



News Release

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Securities Code:	6457
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Announcement Concerning

Execution of a Capital and Business Alliance Agreement with FueTrek Co., Ltd. and Commencement of Tender Offer for Shares of FueTrek Co., Ltd. (Securities Code: 2468)

GLORY LTD. (the “Company” or the “Tender Offeror”) hereby announces that it was resolved at its board of directors’ meeting held today that the Company would enter into a capital and business alliance agreement (the “Capital and Business Alliance Agreement;” the capital and business alliance based thereon hereinafter to be referred as the “Capital and Business Alliance”) with FueTrek Co., Ltd. (Securities Code: 2468, 2nd Section of the Tokyo Stock Exchange, Inc. (“TSE”); the “Target Company”) and acquire the shares of common stock of the Target Company (the “Target Company Shares”), through a tender offer (the “First Tender Offer”) in accordance with the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “Act”) as stated below.

If the First Tender Offer is completed, as stated below, the Company plans to conduct the second tender offer (the “Second Tender Offer”, together with the First Tender Offer hereinafter to be referred as “Dual Tender Offers”), whose tender offer price is a higher price (i.e., 770 yen) than the First Tender Offer Price (i.e., 569 yen) with the aim of acquiring the Target Company Shares held by shareholders of the Target Company. Listing of the Target Company Shares at 2nd Section of TSE is expected to be maintained after the completion of the Dual Tender Offers.

1. Purpose of the Tender Offer

(1) Overview of the Dual Tender Offers

It was resolved at its board of directors’ meeting held today that the Company would enter into a Capital and Business Alliance Agreement with the Target Company and conduct the First Tender Offer as the first step of the Dual Tender Offers, with the aim of acquiring from Mr. Hideyuki Fujiki, who is the founder and former president as well as the current largest shareholder of the Target Company, all of the 1,481,200 shares of the Target Company Shares (Shareholding Ratio (Note 1): 15.82%) (the “Prospective Tendered Shares”) that are held by Mr. Hideyuki Fujiki for constructing an alliance where both companies run their business with the Target Company becoming a member of the Company group. As to the details of the Capital and Business Alliance Agreement, please refer to “a. Capital and Business Alliance Agreement” of “(4) Matters Concerning Material Agreements Related to the Dual Tender Offers” below. Furthermore, based on an agreement reached by the Company and Mr. Hideyuki Fujiki through multiple negotiations, the Company will conduct the First Tender Offer at a purchase price that has been discounted from the market price (Note 2) and conduct the Second Tender Offer at a purchase price that has been obtained by adding a premium to the market price

(Note 2) so that shareholders of the Target Company other than Mr. Hideyuki Fujiki will tender the Target Company Shares. The Company holds no Target Company Shares as of today.

(Note 1) The “Shareholding Ratio” means a holding ratio to the 9,365,740 shares which is obtained by deducting the number of treasury shares as of June 30, 2018 (i.e., 146,460 shares) as set forth in Summary of Financial Results for the First Quarter of the FY ending in March 2019 (JGAAP) (consolidated) filed by the Target Company as of August 9, 2018 (the “Summary of Financial Results”) from the total issued shares of the Target Company as of June 30, 2018 (i.e., 9,497,200 shares) as set forth in the 19th Business Period First Quarterly Report filed by the Target Company as of August 10, 2018 (the “Quarterly Report”), and adding the Target Company Shares that are the object of the 150 share options as of May 31, 2018 (resolved at the ordinary shareholders meeting on June 19, 2015 and the board of directors’ meeting on October 23, 2015) as of May 31, 2018 (i.e., 15,000 shares) as set forth in the 18th Business Period Annual Securities Report filed by the Target Company as of June 25, 2018 (the “Annual Securities Report”) (rounded to the nearest hundredth of a percent; hereinafter the same in calculations of Shareholding Ratios).

(Note 2) The term “market price” as used herein means the closing price of the Target Company Shares on the 2nd Section of TSE on September 27, 2018 which is the immediately preceding business day of the announcement date of the First Tender Offer.

With respect to the First Tender Offer, the Company and Mr. Hideyuki Fujiki have entered into a tender offer agreement as of September 28, 2018 (the “Tender Offer Agreement”) for application of all of the Target Company Shares owned by Mr. Hideyuki Fujiki to the First Tender Offer. As to the details of the Tender Offer Agreement, please refer to “b. Tender Offer Agreement” of “(4) Matters Concerning Material Agreements Related to the Dual Tender Offers” below.

Since the Company intends to acquire the Prospective Tendered Shares from Mr. Hideyuki Fujiki in the First Tender Offer, the Company has set the minimum number of shares to be purchased at the First Tender Offer as 1,481,200 shares (Shareholding Ratio: 15.82%), which is equivalent to the number of the Prospective Tendered Shares. If the total number of tendered shares (which means shares tendered in a tender offer; the same shall apply hereinafter) for the First Tender Offer does not reach the minimum number of shares to be purchased at the First Tender Offer, the Company will not purchase any tendered shares through the First Tender Offer. Furthermore, as stated below in “(1) Overview of the Dual Tender Offers” of “1. Purpose of the Tender Offer”, since the Company plans to conduct the Second Tender Offer after the completion of the First Tender Offer and assumes that no shares other than the Prospective Tendered Shares will be tendered in the First Tender Offer, and since the Company and the Target Company intend to maintain the listing of the Target Company Shares after the First Tender Offer, the Company has set the maximum number of shares to be purchased at the First Tender Offer as 1,481,200 shares (Shareholding Ratio: 15.82%) which is equivalent to the number of the Prospective Tendered Shares. If the total number of tendered shares exceeds the maximum number of shares to be purchased (i.e., 1,481,200 shares), all or part of shares exceeding such number shall not be purchased, and delivery and other settlements relating to the purchase of the shares shall be conducted under the method of proportional distribution as set forth in Article 27-13, Paragraph 5 of the Act and Article 32 of the Cabinet Ordinance Concerning the Disclosure of Tender Offers for Shares, Etc., by Persons Other Than Issuers (Order of the Ministry of Finance No. 38 of 1990, as amended; the “TOB Order”). In this case, Mr. Hideyuki Fujiki will continue to hold a part of the Target Company Shares after the First Tender Offer. However, there are no special arrangements between the Company and Mr. Hideyuki Fujiki regarding his policy about holding the Target Company Shares after the First Tender Offer, nor has the Company been informed by him of his policy.

The tender offer period for the First Tender Offer (the “First Tender Offer Period” or simply the “Tender Offer Period”) will be 20 business days from October 1, 2018 to October 29, 2018.

It was resolved at its board of directors' meeting held today that as the second step of the Dual Tender Offers, if the First Tender Offer is completed, the Company would conduct the Second Tender Offer promptly after the settlement of the First Tender Offer, with the aim of acquiring the Target Company Shares held by shareholders of the Target Company other than Mr. Hideyuki Fujiki under the condition that the board of directors of the Target Company has issued an opinion in support of the Second Tender Offer and the events falling under a condition of withdrawal of the First Tender Offer (as to the details thereof, please refer to "b. Conditions of Withdrawal, etc. of the Tender Offer" of "(9) Other Conditions and Methods of the Tender Offer" of "2. Overview of the Tender Offer" below) has not occurred. If the Second Tender Offer will be conducted, the Company plans to resolve to conduct the Second Tender Offer at the board of directors' meeting to be held on November 6, 2018. The tender offer price per share of the Target Company Shares for the Second Tender Offer (the "Second Tender Offer Price") will be 770 yen, which will be 201 yen (35.33%) higher than the tender offer price per share of the Target Company Shares for the First Tender Offer (the "First Tender Offer Price") (i.e., 569 yen). The tender offer period for the Second Tender Offer (the "Second Tender Offer Period") is planned to be 25 business days from November 7, 2018 to December 12, 2018. As to the details of the Second Tender Offer Price, please refer to "(i) Basis of Calculation" and "(ii) Background of Calculation" of "(4) Basis of Calculation for Tender Offer Price" of "2. Overview of the Tender Offer" below.

The Dual Tender Offers are, in essence, a set of consecutive transactions and the shareholders of the Target Company other than Mr. Hideyuki Fujiki will determine whether or not to tender their shares in either tender offer, based on the assumption that if the First Tender Offer is completed, the Second Tender Offer will be conducted subsequently after the completion of the First Tender Offer. The Dual Tender Offers are not to be conducted with the intention to delist the Target Company Shares, and the Company and the Target Company intend to maintain the listing of the Target Company Shares after the completion of the Dual Tender Offers; thus, the Company intends to set the maximum number of shares to be purchased at the Second Tender Offer as 2,312,000 shares (Shareholding Ratio: 24.69%) (Note 3). Additionally, the Company does not intend to set the minimum number of shares to be purchased at the Second Tender Offer to offer the chance to sell for the shareholders of the Target Company who hope to sell their Target Company Shares at the Second Tender Offer Price.

(Note 3) The Company has set the maximum number of Target Company Shares to be purchased in the Second Tender Offer as 3,793,200 shares (Shareholding Ratio: 40.50%) including the 1,481,200 shares to be acquired through the First Tender Offer given: (i) that the Company and the Target Company intend to maintain the listing of the Target Company Shares on the 2nd Section of TSE after completion of the Dual Tender Offers; (ii) that the Company and the Target Company have decided that it is desirable to make the Target Company at least an equity method affiliate for constructing an alliance system where the Target Company would become a member of the Company group and both companies run their business; and (iii) the result of consultations between the Target Company who wishes to maintain its independence as a listed company and the Company who wishes to acquire an adequate number of Target Company Shares to earn a return from its share in the Target Company in light of the fact that it is expected to allocate a certain amount of its resources to the measures to be conducted under the Capital and Business Alliance.

