

Consolidated Financial Results for the First Half of the Fiscal Year ending March 31, 2024 (IFRS)

November 1, 2023

Listed Company Name: ITOCHU Techno-Solutions Corporation

Listing Exchanges: Tokyo Stock Exchange

Securities Code: 4739

URL: <https://www.ctc-g.co.jp/en/>

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Scheduled date to submit the quarterly securities report (*Shihanki Hokokusho*): November 10, 2023

Scheduled date of dividend payment: —

Supplementary documents for financial results: Yes

Financial results briefing: None

(Rounded to the nearest million yen)

1. Consolidated Business Results for the Six months ended September 30, 2023

(April 1, 2023 – September 30, 2023)

(1) Consolidated operating results

(Percentages represent year-on-year changes)

	Revenue		Operating income		Profit before tax		Net Profit		Net profit attributable to CTC's shareholders		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended 9/23	274,635	7.9	21,006	21.4	21,811	24.6	15,141	24.8	14,856	24.2	16,040	1.1
Six months ended 9/22	254,443	9.0	17,300	(11.7)	17,507	(14.8)	12,131	(14.4)	11,957	(14.9)	15,866	(10.1)
	Basic earnings per share attributable to CTC's shareholders				Diluted earnings per share attributable to CTC's shareholders							
	Yen				Yen							
Six months ended 9/23	64.29				64.29							
Six months ended 9/22	51.74				51.74							

(2) Consolidated financial position

	Total assets	Total equity	Total shareholders' equity	Ratio of shareholders' equity to total assets
	Millions of yen	Millions of yen	Millions of yen	%
September 30, 2023	529,452	312,238	304,635	57.5
March 31, 2023	528,045	305,600	298,651	56.6

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended 3/23	—	40.50	—	40.50	81.00
Year ending 3/24	—	0.00			
Year ending 3/24 (forecast)			—	0.00	0.00

(Note) Revision of the dividend forecast in the latest announcement: None

3. Forecast for Consolidated Business Results for the Fiscal Year ending March 31, 2024

(April 1, 2023 – March 31, 2024)

(Percentages represent changes from the same period of previous fiscal year)

	Revenue		Operating income		Profit before tax		Net Profit		Net profit attributable to CTC's shareholders		Basic earnings per share attributable to CTC's shareholders
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	625,000	9.5	58,000	24.8	58,500	24.7	40,500	19.9	40,000	16.9	173.10

(Notes) Revision of earnings forecast in the latest announcement: None

* Notes

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

(2) Changes in accounting policies and changes of accounting estimates

- | | |
|--|----------------|
| (i) Changes in accounting principles required by IFRS: | Not applicable |
| (ii) Changes in accounting principles other than (i): | Not applicable |
| (iii) Changes in accounting estimates: | Not applicable |

(3) Number of outstanding shares (common shares)

- | | | | |
|--|--------------------|------------------------|--------------------|
| (i) Number of shares outstanding at the end of period (including treasury shares): | | | |
| Six months ended 9/23: | 240,000,000 shares | Year ended 3/23: | 240,000,000 shares |
| (ii) Number of treasury shares at the end of period: | | | |
| Six months ended 9/23: | 8,912,372 shares | Year ended 3/23: | 8,917,686 shares |
| (iii) Average number of shares during the period (cumulative figure for consolidated quarterly accounting period): | | | |
| Six months ended 9/23: | 231,084,363 shares | Six months ended 9/22: | 231,077,272 shares |

* This document is an English translation of a statement written initially in Japanese as a guide for non-Japanese investors. The Japanese original document should be considered as the primary version.

* Disclosure regarding audit procedures

- This quarterly financial results report is not subject to quarterly review procedures by independent auditors under the Financial Institutions and Exchange Act. At the time of disclosure of this report, review procedures for quarterly financial statements had not been completed.

* Cautionary statement with respect to forward-looking statements

- These materials contain forward-looking statements and statements of this nature based on assumptions judged to be valid and information available to the Company as of the announcement date of the summary. These statements are not promised by the Company regarding future performance. Actual results may differ materially from forecasts due to a variety of factors.

* “CTC” is the abbreviation for ITOCHU Techno-Solutions Corporation.

* Regarding Financial Results Presentation Material

- The financial results presentation material will be disclosed on TDnet. This material and the consolidated financial summary will be posted on our website on the same day.

