspension of payments or becomes insolvent, or when a bill or check drawn or accepted by the right holder is dishonored
 - f) When the right holder receives the order of commencement of bankruptcy proceedings, civil rehabilitation proceedings, or other similar proceedings, or if the right holder files for such an order
 - g) When the right holder violates the employment regulations and receives disciplinary measures
 - h) When the right holder violates the fiduciary duty, etc. that should be fulfilled as an officer
 - i) When there is a suspicion that the right holder falls under the category of anti-social forces or anti-market forces, or when there is a suspicion that the right holder has fallen under any of these categories within the past five years
 - 4) The total amount of the exercise price for the exercise of the Share Acquisition Rights by the right holder for a year (from January 1 to December 31) shall not exceed 12,000,000 yen.
- (12) Acquisition of the Share Acquisition Rights
- 1) In the event that proposals for a merger agreement under which the Company becomes a dissolving company, for a share exchange agreement under which the Company becomes a wholly owned subsidiary, or for a share transfer plan are approved at a general meeting of shareholders of the Company (or resolved by the Company’s Board of Directors for such proposal if a resolution of a general meeting of shareholders is not required), or that convocation of such general meeting of shareholders is requested by the shareholders, the Company shall acquire all of the Stock Acquisition Rights without consideration upon the arrival of a date separately set by the Company’s Board of Directors as the acquisition date, if any. However, if the Company’s Board of Directors decides to acquire the Share Acquisition Rights for value, the Company may acquire all of the Share Acquisition Rights for value at an amount determined by the Company’s Board of Directors.
 - 2) In the event that the right holder of the Share Acquisition Rights lacks the conditions for exercising his/her rights in accordance with Paragraph (11), or in the event that the right holder waives his/her Share Acquisition Rights, the Company may acquire such Share Acquisition Rights without consideration upon the arrival of a date separately set by the Company’s Board of Directors.
 - 3) If the Company’s Board of Directors separately sets a date for acquisition, the Company shall acquire all or part of the Share Acquisition Rights without consideration upon the arrival of such date. In the event that the Company acquires part of the Share Acquisition Rights, the Company’s Board of Directors shall, by its resolution, determine the part of the Share Acquisition Rights to be acquired.
- (13) Transfer of the Share Acquisition Rights
Any acquisition of the Share Acquisition Rights through transfer shall require the approval of the Company’s Board of Directors.
- (14) Share capital and legal capital surplus that will increase when shares are issued through exercise of the Share Acquisition Rights
The amount of increase in share capital when shares are issued through exercise of the Share Acquisition Rights shall be the amount obtained by multiplying the maximum amount of increase in share capital, etc., which is calculated in accordance with Article 17 of the Regulation on Corporate Accounting, by 0.5, with any fraction of less than one yen resulting from the calculation to be rounded up. The amount of increase in legal capital surplus shall be the amount obtained by subtracting the amount of increase in share capital from the maximum amount of increase in share capital, etc.