On the other hand, according to the "Notice of Expression of Opinion regarding the Tender Offer for the Company Shares by GLORY LTD. and Capital and Business Alliance" released by the Target Company as of September 28, 2018 (the "Notice by the Target Company"), it was resolved at its board of directors' meeting held today that the Target Company would issue an opinion in support of the First Tender Offer and withhold its opinion concerning the appropriateness of the First Tender Offer Price and defer to the decision of each shareholder of the Target Company as to whether to apply for the First Tender Offer, given that the First Tender Offer was agreed on by and as a result of negotiations between the Company and Mr. Hideyuki Fujiki and the Company assumes that only Mr. Hideyuki Fujiki tenders his shares while shareholders of the Target Company other than Mr. Hideyuki Fujiki does not tender their shares, and if the First Tender Offer is completed, the Company intends

to conduct a Second Tender Offer at a tender offer price that exceeds the First Tender Offer Price promptly after settlement for the First Tender Offer is completed. Furthermore, if the First Tender Offer is completed, the Company will conduct the Second Tender Offer, whose tender offer price is a higher price (i.e., 770 yen) than the First Tender Offer Price (i.e., 569 yen), promptly after the settlement of the First Tender Offer. As of September 28, 2018, the board of directors of the Target Company resolved that the Target Company would issue an opinion in support of the Second Tender Offer if the Second Tender Offer is to be conducted, and also resolved that it would withhold its opinion concerning the appropriateness of the Second Tender Offer Price and defer to the decision of each shareholder of the Target Company as to whether to apply for the Second Tender Offer, given that the Tender Offeror does not intend to delist the Target Company Shares in the Second Tender Offer and the Target Company Shares are expected to continue to be listed after the Second Tender Offer, and it is therefore fairly reasonable for the shareholders to decide to continue to hold the Target Company Shares after the completion of the Second Tender Offer.

The Target Company has allegedly engaged in careful consultations/considerations regarding the content of the Capital and Business Alliance and terms and conditions of the Dual Tender Offers, and during the course of such consultations/considerations, it appointed SMBC Nikko Securities Inc., who is independent from the Company, Mr. Hideyuki Fujiki and the Target Company as its financial advisor and received advice from it, and the Target Company allegedly received legal advice from Oh-Ebashi LPC & Partners as its legal advisor

As to the details of the process leading to the above-mentioned resolutions of the board of directors' meeting of the Target Company, please refer to the Notice by the Target Company and "c. Unanimous Approval by the Non-Interested Directors and No Objection from the Non-Interested Corporate Auditors of the Target Company" of "(6) Measures to Ensure the Fairness of the Dual Tender Offers Including Those to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" below.

(2) Purpose and Background of the Dual Tender Offers and Management Policy After the Dual Tender Offers

a. Purpose and Background of the Dual Tender Offers

The Company group, comprising the Company, 51 subsidiaries and one related company, conducts manufacturing, selling and providing maintenance services business for money handling machines, peripheral devices, vending machines and automatic service equipment both domestically and internationally.

Ever since its foundation as a small factory in March 1918 and introduction of Japan's first coin counter in February 1950, the Company has developed numerous products that were the first in Japan including cigarette vending machines, open teller systems and coin and banknote recyclers for cashiers. The Company has achieved remarkable growth by supplying various money handling machines to domestic and overseas financial institutions, retail industries and other customers based on the Company's unique technological capabilities developed over the years. As a company playing an important role in society for authentication of money in addition to improving efficiency of money handling, the Company has been endeavoring to continuously ensure and enhance its corporate value, under the corporate philosophy that "we will contribute to the development of a more secure society through a striving spirit and cooperative efforts." Specifically, while refining the two core technologies that support the money handling business (namely, "mechatronics technology" to count, sort and transport banknotes and coins and "recognition/identification technology" to discriminate authentic money from counterfeit), the Company has strived to further evolve its original technologies and developed various unique technologies that transcend the boundary of money handling such as handwritten character and seal shadows recognition technology, biometric authentication technology and speech privacy protection technology.

In addition, in July 2012, the Company acquired Talaris Topco Limited, a UK corporation that operated money handling machine business on a worldwide basis, and rapidly accelerated its overseas business expansion by integrating the solution capabilities and worldwide sales and maintenance service networks of the said company with the Company's existing business foundation.

March 2018 marked the Company's 100th anniversary and the Company has embarked on the next 100 years under its slogan "Confidence Enabled." The Company group upholds "Long-Term Vision 2028" as its ideal to be attained in ten years for building the next generation and has pointed its way to further expand its existing businesses, make forays into new business domains and attain new technologies and business models. Furthermore, in accordance with a three year plan called the "2020 Medium-Term Management Plan," which is purposed to realize the "Long-Term Vision 2028," the Company group upholds, as one of its policies, to further expand its existing domestic and overseas businesses and strengthen approaches to new businesses, and takes new steps in order to establish the four "New Business Domains" (namely, "building a new management scheme for currency circulation," "provision of various methods of payments," "establishment of a personal identification and authentication business" and "promotion of an automated society") as the business foundation in the future.

In recent years, the market for personal identification and authentication business is expected to expand worldwide. The Company group intends to lead other companies in the technology development of this business domain and upgrade its products equipped with these technologies and their services and thereby aims to further enhance its corporate value while fulfilling its mission to "contribute to social development," which is a part of its corporate philosophy.

Amidst such circumstances, in order to establish personal identification and authentication as one of its new businesses, the Company group has been in the process of selecting a business partner with a view to enhance the added value of its existing businesses and realize new products/services and solutions by not only developing its unique recognition /authentication technologies but also by acquiring new technologies and integrating or combining multiple technologies.

On the other hand, according to the Target Company, its group comprises the Target Company and four consolidated subsidiaries, and engages in license business (the speech recognition and the CRM (Note 1) business fields), image/media business (the image/media business fields) and other businesses (the platform development, transcript, international and other business fields).

The Target Company was allegedly established in April 2000 as a semiconductor design company specializing in mobile phones that would be able to singularly provide services ranging from proposal to realization of business models. In March 2001, the Target Company allegedly commoditized the ringtone sound generator IP (Note 2) for mobile phones and commenced a license and royalty business. After adoption by some mobile phone manufacturers, in January 2005, the Target Company allegedly entered into a licensing agreement for sound generators with NTT DOCOMO, INC. ("NTT Docomo") and subsequently listed its shares on the Mothers section of TSE in December 2005.

According to the Target Company, in December 2006, it entered into a business alliance agreement with Advanced Telecommunications Research Institute International ("ATR") and in May 2007, made a capital investment in a subsidiary of ATR and thereby newly commenced a speech recognition business. By the business year ended March 2011, the speech recognition business for mobile phones allegedly grew and became a primary business of the Target Company and replaced the sound generator IP in leading the license and royalty business of the Target Company.

However, in the business year ended March 2012, the number of smartphone shipments exceeded that of existing mobile phones, and such decrease in the number of existing mobile phone shipments allegedly lead the Target Company to determine that this would have an unavoidable impact on the Target Company's license and royalty business. Accordingly, the Target Company allegedly endeavored to develop products and expand sales to markets other than mobile phones and focused on the creation of a new business that would succeed the speech recognition business. In October 2014, it allegedly entered the machine translation business by establishing Mirai Translate, Inc., which primarily engages in machine translation, through a joint investment with NTT Docomo and other parties and acquiring Media Research, Inc., which primarily engages in manual translation, as its subsidiary.

In August 2016, the Target Company's stock market was allegedly changed to the 2nd Section of the TSE and in June 2017, Mr. Yasutaka Urakawa allegedly became President and CEO. Following discussions on which businesses to select and focus on within the Target Company group under the new management, it was decided that investments in the industrial machine translation business would be discontinued in October 2017 and that the Target Company would concentrate its investments on the speech recognition business. Such policy of the Target Company is allegedly due to a management decision to the effect that while the Target Company was losing its business advantage against the backdrop of provision of free machine translation services and changes in the development method resulting from deep learning (Note 3), AI and IoT devices was a growing market that required the Target Company's speech recognition technology.

The Target Company group allegedly has commodities utilizing speech recognition and its peripheral technology, as well as development resources and knowhow for management of services. It also allegedly has the knowhow and existing clientele for software license business such as royalty business, which has been a business model of the Target Company since establishment, and allegedly regards these as material assets of Target Company group.

Incidentally, in the speech recognition business, which is a primary business of the Target Company group, as the demand in AI and other markets is increasing, service evolution such as combination with other technology is accelerating and, according to the Target Company, there is a tendency for customers in the market to seek products that comprise multiple functions rather than those with a single function. Under these circumstances, allegedly, the Target company has been in the process of selecting a business partner under the belief that the development of speech recognition technology by the Target Company alone has limitations and that a business partner for technology and business (including by means of conclusion of a capital alliance that enables the generation of business synergy) is necessary, and therefore came to hold an interest in the high mutual complementation that could be achieved with the Company's fingerprint recognition and facial recognition technologies.

(Note 1) CRM is an abbreviation of Customer Relationship Management and means the method by which a company strengthens its relationship with its customers.

(Note 2) The sound generator IP means design data with intellectual property rights (Intellectual Property Core) such as the semiconductor circuit and software for producing music.

(Note 3) Deep learning is a machine learning method used for teaching computers to perform tasks and actions that are naturally performed by humans and is a technology that supports the development of artificial intelligence (AI).

Under such circumstances, in mid-April 2018, the Company, who had been searching for an opportunity to enter into a partnership to expand its personal identification and authentication business, got in contact with the Target Company, who had speech recognition technology for mobile phones, through a financial institution and subsequently discussed with each other the

mutual complementation in speech recognition and image/facial recognition technologies and knowhow, and around mid-June 2018, the companies began to consider the Capital and Business Alliance through the acquisition of the Target Company Shares by the Company. In late June 2018, the Company, with the consent of the Target Company, commenced due diligence on the Target Company (such due diligence was completed in late September 2018).