○Accompanying Materials – Contents

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1. Qualitative Information Regarding the Results for the First Half

(1) Qualitative information on consolidated operating results

In the first half of the fiscal year ending March 31, 2024, the Japanese economy recovered moderately due to improvement in the employment and income environments and the effects of various policies, despite being exposed to the downside risks to the economy from a downturn in overseas economies, such as the global monetary tightening and the concerns over the Chinese economic outlook.

In the information service industry, customers remained highly motivated to invest in IT and there was an increase in demand for DX-related investments including investments for renewal of legacy mission-critical systems and use of Cloud computing.

In this environment, CTC and its consolidated subsidiaries (collectively, the “CTC Group”) have been working to achieve its Medium-Term Management Plan (for three years from April 2021 to March 2024) entitled “Beyond the Horizons - To the Future Ahead -”, which is aimed at realizing our corporate philosophy, Mission: “Leveraging IT’s potential to change future for the Global Good”. We will steadily implement the following three basic policies, aiming to achieve the Medium-Term Plan goals by the end of fiscal year ending March 31, 2024, while contributing to solving social issues:

“Accelerate: Create future wealth”

“Expand: Expand current wealth”

“Upgrade: Increase feasibility”.

Our specific initiatives to this end were as follows.

- CTC started offering “Generative AI Advisory Service”, a consulting service for the use of generative AI. This service supports customers in a wide range of situations, from considering the use of generative AI, linking it with existing systems, building systems that include generative AI, and making the use of AI take root within customer companies after its introduction. In addition, we launched “AOAI Environment Building Service”, which builds an environment for conversational generative AI specifically tailored to unique corporate use, by utilizing “Azure OpenAI Service”, a generative AI service provided by Microsoft Japan Co. The service enables building a secure and safe generative AI environment, in which contents of internal documents are searched and learned to provide answers that are unique to each user company. We will continue to expand our services related to the utilization of generative AI to contribute to further improvement of customers' operational efficiency in compliance with the CTC Group's “AI Ethical Principles”.

《Accelerate》

- CTC launched “CUVIC for Quantum”, a service for the use of quantum computing. In addition to quantum computing services, CUVIC for Quantum will provide comprehensive services, such as applications for quantum computers, Cloud-based platforms that bundle multiple quantum computers and managed services, and human resource development services.

《Accelerate》

- CTC and ITOCHU Metals Corporation jointly launched a demonstration experiment for efficient collection of wasted bed mattresses and optimization of collection routes by utilizing “StateEco”, a visualization platform for waste treatment developed in-house by CTC. StateEco is a traceability platform for promoting a resource recycling loop covering from collection of waste to final disposal, and can calculate the optimal transportation routes that reduce CO2 emissions by leveraging AI. In addition, CTC and BrainPad Inc. started offering “Vehicle Allocation and Delivery Route Optimization Service” for the transportation industry to optimize delivery routes and reduce GHG*1 emissions in logistics. We will contribute to GX (Green Transformation) of our society through development of a manufacturing and logistics platform by utilizing such data that leads to environmental improvements.

《Accelerate》

*1 Greenhouse Gas.

- CTC began development of a generative AI-powered security analysis service provided at CTC's Security Operations Center (CTC-SOC), which remotely monitors customers' systems 24/7/365, in collaboration with Microsoft Japan Co. (hereinafter “Microsoft”). The service combines the following service, solution and platform from Microsoft and uses the insights that CTC-SOC has cultivated over the years and the vast amount of threat information held by Microsoft Defender Threat Intelligence (hereinafter “Microsoft Defender TI”) as training data for generative AI, to enable sophistication of analysis operations against the ever-increasing number of security threats: “Azure OpenAI Service”, a generative AI service, “Microsoft Defender TI”, which collects and analyzes cybersecurity threat information on the Internet and “Microsoft Sentinel”, a security monitoring platform.

《Accelerate》

- CTC has added “SAP S/4HANA Cloud, public edition”, a public Cloud version of ERP solution provided by SAP Japan Co., Ltd., to the menu of “Figures”, CTC’s mission-critical system optimization solution, and started offering the solution. Figures is a set of solutions that optimize environments for users’ business operations without modifying their mission-critical systems. The newly added solution will reduce the impact of ERP version upgrades and enable the use of the latest functionality without customization. We will continue to contribute to improvement of our customers’ business efficiency and promotion of their DX through provision of Figures, which enables reduction of burdens in their duties ranging from implementation of mission-critical systems to operations.

《Expand》

- CTC began offering “Arrcus Connected Edge (ACE) TM”, an open networking software from Arrcus Inc., mainly to Cloud operators and communications/service providers. ACE is a network virtualization solution that uses software to manage and control switching and routing of networks, including data center, Cloud, edge, and 5G. Customers can flexibly expand their networks in response to business conditions and also improve the efficiency of network operations. Going forward, we will continue to support our customers' DX and development of IT services by providing Cloud-native network technologies.