- (15) Method of requesting the exercise of the Share Acquisition Rights
- 1) When exercising the Share Acquisition Rights, the right holder shall notify matters necessary for the exercise to the exercise request acceptance desk designated by the Company during the period in which the Share Acquisition Rights may be exercised, as set forth in Paragraph (10).
 - 2) When exercising the Share Acquisition Rights, the right holder shall, in addition to the notice of request for exercise set forth in the preceding item, transfer the full amount of the value of the assets to be contributed upon exercise of the Share Acquisition Rights in cash to the account designated by the Company at the payment handling agent nominated by the Company.
 - 3) The request for exercise of the Share Acquisition Rights shall become effective on the date when all matters necessary for the exercise request are notified to the exercise request acceptance desk designated by the Company and the full amount of the value of the assets to be contributed upon exercise of the Share Acquisition Rights is deposited to the account set forth in the preceding item.
- (16) Handling of the Share Acquisition Rights in the case of corporate reorganization
- In the event that the Company conducts a merger (limited to cases in which the Company dissolves as a result of the merger), an absorption-type company split or an incorporation-type company split (both limited to cases in which the Company becomes the split company), a share exchange or a share transfer (both limited to cases where the Company becomes a wholly owned subsidiary) (collectively referred to as "corporate reorganization actions"), the Company shall grant the share acquisition rights of joint-stock companies listed in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (the "companies subject to reorganization"), in corresponding cases, to the holders of the Share Acquisition Rights that remain immediately before the effective date of the corporate reorganization actions (the "Remaining Share Acquisition Rights") in accordance with the following conditions. In such cases, the Remaining Share Acquisition Rights shall be extinguished, although limited to cases where it is stipulated in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan that the share acquisition rights of the companies subject to reorganization shall be delivered in accordance with the following conditions.
- 1) Number of share acquisition rights of the companies subject to reorganization to be granted
The Company shall grant the same number of the share acquisition rights as the number of the Remaining Share Acquisition Rights held by the right holders of the Share Acquisition Rights.
 - 2) Class of the shares of the companies subject to reorganization to be issued upon exercise of the share acquisition rights
The shares shall be the common stock shares of the companies subject to reorganization.
 - 3) Number of the shares of the companies subject to reorganization to be issued upon exercise of the share acquisition rights, or the method for the calculation
The number of shares to be issued upon exercise of the share acquisition rights shall be the number reasonably adjusted in accordance with Paragraph (5), after taking into consideration the conditions, etc. of the corporate reorganization actions.
 - 4) Value of assets to be contributed upon exercise of the share acquisition rights, or the method for the calculation
The value shall be the amount obtained by multiplying the exercise price, which is reasonably adjusted in accordance with Paragraphs 8 and 9, by the number of the shares of the companies subject to reorganization to be issued upon exercise of the share acquisition rights, which is determined in accordance with Item 3) above, after taking into consideration the conditions, etc. of the corporate reorganization actions.
 - 5) Period during which the share acquisition rights may be exercised
The period shall be from the commencement date of the period during which the Share Acquisition Rights may be exercised as set forth in Paragraph (10) or the effective date of the corporate reorganization actions, whichever date is later, until the expiration date of the period during which the Share Acquisition Rights may be exercised as set forth in Paragraph (10).
 - 6) Conditions for the exercise of the share acquisition rights
To be determined in accordance with Paragraph (11).
 - 7) Reasons and conditions for acquisition of the share acquisition rights
To be determined in accordance with Paragraph (12).
 - 8) Restrictions on the transfer of the share acquisition rights
Any acquisition of the share acquisition rights through transfer shall require the approval of the Board of Directors of the companies subject to reorganization (or of a general meeting of shareholders if the companies subject to reorganization are not companies with board of directors).
 - 9) Matters concerning share capital and legal capital surplus that will increase when shares are issued through exercise of the share acquisition rights
To be determined in accordance with Paragraph (14).
 - 10) Other terms and conditions shall be determined in accordance with the terms and conditions of the companies subject to reorganization.
- (17) Non-issuance of certificates of share acquisition rights
- The Company shall not issue any certificates of share acquisition rights with respect to the Share Acquisition Rights.
- (18) Arrangement for fractions of less than one share resulting from the exercise of the Share Acquisition Rights
- Any fraction of less than one share in the number of shares to be granted to the right holder who has exercised the Share Acquisition Rights shall be rounded down.

(19) Others

- 1) In the event that it becomes necessary to replace certain words and phrases with others or take other measures with regard to the provisions of the Terms and Conditions hereto, the Company may, in accordance with the provisions of the Companies Act and the purpose of the Share Acquisition Rights, take such necessary measures in a manner it deems appropriate such as amending the provisions of the Terms and Conditions hereto.
- 2) Other necessary matters concerning the issuance of the Share Acquisition Rights shall be left to the discretion of the President of the Company.

(20) Eligible allottees of the Share Acquisition Rights, the number of such persons, and the number of the Share Acquisition Rights to be allotted

600 for four Directors of the Company

320 for five employees of the Company

The numbers of the eligible persons above are planned figures and are subject to change. The numbers of the Share Acquisition Rights for allocation indicated above represent the maximum numbers to be issued, and may change depending on the number of applications and other factors.