After that, during the course of numerous discussions with the Target Company about the Capital and Business Alliance through the acquisition of the Target Company Shares, the Company came to believe that it would be desirable to construct an alliance system and, assuming that Mr. Hideyuki Fujiki, the current largest shareholder of the Target Company who held 1,481,200 shares of the Target Company Shares (Shareholding Ratio: 15.82%), was willing to sell his shares at a price lower than the purchase price to be presented by the Company to the other shareholders of the Target Company, the Company proposed in late August 2018 a method to acquire all of the Target Company Shares held by Mr. Hideyuki Fujiki and to widely acquire the Target Company Shares also from its shareholders other than Mr. Hideyuki Fujiki. In early September 2018, the Company made a proposal about the Capital and Business Alliance and the Dual Tender Offers with the aim of promoting further development of collaborated business and increasing the corporate values of both companies by building close collaboration between the two companies and constructing of an alliance system where both companies run their businesses with the Target Company becoming a member of the Company group. During the course of consultation with the Target Company on the Dual Tender Offers, on September 11, 2018, the Company met with Mr. Hideyuki Fujiki through introduction by the Target Company and made a proposal to him, premised on the transfer of the Target Company Shares held by him, on constructing an alliance system where both companies run their businesses with the Target Company becoming a member of the Company group. Through further discussion with Mr. Hideyuki Fujiki, the Company and Mr. Fujiki came to agree that by making use of the respective management resources of the Company and the Target Company, creating a capital relationship between the two companies and implementing the measures listed below through collaboration between the two companies, it will be possible to contribute to an increase in the corporate values of the two companies. Furthermore, Mr. Fujiki made an offer that he would be willing to transfer his shares to the Company at a price per share lower than the price to be offered by the Company to the other shareholders of the Target Company, as an indication of his commitment as a founder of the Target Company. Accordingly, the Company began making a concrete plan to implement the Dual Tender Offers.

In late September 2018, as a result of consultations and negotiations, the Company and the Target Company reached the conclusion that by making use of management resources of both company groups such as the technological capabilities and knowhow respectively accumulated by the Company, whose strength lies in various recognition/authentication technologies fields and the Target Company, whose strength lies in the speech recognition technology field, it would be possible to provide new solutions in state-of-the-art recognition technology and personal identification and authentication technology, mutually complementary to the businesses of both company groups and highly beneficial to enhancing the corporate value of both company groups. Therefore, the Company and the Target Company decided that it would be desirable to execute the Capital and Business Alliance Agreement for constructing an alliance system where both companies run their business with the Target Company becoming a member of the Company group. Hence, at the board of directors' meeting held today, it was resolved that the Company would enter into the Capital and Business Alliance Agreement and that it would enter into Tender Offer Agreement with Mr. Hideyuki Fujiki and conduct the First Tender Offer as the first step of the Dual Tender Offers, based on an agreement reached by the parties through multiple negotiations with Mr. Hideyuki Fujiki.

As to the details of the Target Company's decision-making process, please refer to the press release issued by the Target Company as of September 28, 2018 and "c. Unanimous Approval by the Non-Interested Directors and No Objection from the Non-Interested Corporate Auditors of the Target Company" of "(6) Measures to Ensure the Fairness of the Dual Tender Offers

Including Those to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest” below.

The Company and the Target Company are considering the implementation of the following measures with a view to further increasing the corporate value of both companies:

(a) Integration of Image/Facial Recognition Technology and Speech Recognition Technology in Biometric Authentication

Efforts will be made to create innovative technology through technology innovation by means of integration of biometric authentication by combining image and facial recognition/facial authentication technologies and speech recognition technology and joint development including element development with respect to the biometric authentication platform;

(b) Enhancement of UX and UI (Note)

Creation of new solutions enabling to provide new UX and UI and increase of added value and strengthen market competitiveness will be promoted by installing the recognition/authentication technologies of both companies in the existing products and new products/services of the Company and the Target Company; and

(Note) UX (user experience) means the experience that product/service users obtain through the use of such products and services and UI (user interface) means the interacted point between users and products/services.

(c) Creation of New Businesses

Efforts will be made to increase the added value of the products/services of both companies and create new businesses by promptly realizing (a) and (b) above through collaboration between the Company and the Target Company.

b. Management Policy after the Completion of the Dual Tender Offers

The Company and the Target Company acknowledge that it is a policy of the Target Company after completion of the Dual Tender Offers to maintain listing of the Target Company Shares and give consideration to the profit of minority shareholders as a listed company.

Additionally, once the Dual Tender Offers are completed, the Company intends to mutually utilize management resources with the Target Company, respect the Target Company’s independence and construct an alliance system where the Target Company would become a member of the Company group and both companies run their business based on the business management policy that the Target Company has promoted in the past and aim to enhance the corporate value of both the Target Company and the Company group.

Therefore, the Company intends to have the Target Company’s current management team and employees continue to contribute to the development of business as core members of the Target Company’s business.

After completion of the Dual Tender Offers and in accordance with the Capital Business Alliance Agreement, the Company may designate at most 2 persons as the directors of the Target Company and at most 1 person as the corporate auditor of the Target Company under the condition that the Shareholding Ratio of the Target Company Shares held by the Company is equal to or more than 33.40% (the “Minimum Voting Rights Ratio”). However, if as a result of the Dual Tender Offers the Company’s Shareholding Ratio of the Target Company Shares is less than the Minimum Voting Rights Ratio, the Company may designate at most 1 person as the director of the Target Company and has no right to designate any corporate auditors. Accordingly, once the Dual Tender

Offers are completed, if the Company's Shareholding Ratio of the Target Company Shares is equal to or more than the Minimum Voting Rights Ratio, the Company plans to designate 2 directors and 1 corporate auditor of the Target Company and if the Company's Shareholding Ratio of the Target Company Shares is less than the Minimum Voting Rights Ratio, the Company plans to designate 1 director and request the Target Company to submit a proposal for election of directors and a corporate auditor or a proposal for election of a director, as the case may be, listing these persons as candidates at the ordinary shareholders meeting of the Target Company to be held in June 2019.

When the First Tender Offer is completed and the Second Tender Offer is concluded (i.e., upon commencement of settlement for the Second Tender Offer or when it has been determined that the Second Tender Offer will not be commenced), apart from the designation of the directors and corporate auditor, the Company plans to have at most 2 observers who do not have a voting right attend the board of directors' meeting and management meeting of the Target Company in accordance with the Capital and Business Alliance Agreement.

(3) Determination of the First Tender Offer Price

When determining the First Tender Offer Price, the Company conducted multiple negotiations with Mr. Hideyuki Fujiki, and on September 28, 2018, the Company and Mr. Hideyuki Fujiki reached an agreement that the Company would acquire the Prospective Tendered Shares (1,481,200 shares; Shareholding Ratio: 15.82%) at the price of 569 yen per share. Based on an agreement reached by the parties through multiple negotiations with Mr. Hideyuki Fujiki, the Company determined the First Tender Offer Price to be 569 yen per share. It is assumed that only Prospective Tendered Shares will be tendered to the First Tender Offer. As to the details of the determination of the First Tender Offer Price, please refer to "(i) Basis of Calculation" and "(ii) Background of Calculation" of "(4) Basis of Calculation for Tender Offer Price" of "2. Overview of the Tender Offer" below.

(4) Matters Concerning Material Agreements Related to the Dual Tender Offers

a. Capital and Business Alliance Agreement

On the premise that the Dual Tender Offers will be completed, the Company has entered into the Capital and Business Alliance Agreement dated September 28, 2018 with the Target Company. The details of the agreement under the Capital and Business Alliance Agreement are as follows:

(Reason for Alliance)

Please refer to "a. Purpose and Background of the Dual Tender Offers" of "(2) Purpose and Background of the Dual Tender Offers and Management Policy After the Dual Tender Offers" of "1. Purpose of the Tender Offer"

(Details of Alliance)

The details of the Capital and Business Alliance Agreement are as follows:

(i) Objective

- (a) The Company and the Target Company have concluded the Capital and Business Alliance Agreement with the aim of utilizing the various recognition/authentication technologies of the Company and the speech recognition technology of the Target Company, enabling the provision of new solutions in state-of-the-art recognition technology and personal identification and authentication technology and maximizing the corporate value of both companies through the Capital and Business Alliance.
- (b) In order to effectively and promptly achieve the objective in the preceding Item, the Company and the Target Company acknowledge that the Company intends to acquire 3,793,200 Target Company Shares equivalent to the Shareholding Ratio of 40.50% through the Dual Tender Offers and make the Target Company an equity method affiliate of the Company.

(ii) Agreement Regarding Officers

After completion of the Dual Tender Offers and in accordance with the Capital and Business Alliance Agreement, the Company may designate at most 2 persons as the directors of the Target Company and at most 1 person as the corporate auditor of the Target Company respectively under the condition that the Shareholding Ratio of the Target Company Shares held by the Company is equal to or more than the Minimum Voting Rights Ratio (33.40%). Accordingly, once the Dual Tender Offers are completed, the Company plans to designate 2 directors and 1 corporate auditor of the Target Company respectively and request the Target Company to submit a proposal for election of directors and a proposal for election of corporate auditor listing these persons as candidates at the ordinary shareholders meeting of the Target Company to be held in June 2019.

If the voting rights ratio of the Company is less than the Minimum Voting Rights Ratio, the Company may designate 1 director of the Target Company but has no right to designate the corporate auditor of the Target Company.

When the First Tender Offer is completed and the Second Tender Offer is concluded (i.e., upon commencement of settlement for the Second Tender Offer or when it has been determined that the Second Tender Offer will not be commenced), apart from the designation of the directors and corporate auditor, the Company plans to have, at most, 2 observers without a voting right attend the board of directors' meeting and management meeting of the Target Company in accordance with the Capital and Business Alliance Agreement.