《Expand》

- CTC started providing “Snowflake Prototyping with D-Native”, a service to uncover potential needs for digitization of business. The service uses a Cloud-based data platform provided by Snowflake Inc., and CTC's D-Native, a service that supports, as a companion of our customers, the entire lifecycle of data utilization. The service leads to improving and optimizing business processes and creating new business opportunities, through repeated refinement of hypotheses by collecting and accumulating data based on the interview of customers’ internal and external issues and themes they want to address, enabling us to contribute to our customers’ DX.

《Expand》

- QuesTek Japan K.K., a company jointly sponsored by CTC and QuesTek International LLC (hereinafter “QuesTek”), launched a materials design consulting service utilizing ICMD® (Integrated Computational Materials Design), a Cloud-based materials development platform for materials modeling and design simulation developed by QuesTek. For more than 40 years, CTC has been selling various types of software and related database for materials development including alloy design, materials process design, materials evaluation, and providing support and consulting services. We will expand our materials informatics business by enhancing our collaborative relationship with QuesTek, which has advanced technologies for development of new materials and other related areas.

《Expand》

With regard to sales activities, we mainly focused on infrastructure and development projects for various field industries such as telecommunications, information services and social infrastructure.

Our performance in the first half of the current fiscal year was as follows:

Revenue increased to 274,635 million yen (up 7.9% YoY) with increases in all business categories of Services, SI/Development, and Products. Operating income was 21,006 million yen (up 21.4% YoY) due to the revenue growth and improvement in gross profit margin. The increase in operating income resulted in profit before tax of 21,811 million yen (up 24.6% YoY), net profit of 15,141 million yen (up 24.8% YoY), and net profit attributable to CTC’s shareholders of 14,856 million yen (up 24.2% YoY).

(2) Qualitative information on consolidated financial position

Total assets amounted to 529,452 million yen as of September 30, 2023, an increase of 1,406 million yen from the end of the previous consolidated fiscal year. This was largely attributable to increases of 31,061 million yen in inventories and 19,508 million yen in other current assets, despite decreases of 30,995 million yen in trade and other receivables and 14,323 million yen from cash and cash equivalents.

Total liabilities stood at 217,214 million yen, a decrease of 5,232 million yen from the end of the previous consolidated fiscal year. The principal contributing factors included decreases of 14,140 million yen in trade and other payables, 5,034 million yen in liabilities for employee benefits (current liabilities) and 3,880 million yen in income taxes payable, despite an increase of 17,925 million yen in other current liabilities.

Total equity was 312,238 million yen, an increase of 6,638 million yen from the end of the previous consolidated fiscal year. This was mainly attributable to an increase of 15,141 million yen in net profit, despite a decrease of 9,502 million yen due to payment of dividends.

(3) Qualitative information on consolidated earnings forecasts

The Company has made no changes to its earnings forecasts announced on April 28, 2023.

As announced in the “Notice Regarding Revision of Dividend Forecast (No Dividend) for the Fiscal Year Ending March 31, 2024” dated August 2, 2023, the Company resolved at its Board of Directors meeting held on the same day not to pay interim and year-end dividends for the fiscal year ending March 31, 2024.

2. Summary of Quarterly Consolidated Financial Statements and Notes

(1) Summary of quarterly consolidated statement of financial position

	Previous consolidated fiscal year (As of March 31, 2023)	Consolidated fiscal year under review (As of September 30, 2023)
Items	Amount (Millions of yen)	Amount (Millions of yen)
(Assets)		
Current assets		
Cash and cash equivalents	92,530	78,207
Trade and other receivables	158,195	127,200
Inventories	55,683	86,744
Current tax assets	146	859
Other current financial assets	21,848	22,106
Other current assets	76,658	96,166
Total current assets	405,060	411,283
Non-current assets		
Property, plant and equipment	47,255	45,884
Goodwill	4,956	5,288
Intangible assets	5,498	5,422
Investments accounted for using the equity method	8,413	8,604
Other non-current financial assets	45,029	42,225
Deferred tax assets	9,079	7,875
Other non-current assets	2,756	2,871
Total non-current assets	122,985	118,169
Total assets	528,045	529,452