(iii) Details of Business Alliance

The Company and the Target Company will engage in consultations with the following business alliance in mind. However, the Company and the Target Company may only engage in consultations regarding Items (4) and (5) when, as a result of the Dual Tender Offers, the Company's holding ratio in the Target Company Shares is equal to or more than the Minimum Voting Rights Ratio.

- (1) Creation and provision of new solutions in state-of-the-art recognition technology and personal identification and authentication technologies which utilize the recognition/authentication technologies of the Company and the Target Company;
- (2) Development of a new business which effectively utilizes the assets, customers and technologies owned by the Company and the Target Company in their respective existing business domains;
- (3) Enhancement of UX and UI in existing products/services by integration of the respective technologies of the Company and the Target Company;
- (4) Mutual cooperation in sales and cultivating new customers;
- (5) Provision to the Target Company of management resources of the Company such as infrastructure; and
- (6) Other collaborations agreed on by the Company and the Target Company.

b. Tender Offer Agreement

In preparation for the First Tender Offer, the Company has entered into an agreement with Mr. Hideyuki Fujiki as of September 28, 2018 to the effect that Mr. Hideyuki Fujiki shall tender all his Target Company Shares held as of the date of this announcement (1,481,200 shares; Shareholding Ratio: 15.82%) in the First Tender Offer.

The Tender Offer Agreement sets forth the following conditions precedent for application by Mr. Hideyuki Fujiki. Mr. Hideyuki Fujiki may, at his discretion, apply for the First Tender Offer after waiving all or part of these conditions precedent.

- (a) The First Tender Offer has commenced legally and validly, and has not been withdrawn;
- (b) At the Target Company's board of directors' meeting, a resolution expressing the opinion that the Target Company supports the First Tender Offer has been legally and validly made with unanimous approval of all directors that participated in the resolution, such resolution has been announced, such opinion has not been changed or withdrawn, and it is surely

anticipated that a resolution expressing the opinion that the Target Company supports the Second Tender Offer will be legally and validly made;

- (c) Representations and warranties of the Company set forth in the Tender Offer Agreement (Note 1) are true and correct in all material respects;
- (d) The Company does not breach the obligations set forth in the Tender Offer Agreement (Note 2) in any material respect;
- (e) There is no law or regulation, or order, disposition or judgment by the Judicial or Administrative Agency or any other authorized organization that place restrictions on or prohibits the launch of the First Tender Offer or the application for the First Tender Offer by Mr. Hideyuki Fujiki;
- (f) Any specific event that precludes launch of the Second Tender Offer has not occurred; and
- (g) There are no material facts that have not yet been announced by the Target Company, which will become known to Mr. Hideyuki Fujiki only after the commencement of the First Tender Offer (except for cases where the sale of the Prospective Tendered Shares by Mr. Hideyuki Fujiki through application to the First Tender Offer does not breach Article 166 or Article 167 of the Act).

(Note 1) The Company represents and warrants, by the Tender Offer Agreement, as of the execution date of the Tender Offer Agreement and each of the commencement and settlement dates of the First Tender Offer that (i) the Company is a corporation duly organized and validly existing, (ii) the Company has corporate power and authority necessary to execute and perform the Tender Offer Agreement and has completed corporate procedures required for the execution and performance of the Tender Offer Agreement, (iii) the Tender Offer Agreement has been lawfully and validly executed and is enforceable against the relevant parties, (iv) procedures to obtain permits, approvals or licenses required in connection with the execution and performance of the Tender Offer Agreement have been completed and such permits, etc. have been obtained, (v) the execution and performance of the Tender Offer Agreement are not in violation of any laws or regulations, internal rules, agreements and decisions of judicial or administrative agencies that are applicable to the Company, (vi) there are no bankruptcy proceedings involving the Company and (vii) there are no relationships with antisocial forces and/or claims made using forceful behavior or acts of violence.

(Note 2) The Company assumes, in addition to an obligation to commence the First Tender Offer and a confidentiality obligation, an obligation (i) to immediately give Mr. Hideyuki Fujiki a written notice if, by the settlement date of the First Tender Offer, there is any breach of the representations and warranties stated in Note 1 above by the Company and (ii) to indemnify any damage, loss or expense incurred by Mr. Hideyuki Fujiki arising out of or in relation to any breach by the Company of its representations and warranties stated in Note 1 above and/or its obligations under the Tender Offer Agreement.

(5)Matters Concerning the Second Tender Offer

a. Outline of the Second Tender Offer

As stated in“(1) Overview of the Dual Tender Offers” above, after the completion of the First Tender Offer, the Company intends to launch the Second Tender Offer, with the aim of acquiring the Target Company Shares held by shareholders of the Target Company other than Mr. Hideyuki Fujiki and on the premise that the board of directors of the Target Company has issued an opinion in support of the Second Tender Offer. In such case, the Company’s board of directors intends to resolve to conduct the Second Tender Offer at the meeting to be held on November 6, 2018. Since the Company plans to set the Second Tender Offer Period as the 25 business days from November 7, 2018 to December 12, 2018 and intends maintain listing of the Target Company Shares after completion of the Dual Tender Offers, it plans to set the maximum number of shares to be purchased at the Second Tender Offer as 2,312,000 shares (Shareholding Ratio: 24.69%). Furthermore, the Company does not intend to set a minimum number of shares to be purchased in

order to provide the Target Company's shareholders who wish to sell their shares at the Second Tender Offer Price with an opportunity to sell. The commencement date of the Second Tender Offer may be delayed or the Second Tender Offer Period may be changed if the First Tender Offer Period is extended for any compelling reason or there is any other compelling equivalent reason to such extension. Even in such cases, however, the Company will commence the Second Tender Offer as soon as practically possible.

If the First Tender Offer is not completed, the Company will not conduct the Second Tender Offer.

b. Reasons for Difference between the First Tender Offer Price and the Second Tender Offer Price

The Company conducted negotiations with Mr. Hideyuki Fujiki and reached an agreement to acquire the Prospective Tendered Shares at the First Tender Offer Price (i.e., 569 yen per share). Concurrently with such negotiations with Mr. Hideyuki Fujiki, for the purpose of providing shareholders of the Target Company other than Mr. Hideyuki Fujiki with an opportunity to sell their Target Company Shares at a price with a premium over the current market price (Note) (i.e., 770 yen per share), the Company consulted and negotiated with the Target Company on acquiring the Target Company Shares held by such shareholders at a price higher than the First Tender Offer Price.

The difference between the First Tender Offer Price and the Second Tender Offer Price arose from the fact that the First Tender Offer Price was determined based on the offer made by Mr. Hideyuki Fujiki as a result of the Company's negotiations with the different parties as stated above, to the effect that he would be willing to transfer his shares to the Company at a price per share lower than the price to be offered by the Company to the other shareholders of the Target Company based on his belief that constructing an alliance system where both companies run their business with the Target Company becoming a member of the Company group through conducting the Dual Tender Offers would be instrumental to the Target Company's further growth and beneficial to enhancing the Target Company's corporate value and in light of his position as founder of the Target Company.

(Note) The term "market price" as used herein means the closing price of the Target Company Shares on the 2nd Section of TSE on September 27, 2018 which is the immediately preceding business day of the announcement date of the First Tender Offer.

c. Reasons for Conducting Staggered Tender Offers

As stated in "b. Reasons for Difference between the First Tender Offer Price and the Second Tender Offer Price," Mr. Hideyuki Fujiki has agreed that he would receive a lower price per share of the Target Company Shares than that to be received by other shareholders of the Target Company in the Dual Tender Offers. However, under the Act, offering different prices in one tender offer with respect to an identical class of shares is not allowed. It is also not allowed in practice under the Act for a single tender offeror to simultaneously conduct multiple tender offers with different prices. Additionally, the number of Target Company Shares to be acquired by the First Tender Offer alone would not be sufficient to enable the Company to own 3,793,200 shares of the Target Company Shares which is equivalent to a Shareholding Ratio of 40.50% in the Target Company Shares as agreed on between the Company and the Target Company under the Capital and Business Alliance Agreement.

Therefore, the Company will conduct staggered tender offers: i.e., (a) the First Tender Offer as the first step that aims to acquire the Prospective Tendered Shares from Mr. Hideyuki Fujiki at a price lower than the Second Tender Offer Price and (b) the subsequent Second Tender Offer as the second step that aims to acquire the Target Company Shares from shareholders of the Target Company other than Mr. Hideyuki Fujiki at a price higher than the First Tender Offer Price.

d. Determination of Second Tender Office Price

In determining the Second Tender Offer Price, the Company requested Ernst & Young Transaction Advisory Services Co., Ltd. (“EYTAS”), which is a financial advisor that is a third-party appraiser independent from the Company and the Target Company, to conduct a valuation of the shares of the Target Company (the “Target Company Share Value”), and referred to the share valuation report concerning valuation of the Target Company Shares (the “Share Valuation Report”) received as of September 27, 2018. The Company has not obtained any opinion on the fairness of the Second Tender Offer Price (a fairness opinion) from EYTAS. Additionally, EYTAS has not been asked to provide its opinion on the First Tender Offer Price and no analysis has been conducted with respect thereto.

As to the details of the determination of the Second Tender Offer Price, please refer to “(i) Basis of Calculation” and “(ii) Background of Calculation” of “(4) Basis of Calculation for Tender Offer Price” of “2. Overview of the Tender Offer” below.

(6) Measures to Ensure the Fairness of the Dual Tender Offers Including Those to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest

Although the Company does not hold any Target Company Shares as of today, it has entered into the Tender Offer Agreement with Mr. Hideyuki Fujiki, a major and the largest shareholder of the Target Company and, according to the Target Company, it is possible that the interests of Mr. Hideyuki Fujiki and those of minority shareholders of the Target Company do not necessarily match. Therefore, the Company and the Target Company have taken the following measures to ensure the fairness of the Dual Tender Offers and to avoid conflicts of interests. Please note that the following descriptions regarding the measures taken by the Target Company are based on explanations from the Target Company.

a. Obtaining Share Valuation Reports from Independent Third-party Appraiser by the Company

As described in “d. Determination of the Second Tender Office Price” of “(5) Matters Concerning the Second Tender Offer” above, in considering the Second Tender Office Price, the Company has obtained the Share Valuation Report from EYTAS.

b. Advice from Independent Law Firm of the Target Company

According to the Notice by the Target Company, for the purpose of carefully deliberating on the expression of opinion, eliminating arbitrariness in decision-making and ensuring fairness and legality of the decision-making process in the Target Company, the Target Company has allegedly engaged Oh-Ebashi LPC & Partners as a legal advisor independent from the Company, Mr. Hideyuki Fujiki and the Target Company, and receives legal advice from Oh-Ebashi LPC & Partners on the method, process and precautions regarding decision-making by the Target Company’s board of directors on the expression of opinion regarding the Dual Tender Offers.

c. Unanimous Approval by the Non-Interested Directors and No Objection from the Non-Interested Corporate Auditors of the Target Company

According to the Notice by the Target Company, the Target Company has allegedly conducted careful deliberation and consideration on the Dual Tender Offers based on the legal advice referred to in “b. Advice from Independent Law Firm of the Target Company” above and other factors, as described in “a. Purpose and Background of the Dual Tender Offers” of “(2) Purpose and Background of the Dual Tender Offers and Management Policy After the Dual Tender Offers” above.

As a result of the above-mentioned consideration, the Target Company allegedly reached the conclusion that constructing an alliance system where both companies run their business with the Target Company becoming a member of the Company group through the Dual Tender Offers would be mutually complementary to the businesses of both companies, and that making mutually use of

management resources of both company groups, such as their technologies and knowhow in speech recognition and facial and other image recognition, and implementing the integration of the authentication technologies to enhance market competitiveness and provide state-of-the-art personal identification and authentication solutions, including applying the technologies to biometric authentication, would be highly beneficial to enhancing the corporate value of the Target Company group.

With respect to the First Tender Offer Price (i.e., 569 yen), the Target Company has allegedly determined that it would be appropriate to withhold its opinion concerning the appropriateness of the First Tender Offer Price and defer to the decision of each shareholder of the Target Company as to whether to apply for the First Tender Offer, given that (i) the First Tender Offer Price was agreed on by and as a result of negotiations between the Company and Mr. Hideyuki Fujiki and the Company assumes that only Mr. Hideyuki Fujiki tenders his shares while shareholders of the Target Company other than Mr. Hideyuki Fujiki does not tender their shares, and (ii) if the First Tender Offer is completed, the Company intends to conduct a Second Tender Offer at the Second Tender Offer Price (i.e., 770 yen) which exceeds the First Tender Offer Price promptly after settlement for the First Tender Offer is completed. With respect to the Second Tender Offer Price, the Target Company allegedly intends to withhold its opinion concerning the appropriateness of the Second Tender Offer Price and defer to the decision of each shareholder of the Target Company as to whether to apply for the Second Tender Offer, given that, (iii) since the Company does not intend to delist the Target Company Shares upon the Second Tender Offer and the listing of the Target Company Shares is expected to be maintained after the completion of the Second Tender Offer, it is quite reasonable for the shareholders of the Target Company to make the choice to continue to hold their Target Company Shares after the completion of the Second Tender Offer. Considering the circumstances under (i) through (iii) above, the Target Company has allegedly not obtained any valuation report about the Target Company Share Value independently from a third-party appraiser.

On that basis, it was allegedly resolved by a unanimous vote of all directors, at the Target Company's board of directors' meeting held today at which all directors of the Target Company, including its outside director, were present, that the Target Company would enter into the Capital and Business Alliance Agreement and that the Target Company would issue an opinion in support of the First Tender Offer, withhold its opinion concerning the appropriateness of the First Tender Offer Price, and defer to the decision of each shareholder of the Target Company as to whether to apply for the First Tender Offer. It was allegedly also resolved, as the opinion of the Target Company as of the same date, that if the Second Tender Offer is to be conducted, the Target Company would issue an opinion in support of the Second Tender Offer, withhold its opinion concerning the appropriateness of the Second Tender Offer Price, and defer to the decision of each shareholder of the Target Company as to whether to apply for the Second Tender Offer.

In addition, all corporate auditors of the Target Company, including its outside corporate auditors, were allegedly present at the above-mentioned board of directors' meeting and allegedly stated the opinion that they had no objection to the resolution.

(7) Plans to Acquire Additional Shares of the Target Company following the Dual Tender Offers

If, as a result of the Dual Tender Offers, the Shareholding Ratio of the Target Company Shares held by the Company is equal to or more than the Minimum Voting Rights Ratio (33.40%) but less than 40.50%, the Company will consider and discuss with the Target Company the reasonable measures to promptly realize a structure by which the Company's Shareholding Ratio would reach 40.50%. In such event, the Company and the Target Company will consider the measures to be taken, including the possibility of the Company acquiring the Target Company Shares on the market by taking into account the situation after the Dual Tender Offers. On the other hand, if, as a result of the Dual Tender Offers, the Shareholding Ratio of the Target Company Shares held by the Company does not reach the Minimum Voting Rights Ratio, the Company intends, at this point, to proceed with the capital and business alliance with the Target Company based on the Shareholding Ratio of the Target Company Shares acquired as a result of the Dual Tender Offers, but the details, such as

the contents of the capital and business alliance that is practicable based on the equity interests actually acquired, whether or not the Company should acquire additional Target Company Shares, and its policy for shareholding, are planned to be determined upon consultation with the Target Company.

(8)Prospects of Delisting

As of today, the Target Company Shares are listed on the 2nd Section of TSE. The Dual Tender Offers are not intended to delist the Target Company Shares and the Company and the Target Company plan to maintain the Target Company Shares listed after the completion of the Dual Tender Offers. The Company is launching the First Tender Offer subject to a maximum number of shares to be purchased of 1,481,200 shares (Shareholding Ratio: 15.82%), and therefore, listing of the Target Company Shares is expected to be maintained after the completion of the First Tender Offer. The Company plans to launch the Second Tender Offer subject to a maximum number of shares to be purchased of 2,312,000 shares (Shareholding Ratio: 24.69%). and the Shareholding Ratio of the Target Company Shares held by the Company will be 40.50% at the maximum even after the completion of the Second Tender Offer, therefore, listing of the Target Company Shares is expected to be maintained.

2. Overview of the Tender Offer

(1)Outline of the Target Company

(i)	Name	FueTrek Co., Ltd.	
(ii)	Location	6-1-1 Nishinakajima, Yodogawa-ku, Osaka-shi, Osaka, Japan	
(iii)	Title and Name of Representative	Yasutaka Urakawa, President & CEO	
(iv)	Description of Business	Planning and offering of services utilizing speech recognition technology and designing of systems for realizing such services	
(v)	Stated Capital	731,399,000 yen (as of June 30, 2018)	
(vi)	Date of Incorporation	April 17, 2000	
(vii)	Major Shareholders and Shareholding Ratios (as of March 31, 2018) (Note 1)	Hideyuki Fujiki (Note 2)	20.79%
		NTT DOCOMO, INC.	6.08%
		Akihisa Suzuki	2.49%
		Faith, Inc.	1.37%
		SBI SECURITIES CO., LTD.	1.31%
		The Senshu Ikeda Bank, Ltd.	0.85%
		BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Note 3) (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	0.81%
		Akihiro Nishida	0.73%
		Matsui Securities Co., Ltd.	0.65%
		Kenichiro Kawai	0.65%
(viii)	Relationship between the Company and the Target Company (as of September 28, 2018)	Capital Relationship	Not applicable.
		Personal Relationship	Not applicable.
		Business Relationship	Not applicable.
		Status as a Related Party	Not applicable.

(Note 1) In addition to the above, the Target Company holds 146,460 shares as treasury shares. The treasury shares have been excluded from the calculation of these shareholding ratios.

(Note 2) According to the amendment report submitted by Mr. Hideyuki Fujiki to the Director-General of the Kinki Local Finance Bureau on May 7, 2018, his shareholding ratio

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(shareholding ratio before excluding the treasury shares held by the Target Company) has decreased to 15.63% as of May 2, 2018.

(Note 3) The Bank of Tokyo-Mitsubishi UFJ, Ltd. has changed its trade name to MUFG Bank, Ltd. as of April 1, 2018.

(2) Timeline, etc. for the First Tender Offer

a. Timeline

Resolution of the Board of Directors' Meeting	Friday, September 28, 2018
Date of the Public Notice of Commencement of the Tender Offer	Monday, October 1, 2018 Public disclosure will be made electronically, and a notice of such disclosure will be published in the Nihon Keizai Shimbun. EDINET (electronic disclosure for investors' network): (http://disclosure.edinet-fsa.go.jp/)
Date of Filing of the Registration Statement	Monday, October 1, 2018

b. Tender Offer Period as of the Time of Filing the Registration Statement

From Monday, October 1, 2018 through Monday, October 29, 2018 (20 business days)

c. Possible Extension of the Tender Offer Period Based on the Target Company's Request

If the Target Company submits an opinion report requesting an extension of the Tender Offer Period pursuant to Article 27-10, Paragraph 3 of the Act, the Tender Offer Period shall be extended until Monday, November 12, 2018 (30 business days).

(3) Tender Offer Price (First Tender Offer)

569 yen per share of common stock

(Note) The Second Tender Offer Price will be 770 yen.

(4) Basis of Calculation for Tender Offer Price

a. Basis of Calculation

(First Tender Offer Price)

The Company conducted negotiations with Mr. Hideyuki Fujiki multiple times and reached an agreement on September 28, 2018 to acquire the Prospective Tendered Shares (i.e., 1,481,200 shares; Shareholding Ratio: 15.82%) at the price of 569 yen per share. Based on the agreement reached through multiple negotiations with him, the Company determined the First Tender Offer Price to be 569 yen per share.