	Previous consolidated fiscal year (As of March 31, 2023)	Consolidated fiscal year under review (As of September 30, 2023)
Items	Amount (Millions of yen)	Amount (Millions of yen)
(Liabilities and Equity)		
Current liabilities		
Trade and other payables	66,688	52,549
Other current financial liabilities	14,990	16,636
Income taxes payable	7,845	3,965
Liabilities for employee benefits	25,965	20,931
Provisions	1,364	1,372
Other current liabilities	66,162	84,086
Total current liabilities	183,015	179,539
Non-current liabilities		
Non-current financial liabilities	32,573	30,764
Liabilities for employee benefits	3,717	3,740
Provisions	2,706	2,723
Deferred tax liabilities	435	448
Total non-current liabilities	39,431	37,675
Total liabilities	222,446	217,214
Equity		
Common stock	21,764	21,764
Capital surplus	32,812	32,902
Treasury stock	(9,519)	(9,510)
Retained earnings	238,326	243,880
Other components of equity	15,269	15,598
Total shareholders' equity	298,651	304,635
Non-controlling interests	6,949	7,603
Total equity	305,600	312,238
Total liabilities and equity	528,045	529,452

(2) Summary of quarterly consolidated income statement and summary of quarterly consolidated comprehensive income statement

Summary of quarterly consolidated income statement

	Previous consolidated fiscal year (From April 1, 2022 to September 30, 2022)	Consolidated fiscal year under review (From April 1, 2023 to September 30, 2023)
Items	Amount (Millions of yen)	Amount (Millions of yen)
Revenue	254,443	274,635
Cost of sales	(193,901)	(205,430)
Gross profit	60,542	69,205
Other income and expenses		
Selling, general and administrative expenses	(44,448)	(49,195)
Other income	1,371	1,101
Other expenses	(165)	(105)
Total other income and expenses	(43,242)	(48,199)
Operating income	17,300	21,006
Financial income	497	712
Financial costs	(660)	(361)
Share of profit of associates accounted for using the equity method	371	455
Profit before tax	17,507	21,811
Income tax expense	(5,376)	(6,670)
Net profit	12,131	15,141
Net profit attributable to:		
CTC's shareholders	11,957	14,856
Non-controlling interests	174	285

Earnings per share attributable to CTC's shareholders	(Yen)	(Yen)
Basic earnings per share	51.74	64.29
Diluted earnings per share	51.74	64.29

Summary of quarterly consolidated comprehensive income statement

	Previous consolidated fiscal year (From April 1, 2022 to September 30, 2022)	Consolidated fiscal year under review (From April 1, 2023 to September 30, 2023)
Items	Amount (Millions of yen)	Amount (Millions of yen)
Net profit	12,131	15,141
Other comprehensive income, net of tax effect		
Items that will not be reclassified to profit or loss:		
Changes in net fair value of financial assets measured through other comprehensive income	785	(1,412)
Share of other comprehensive income of associates accounted for using the equity method	22	17
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	2,532	1,736
Cash flow hedges	143	432
Share of other comprehensive income of associates accounted for using the equity method	254	126
Total other comprehensive income, net of tax effect	3,735	899
Total comprehensive income	15,866	16,040
Total comprehensive income attributable to:		
CTC's shareholders	14,936	15,249
Non-controlling interests	930	791

(3) Summary of quarterly consolidated statement of changes in equity

Previous consolidated fiscal year (From April 1, 2022 to September 30, 2022)

(Millions of yen)

Items	Shareholders' equity						
	Common stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity		
					Exchange differences on translating foreign operations	Changes in net fair value of financial assets measured through other comprehensive income	Cash flow hedges
April 1, 2022	21,764	32,701	(9,535)	225,273	1,462	9,006	472
Net profit	—	—	—	11,957	—	—	—
Other comprehensive income, net of tax effect	—	—	—	—	2,029	807	143
Total comprehensive income	—	—	—	11,957	2,029	807	143
Payment of dividends	—	—	—	(11,561)	—	—	—
Purchase of treasury stock	—	—	—	—	—	—	—
Disposal of treasury stock	—	—	16	—	—	—	—
Share-based payment transactions	—	14	—	—	—	—	—
Put options held by non-controlling shareholders	—	(78)	—	—	—	—	—
Transfer to retained earnings from other components of equity	—	—	—	2	—	(2)	—
Total transactions with owners	—	(64)	16	(11,559)	—	(2)	—
September 30, 2022	21,764	32,637	(9,519)	225,671	3,491	9,810	615