The Company has not obtained any valuation report from a third-party appraiser when determining the First Tender Offer Price because the First Tender Offer Price determined by the Company is the price agreed upon through negotiations with Mr. Hideyuki Fujiki, and the Company assumes that only Mr. Hideyuki Fujiki tenders his shares while shareholders of the Target Company other than Mr. Hideyuki Fujiki does not tender their shares.

The First Tender Offer Price is the price of (i) 1.04% discount from the closing price of the Target Company Shares on the 2nd Section of TSE on September 27, 2018 (i.e., 575 yen), which is the immediately preceding business day of the announcement date of the First Tender Offer, (ii) 5.01% discount from the simple average closing price for the past one (1) month period ending on the said date (i.e., 599 yen), (iii) 6.57% discount from the simple average closing price for the past three (3) months period ending on the said date (i.e., 609 yen), and (iv) 11.37% discount from the simple average closing price for the past six (6) months period ending on the said date (i.e., 642 yen).

(Second Tender Offer Price)

In determining the Second Tender Offer Price, the Company requested EYTAS, which is a financial advisor that is a third-party appraiser independent from the Company and the Target Company, to conduct a valuation of the shares of the Target Company, and referred to the Share Valuation Report received as of September 27, 2018. The Company has not obtained any opinion on the fairness of the Second Tender Offer Price (a fairness opinion) from EYTAS.

EYTAS calculated the value of the shares of the Target Company by using the average market price method and the Discounted Cash Flow method (the “DCF method”).

The ranges of the per-share value of the Target Company Shares, as calculated under each of the above methods, are as follows:

Average market price method:	575 yen to 642 yen
DCF Method:	635 yen to 795 yen

Under the average market price method, by setting the base date for the valuation as September 27, 2018, the range of the per share value of the Target Company Shares was calculated to be 575 yen to 642 yen per share, based upon the closing price on the base date (575 yen), and the simple average closing price for the past one (1) month (599 yen), the past three (3) months (609 yen) and the past six (6) months (642 yen) of the Target Company Shares on the 2nd Section of TSE.

Under the DCF method, EYTAS calculated the value of the shares of the Target Company by discounting the cash flows that the Target Company is expected to generate in or after the fiscal year ending March 2019 to present value, using certain discount rates, and determined the range of the per-share value of the Target Company to be 635 yen to 795 yen. This was based on assumptions derived from multiple sources, including the Target Company’s business plans from the fiscal year ending March 2019 to the fiscal year ending March 2023, the trends of financial results of the Target Company until the previous fiscal year, and publicly available information.

The Target Company’s business plans which EYTAS used for its analysis under the DCF method include certain fiscal years in which a substantial increase in profit is expected. Specifically, in each fiscal year during the period from the fiscal year ending March 2019 to the fiscal year ending March 2021, a substantial year-on-year increase in profit is expected due to an increase in sales volume as a result of growth of market for the speech recognition business and the CRM business. The synergy effects expected to be realized by the execution of the transactions are not taken into consideration in the financial forecast.

The Company’s board of directors determined, at its meeting held today, to set the Second Tender Offer Price as 770 yen, by taking into consideration the valuation results of the value of the shares of the Target Company stated in the Share Valuation Report received from EYTAS and comprehensively taking into account such factors as (i) the result of due diligence on the Target Company conducted by the Company, (ii) examples of premiums actually placed in tender offers conducted by parties other than issuers, (iii) market prices of the Target Company Shares for the past three (3) months, (iv) results of consultations and negotiations with the Target Company, (v) whether the Target Company’s board of directors would support the Second Tender Offer and (vi) prospects of the shareholders’ tenders for the Second Tender Offer.

The Second Tender Offer Price (770 yen) is the price that can be obtained by adding (i) 33.91% premium to the closing price of the Target Company Shares on the 2nd Section of TSE on September 27, 2018 (i.e., 575 yen), which is the immediately preceding business day of the announcement date of the First Tender Offer, (ii) 28.55% premium to the simple average closing price for the one (1) month period ending on the said date (i.e., 599 yen), (iii) 26.44% premium to the simple average closing price for the three (3) month period ending on the said date (i.e., 609 yen) and (iv) 19.94% premium to the simple average closing price for the six (6)-month period ending on the said date (642 yen), respectively.

b. Background of Calculation

(First Tender Offer Price)

As described above in “a. Purpose and Background of the Dual Tender Offers” of “(2) Purpose and Background of the Dual Tender Offers and Management Policy After the Dual Tender Offers” of “1. Purpose of the Tender Offer,” on September 11, 2018, the Company proposed to Mr. Hideyuki Fujiki that the Company and the Target Company would construct an alliance system where both companies run their business with the Target Company becoming a member of the Company group and, on the premise that Mr. Hideyuki Fujiki transfers the Target Company Shares he holds. Based on the agreement reached through multiple negotiations held with Mr. Hideyuki Fujiki since then, the Company determined the First Tender Offer Price to be 569 yen per share.

The Company has not obtained any valuation report from a third-party appraiser when determining the First Tender Offer Price.

(Second Tender Offer Price)

As described above in “a. Purpose and Background of the Dual Tender Offers” of “(2) Purpose and Background of the Dual Tender Offers and Management Policy After the Dual Tender Offers” of “1. Purpose of the Tender Offer,” in late June 2018, the Company obtained consent from the Target Company and commenced due diligence on the Target Company (such due diligence was completed in late September 2018).

After that, during the course of numerous discussions with the Target Company about a capital and business alliance through the acquisition of the Target Company Shares, the Company came to believe that it would be desirable to construct an alliance system and assuming that Mr. Hideyuki Fujiki, the current largest shareholder of the Target Company who held 1,481,200 shares of the Target Company Shares (Shareholding Ratio: 15.82%), was willing to sell his shares at a price lower than the purchase price to be presented by the Company to the other shareholders of the Target Company, in late August 2018, the Company proposed a method to acquire all of the Target Company Shares held by Mr. Hideyuki Fujiki and to widely acquire the Target Company Shares also from its shareholders other than Mr. Hideyuki Fujiki. In early September 2018, the Company made a proposal about the Capital and Business Alliance and the Dual Tender Offers with the aim of promoting further development of collaborated business and increasing the corporate values of both companies by building close collaboration between the both two companies and constructing an alliance system where the both companies run their business with the Target Company becoming a member of the Company group.

In late September 2018, as a result of consultations and negotiations, the Company and the Target Company reached the conclusion that by making use of management resources of both company groups such as the technologies and knowhow respectively accumulated by the Company, whose strength lies in various recognition/authentication technologies fields and the Target Company, whose strength lies in the speech recognition technology field, it would be possible to provide new solutions in state-of-the-art recognition technology and personal identification and authentication technology, mutually complementary to the businesses of both companies and highly beneficial to enhancing the corporate value of both company groups. Therefore, the Company and the Target Company decided that it would be desirable to execute the Capital and Business Alliance Agreement for constructing an alliance system where both companies run their business with the Target Company becoming a member of the Company group. Hence, at the board of directors’ meeting held today, it was resolved to enter into the Capital and Business Alliance Agreement and entered into Tender Offer Agreement between Mr. Hideyuki Fujiki, based on an agreement reached by the parties through multiple negotiations with Mr. Hideyuki Fujiki, to conduct the First Tender Offer as the first step of the Dual Tender Offers.

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It has been resolved at the Company's board of directors' meeting held today that if the First Tender Offer is completed, the Company would conduct the Second Tender Offer promptly after the settlement of the First Tender Offer, with the aim of acquiring the Target Company Shares held by shareholders of the Target Company other than Mr. Hideyuki Fujiki.

(i) Name of the Third Party Whose Opinion was Heard upon Calculation

In determining the Second Tender Offer Price, the Company requested EYTAS, which is a financial advisor that is a third-party appraiser independent from the Company and the Target Company, to conduct a valuation of the value of the shares of the Target Company, and referred to the Share Valuation Report received as of September 27, 2018. The Company has not obtained any opinion on the fairness of the Second Tender Offer Price (a fairness opinion) from EYTAS.

(ii) Overview of the Opinion

EYTAS calculated the value of the shares of the Target Company Shares by using the average market price method and the DCF method.

The ranges of the per-share value of shares of the Target Company, as calculated under each of the above methods, are as follows:

Average market price method: 575 yen to 642 yen

DCF Method: 635 yen to 795 yen

EYTAS has not been asked for any opinion on, or conducted any analysis of, the First Tender Offer Price.

(iii) Background of Determination of the Second Tender Offer Price Based on the Opinion

The Company's board of directors determined, at the meeting held today, to set the Second Tender Offer Price as 770 yen, by taking into consideration the valuation results of the value of the shares of the Target Company stated in the Share Valuation Report received from EYTAS and comprehensively taking into account such factors as (i) the result of due diligence on the Target Company conducted by the Company, (ii) examples of premiums actually placed in tender offers conducted by parties other than issuers, (iii) market prices of the Target Company Shares for the past three (3) months, (iv) results of consultations and negotiations with the Target Company, (v) whether the Target Company's board of directors would support the Second Tender Offer and (vi) prospects of the shareholders' tenders for the Second Tender Offer.

c. Relationship with Appraiser

EYTAS is not a related party of the Company or the Target Company, and does not have any material interest regarding the Dual Tender Offers (the Company has not obtained any valuation report from a third-party appraiser when determining the First Tender Offer Price).

(5) Number of Shares to be Purchased in the Tender Offer (First Tender Offer)

Number of shares intended to be purchased	Minimum number of shares intended to be purchased	Maximum number of shares intended to be purchased
1,481,200	1,481,200	1,481,200

(Note 1) If the total number of tendered shares is less than the number indicated above in "Minimum number of shares intended to be purchased" (i.e., 1,481,200 shares), none of the tendered shares will be purchased by the Tender Offeror. If the total number of tendered shares exceeds the number indicated in "Maximum number of shares intended to be purchased" (i.e., 1,481,200 shares), all or part of shares exceeding such number shall not be purchased. In such event, delivery or other settlement of the purchased shares shall be conducted under

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the method of proportional distribution as set forth in Article 27-13, Paragraph 5 of the Act and Article 32 of the TOB Order.

(Note 2) The Company does not intend to acquire the treasury shares (i.e., 146,460 shares) held by the Target Company through the First Tender Offer.

(Note 3) Shares constituting less than a whole unit (except for the treasury shares constituting less than a whole unit held by the Target Company) will also be subject to purchase through the First Tender Offer. The Target Company may purchase its own shares in accordance with legal procedures during the Tender Offer Period from any shareholder who exercises the right under the Companies Act (Act No. 86 of 2005, as amended) to require the Target Company to purchase shares constituting less than a whole unit.

(Note 4) It is possible that share options will be exercised by the last day of the Tender Offer Period. Any Target Company Shares issued upon such exercise of share options will also be subject to the First Tender Offer.

(6) Change in Ownership Percentage of Shares due to the Tender Offer (First Tender Offer)

Number of Voting Rights Represented by Shares Owned by Tender Offeror prior to the Tender Offer	0	(Ownership Percentage of Shares prior to the Tender Offer : - %)
Number of Voting Rights Represented by Shares Owned by Specially Related Parties prior to the Tender Offer	0	(Ownership Percentage of Shares prior to the Tender Offer : - %)
Number of Voting Rights Represented by Shares Owned by Tender Offeror following the Tender Offer	14,812	(Ownership Percentage of Shares following the Tender Offer: 15.82%)
Number of Voting Rights Represented by Shares Owned by Specially Related Parties following the Tender Offer	0	(Ownership Percentage of Shares following the Tender Offer : - %)
Total Number of Voting Rights of Shareholders of the Target Company	93,293	

(Note 1) The “Total Number of Voting Rights of Shareholders of the Target Company” represents the total number of voting rights of all shareholders and other parties of the Target Company as of June 30, 2018, as set forth in the Quarterly Report (described on the assumption that 1 unit is 100 shares). However, because shares constituting less than a whole unit (except for the treasury shares constituting less than a whole unit held by the Target Company) are also subject to the First Tender Offer, for the purpose of calculating the “Ownership Percentage of Shares prior to the Tender Offer” and the “Ownership Percentage of Shares following the Tender Offer,” the “Total Number of Voting Rights of Shareholders of the Target Company” used in the calculation (i.e., 93,657 units) is the number of voting rights corresponding to the number of shares (i.e., 9,365,740 shares) obtained by deducting (i) the number of the treasury shares as of June 30, 2018, as set forth in the Summary of Financial Results (i.e., 146,460 shares), from (ii) the number of the total issued shares of the Target Company as of June 30, 2018, as set forth in the Quarterly Report (i.e., 9,497,200 shares), and adding (iii) the number of the Target Company Shares that are the object of the 150 share options (resolved at the ordinary shareholders' meeting on June 19, 2015 and the board of directors' meeting on October 23, 2015) as of May 31, 2018, as set forth in the Annual Securities Report (i.e., 15,000 shares).

(Note 2) The “Ownership Percentage of Shares prior to the Tender Offer” and the “Ownership Percentage of Shares following the Tender Offer” are rounded to the nearest hundredth of a percent.

(7) Tender Offer Price

842,802,800 yen (First Tender Offer)

(Note) The “Tender Offer Price (First Tender Offer)” is an amount calculated by multiplying the number of shares intended to be purchased (i.e., 1,481,200 shares) through the First Tender Offer by the First Tender Offer Price per share (i.e., 569 yen).

(8) Method of Settlement (First Tender Offer)

- a. Name and Location of Head Office of Security Company or Bank, etc. in Charge of Settlement for the Tender Offer

Daiwa Securities Co., Ltd.
9-1, Marunouchi 1-chome, Chiyoda-Ku, Tokyo, Japan

- b. Commencement Date of Settlement

Monday, November 5, 2018

(Note) The commencement date of settlement shall be Monday, November 19, 2018 in the event that the Target Company submits an opinion report requesting an extension of the Tender Offer Period pursuant to Article 27-10, Paragraph 3 of the Act. In such event, the commencement date of the Second Tender Offer will also be affected.

- c. Method of Settlement

A notice of purchase through the First Tender Offer will be mailed to the address or location of the tendering shareholders (or the address of the standing proxy in case of foreign shareholders) without delay after the end of the Tender Offer Period. Purchases will be made in cash. The Tender Offer Agent will, in accordance with the instructions of the tendering shareholders, without delay after the commencement date of settlement, remit the purchase price of the purchased shares to the account designated by the tendering shareholders (or the standing proxy in case of foreign shareholders) (remittance fees may be charged) or pay such price to the account of the tendering shareholders with the Tender Offer Agent where the application of the tendering shareholders was accepted.

- d. Method of Returning Shares

If all or part of the shares are not purchased under the conditions stated in “(i) Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Act” or “(ii) Conditions of Withdrawal, etc. of the Tender Offer, Details thereof and Method of Disclosure of Withdrawal, etc.” under “(9) Other Conditions and Methods of the Tender Offer” below, the shares which have to be returned will be returned without delay on or after the second business day following the last day of the Tender Offer Period (or, in the case of withdrawal of the Tender Offer, the date that the Tender Offer was withdrawn), by restoring the status of the tendering shareholder’s account with the Tender Offer Agent as at the time of the application.

(9) Other Conditions and Methods of the Tender Offer

- a. Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Act

If the total number of tendered shares is less than the minimum number of shares to be purchased (1,481,200 shares), none of the tendered shares will be purchased. If the total number of tendered shares exceeds the maximum number of shares to be purchased (1,481,200 shares), all or part of shares exceeding such number shall not be purchased, and delivery and other settlements relating to the purchase of the shares shall be conducted under the method of proportional distribution as set forth in Article 27-13, Paragraph 5 of the Act and Article 32 of the TOB Order (If the number of tendered shares contains shares less than one unit, the maximum number of shares to be purchased,

which is calculated according to the proportional distribution method, shall be the number of tendered shares.).

If the total number of shares to be purchased from each tendering shareholder calculated by rounding off the number of shares constituting less than one unit resulting from the calculation method of proportional distribution, is less than the maximum number of shares to be purchased, the Tender Offeror will purchase one unit from each tendering shareholder beginning with the tendering shareholders with the largest number of fractional shares that were rounded off, until the total number of shares to be purchased exceeds the maximum number of shares to be purchased (If purchase of one additional unit exceeds the number of tendered shares, the purchase will be up to the number of tendered shares). However, if the maximum number of shares to be purchased is exceeded as a result of making purchases via this method from all the tendering shareholders with the same number of rounded-off fractional shares, purchases will be determined by a random drawing among said shareholders to the extent that the number of shares to be purchased does not fall below the maximum number of shares to be purchased.

If the total number of shares to be purchased from each Tendering Shareholder calculated by rounding off the number of shares constituting less than one unit resulting from the calculation method of proportional distribution, is more than the maximum number of shares to be purchased, the Tender Offeror will reduce, by one unit, the purchase from each tendering shareholder beginning with the tendering shareholders with the largest number of shares rounded up to a whole unit, to the extent that the number of shares to be purchased does not fall below the maximum number of shares to be purchased (If the number of shares to be purchased, as calculated in a proportional distribution method, contains a portion of shares less than one unit, the purchase will be reduced by that amount). However, if the maximum number of shares to be purchased is not reached as a result of reducing purchases via this method from all tendering shareholders with the same number of fractional shares raised to a whole unit, reductions will be determined by a random drawing among said shareholders to the extent that the number of shares to be purchased does not fall below the maximum number of shares to be purchased.

b. Conditions of Withdrawal, etc. of the Tender Offer, Details thereof and Method of Disclosure of Withdrawal, etc.

Upon the occurrence of any event listed in Article 14, Paragraph 1, Items 1.1 (i) through 1.9 (ri) and Items 1.12 (wo) through 1.18 (so), Items 3.1 (i) through 3.8 (chi) and 3.10 (nu), Item 4, as well as Article 14, Paragraph 2, Items 3 through 6 of the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended; the “Enforcement Order”), the Tender Offeror may withdraw the First Tender Offer. The event referred to by Article 14, Paragraph 1, Item 3.10 (nu) of the Enforcement Order means any of the following cases, which are equivalent to the events listed in Items Article 14, Paragraph 1, Items 3.1 (i) through 3.9 (ri) of the Enforcement Order.

- (a) The case where it is found that there is a false statement regarding, or an omission of, a material matter to be stated in the statutory disclosure documents which the Target Company submitted in the past.
- (b) The case where any of the events listed in Article 14, Paragraph 1, Items 3.1 (i) through 3.7 (to) of the Enforcement Order occurs to a material subsidiary of the Target Company.

In the event that the Tender Offeror intends to withdraw the Tender Offer, the Tender Offeror will make a public notice electronically and also publish a notification in *the Nihon Keizai Shimbun*; provided, however, that if it is impracticable to give such notice by the last day of the First Tender Offer Period, the Tender Offeror will make a public announcement pursuant to Article 20 of the TOB Order and make a public notice forthwith.

c. Conditions of Reduction of Purchase Price, etc., Details thereof and Method of Disclosure of Reduction

Pursuant to Article 27-6, Paragraph 1, Item 1 of the Act, if the Target Company takes any action stipulated in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offeror may reduce the purchase price of the Tender Offer in accordance with the criteria under Article 19, Paragraph 1 of the TOB Order.

In the event that the Tender Offeror intends to reduce the purchase price of the Tender Offer, the Tender Offeror will make a public notice electronically and also publish a notification in *the Nihon Keizai Shimbun*; provided, however, that, if it is impracticable to give such public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement pursuant to Article 20 of the TOB Order and make a public notice forthwith. If the purchase price is reduced, the Tender Offeror will purchase tendered shares prior to the date of such public notice at the reduced purchase price.

d. Matters Concerning Tendering Shareholders' Right of Cancellation of Contract

Tendering shareholders may, at any time during the Tender Offer Period, cancel an application for the First Tender Offer. In case of such cancellation, tendering shareholders must deliver or mail the cancellation documents (a receipt slip of the application for the tender offer and a written request to cancel the application for the tender offer), to the head office or any of the nationwide branches of the Tender Offer Agent, which accepted the application, by 16:00 on the last day of the Tender Offer Period. Please note that, in the case of mailing the cancellation documents, shareholders cannot cancel the application unless the cancellation documents have reached the Tender Offer Agent by 16:00 on the last day of the Tender Offer Period.

Person authorized to receive cancellation documents:

Daiwa Securities Co., Ltd.
9-1, Marunouchi 1-chome, Chiyoda-Ku, Tokyo
(and the nationwide branches of Daiwa Securities Co., Ltd.)

The Tender Offeror will not make any claim for payment of damages or penalty to any tendering shareholder in the event that the contract by a tendering shareholder is canceled. The cost of returning the shares in the custody of the Tender Offeror will also be borne by the Tender Offeror. In case of cancellation, the Tender Offer Agent will promptly return the shares by the method described in “(iv) Method of Returning Shares” of “(8) Method of Settlement” above following the completion of the cancellation procedures.

e. Method of Disclosure if the Terms and Conditions, etc. of the Tender Offer are Changed

Except in the instance prohibited by Article 27-6, Paragraph 1 of the Act and Article 13 of the Enforcement Order, the Tender Offeror may change the terms and conditions, etc. of the Tender Offer during the Tender Offer Period. Should any terms and conditions, etc. of the Tender Offer be changed, the Tender Offeror will give public notice thereof electronically and also publish the notification in *the Nihon Keizai Shimbun*; provided, however, that, if it is impracticable to give such notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement pursuant to Article 20 of the TOB Order and make a public notice forthwith. The purchase of the shares tendered on or prior to such public notice will also be made pursuant to the amended terms and conditions.f. Method of Disclosure if Amendment to Registration Statement is Filed.

If an amendment to the registration statement is submitted to the Director-General of the Kanto Local Finance Bureau (except for cases set forth in the proviso to Article 27-8, Paragraph 11 of the Act), the Tender Offeror will forthwith make a public announcement of the contents thereof to the

extent relevant to the contents of the public notice of the Tender Offer, pursuant to Article 20 of the TOB Order. The Tender Offeror will also forthwith amend the Tender Offer Explanatory Statement and provide the amended Tender Offer Explanatory Statement to the tendering shareholders who have received the previous Tender Offer Explanatory Statement. However, if the amendments are minor, the Tender Offeror will amend the Tender Offer Explanatory Statement by delivering to the tendering shareholders a document stating the reason(s) for the amendments, the matters amended and the details thereof.

g. Method of Disclosure of Results of the Tender Offer

The Tender Offeror will make a public announcement regarding the results of the First Tender Offer, pursuant to Article 9-4 of the Enforcement Order and Article 30-2 of the TOB Order, on the day immediately following the last day of the Tender Offer Period.

(10) Date of Public Notice of Commencement of the Tender Offer (First Tender Offer)

Monday, October 1, 2018

(11) Tender Offer Agent

Daiwa Securities Co., Ltd.
9-1, Marunouchi 1-chome, Chiyoda-Ku, Tokyo, Japan

3. Policies after the Tender Offer and Future Prospects

(1) Policies after the Tender Offer

Please refer to “(2) Purpose and Background of the Dual Tender Offers and Management Policy After the Dual Tender Offers,” “(7) Plans to Acquire Additional Shares of the Target Company following the Dual Tender Offers” and “(8) Prospects of Delisting” of “1. Purpose of the Tender Offer.”

(2) Future Prospects Regarding Impact on Financial Results

The impact of the Dual Tender Offers on the forecast of consolidated financial results of the Company for the fiscal year ending March 2019 is currently under evaluation. If a revision of the forecast of financial results becomes necessary, such revision will be disclosed promptly.

4. Overview of the Capital and Business Alliance

Please refer to “a. Capital and Business Alliance Agreement” of “(4) Matters Concerning Material Agreements Related to the Dual Tender Offers” of “1. Purpose of the Tender Offer.”

5. Other Information

(1) Existence of Agreement between the Company and the Target Company or its Officers and Contents Thereof (Support of the Dual Tender Offers, Approval by Non-Interested Directors and No Objection from Non-Interested Corporate Auditors of the Target Company)

According to the Notice by the Target Company, it was allegedly resolved by a unanimous vote of all directors, at its board of directors’ meeting held today at which all directors of the Target Company including its outside director were present, that the Company would enter into the Capital and Business Alliance Agreement and that the Target Company would issue an opinion in support of the First Tender Offer, withhold its opinion concerning the appropriateness of the First Tender Offer Price and defer to the decision of each shareholder of the Target Company as to whether to apply for the First Tender Offer. It was also allegedly resolved, as the opinion of the Target Company as of the same date, that if the Second Tender Offer is to be conducted, the Target Company would issue an opinion in support of the Second Tender Offer, withhold its opinion concerning the appropriateness of the Second Tender Offer Price, and defer to the decision of each shareholder of the Target Company as to whether to apply for the Second Tender Offer. In

addition, all corporate auditors of the Target Company, including its outside corporate auditors, were allegedly present at the above-mentioned board of directors' meeting and stated the opinion that they had no objection to the resolution.

As to the details of the above-mentioned Target Company's resolution at its board of directors' meeting, please refer to the Notice by the Target Company as well as "c. Unanimous Approval by the Non-Interested Directors and No Objection from the Non-Interested Corporate Auditors of the Target Company" of "(6) Measures to Ensure the Fairness of the Dual Tender Offers Including Those to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" of "1. Purpose of the Tender Offer" above.

(2) Other Information Deemed Necessary for Decision-Making by Investors Concerning the Tender of Their Shares

As of September 28, 2018, the Target Company released the "Announcement Concerning Revision of Forecast of Full-Year Consolidated Financial Results." Its forecast of consolidated financial results for the fiscal year ending March 2019 (from April 1, 2018 to March 31, 2019) based on such announcement is as follows. As to the details, please refer to the above-mentioned announcements published by the Target Company.

Revision to the forecast of full-year consolidated financial results of the Target Company for the fiscal year ending March 2019 (from April 1, 2018 to March 31, 2019)

	Sales (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income attributable to owners of parent (million yen)	Net income per share (yen)
Previous forecast (A) (May 11, 2018)	3,400	50	40	20	2.14
Revised forecast (B)	3,400	50	(60)	(80)	(8.56)
Amount of change (B-A)	0	0	(100)	(100)	-
Percentage of change (%)	0.0	0.0	-	-	-
(Reference) Financial results for the previous fiscal year ended March 2018	3,318	(276)	(283)	(136)	(14.58)

(End of Document)

[Soliciting Regulations]

This press release is intended for the announcement of the Dual Tender Offers to the general public and has not been prepared for the purpose of soliciting an offer to sell the shares. If a shareholder wishes to make an offer to sell his or her shares, the shareholder should first read the Tender Offer Explanatory Statement for the Dual Tender Offers and offer his or her shares for sale at his or her own discretion. This press release shall neither be, nor constitute a part of, an offer or a solicitation to sell, or a solicitation of an offer to purchase, any securities, and neither this press release (or a part thereof) nor the fact of its distribution shall be interpreted to be the basis of any agreement in relation to the Dual Tender Offers, and this press release may not be relied on at the time of entering into any such agreement.

[Forward-looking Statements]

This press release contains forward-looking statements, based on the views of the Company's management, regarding the business operations following the proposed acquisition of the shares of FueTrek. It is possible that actual results may differ materially from the forward-looking statements due to many factors.

[U.S. Regulations]

The Dual Tender Offers shall not, directly or indirectly, be conducted in or targeted at the U.S. Furthermore, U.S. postal mail service or other methods or means of interstate commerce or international commerce (including, but not limited to, telephone, telex, facsimile, e-mail and Internet communication) shall not be used to conduct the Dual Tender Offers. The Dual Tender Offers will also not be conducted through any U.S. stock exchange facilities. Moreover, no tender can be made to the Dual Tender Offers by any of the aforementioned methods or means, through any of the aforementioned facilities, or from the U.S. In addition, the press release concerning the Dual Tender Offers and related documents will not and may not be sent or distributed in, to or from the U.S., by mail or any other method. Any tender in the Dual Tender Offers in violation of any of the aforementioned restrictions, either directly or indirectly, will not be accepted.

[Other Countries]

Some countries or regions impose restrictions on the publication, issue or distribution of this press release under laws or regulations. In such cases, please be aware of, and comply with, such restrictions. In countries or regions where the implementation of the Dual Tender Offers is illegal, even upon receiving this press release, such receipt shall not constitute a solicitation of an offer to sell or an offer to purchase any shares relating to the Dual Tender Offers and shall be deemed a distribution of materials for informative purposes only.

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About GLORY LTD.

GLORY LTD., headquartered in Himeji, Japan, is a pioneer in the development and manufacture of money handling machines and systems. GLORY provides a variety of products such as money handling machines, cash management systems, vending machines, automatic service equipment, and cash management solutions that are built on its leading-edge recognition/identification and mechatronics technology. Committed to meet society's wide-ranging needs, GLORY serves the financial, retail, vending machine, amusement and gaming industries in over 100 countries around the world. GLORY employs approximately 9,000 people worldwide. For more information about GLORY, please visit GLORY Group website at <http://corporate.glory-global.com/>

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