Items	Shareholders' equity	Non-controlling interests	Total equity
	Total shareholders' equity		
April 1, 2022	281,142	7,342	288,484
Net profit	11,957	174	12,131
Other comprehensive income, net of tax effect	2,979	756	3,735
Total comprehensive income	14,936	930	15,866
Payment of dividends	(11,561)	(63)	(11,624)
Purchase of treasury stock	—	—	—
Disposal of treasury stock	16	—	16
Share-based payment transactions	14	—	14
Put options held by non-controlling shareholders	(78)	—	(78)
Transfer to retained earnings from other components of equity	—	—	—
Total transactions with owners	(11,610)	(63)	(11,673)
September 30, 2022	284,469	8,209	292,677

Consolidated fiscal year under review (From April 1, 2023 to September 30, 2023)

(Millions of yen)

Items	Shareholders' equity						
	Common stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity		
					Exchange differences on translating foreign operations	Changes in net fair value of financial assets measured through other comprehensive income	Cash flow hedges
April 1, 2023	21,764	32,812	(9,519)	238,326	2,745	12,738	(215)
Net profit	—	—	—	14,856	—	—	—
Other comprehensive income, net of tax effect	—	—	—	—	1,356	(1,395)	432
Total comprehensive income	—	—	—	14,856	1,356	(1,395)	432
Payment of dividends	—	—	—	(9,365)	—	—	—
Purchase of treasury stock	—	—	(2)	—	—	—	—
Disposal of treasury stock	—	—	12	—	—	—	—
Share-based payment transactions	—	150	—	—	—	—	—
Put options held by non-controlling shareholders	—	(59)	—	—	—	—	—
Transfer to retained earnings from other components of equity	—	—	—	63	—	(63)	—
Total transactions with owners	—	91	9	(9,302)	—	(63)	—
September 30, 2023	21,764	32,902	(9,510)	243,880	4,101	11,280	217

Items	Shareholders' equity	Non-controlling interests	Total equity
	Total shareholders' equity		
April 1, 2023	298,651	6,949	305,600
Net profit	14,856	285	15,141
Other comprehensive income, net of tax effect	393	506	899
Total comprehensive income	15,249	791	16,040
Payment of dividends	(9,365)	(137)	(9,502)
Purchase of treasury stock	(2)	—	(2)
Disposal of treasury stock	12	—	12
Share-based payment transactions	150	—	150
Put options held by non-controlling shareholders	(59)	—	(59)
Transfer to retained earnings from other components of equity	—	—	—
Total transactions with owners	(9,265)	(137)	(9,402)
September 30, 2023	304,635	7,603	312,238

(4) Notes to the summary of quarterly consolidated financial statement

(Notes on going concern assumptions)

None

(Subsequent Event)

Share consolidation, abolishment of provisions regarding number of shares constituting one unit, and partial amendment to the Articles of Incorporation and cancellation of treasury shares

Digital Value Chain Partners, GK (the “Tender Offeror”, collectively with ITOCHU Corporation, the “Tender Offerors”), which is a subsidiary of ITOCHU Corporation (“ITOCHU”), the parent company of ITOCHU Techno-Solutions Corporation (the “Company”), conducted a tender offer (the “Tender Offer”) for the Company Shares from August 3, 2023 through September 14, 2023. As a result of the Tender Offer, the Tender Offeror came to own a total of 57,099,146 shares of the Company Shares (24.69% of the total number of voting rights held by all shareholders of the Company) as of September 22, 2023, the commencement date of the settlement.

As stated in the “Announcement of Special Shareholders’ Meeting Concerning Share Consolidation, Abolishment of Provisions regarding Number of Shares Constituting One Unit, and Partial Amendment to Articles of Incorporation” released on October 16, 2023, the Company, upon receiving a request from ITOCHU, resolved at its Board of Directors meeting held on October 16, 2023 to convene a special general meeting of shareholders to be held on November 14, 2023 (the “Special Shareholders’ Meeting”) and to submit proposals at the Special Shareholders’ Meeting to conduct a consolidation of shares (the “Share Consolidation”) and to make a partial amendment to the Articles of Incorporation. The details are as follows.

(1) Share Consolidation

1) Purpose of the Share Consolidation

As stated in the “Announcement of Special Shareholders’ Meeting Concerning Share Consolidation, Abolishment of Provisions regarding Number of Shares Constituting One Unit, and Partial Amendment to Articles of Incorporation” released on October 16, 2023, because the Tender Offeror was unable to purchase all the Company Shares (excluding the Company Shares held by the Tender Offerors and treasury shares held by the Company) through the Tender Offer, the Company, upon receiving a request from ITOCHU, has decided to implement a series of procedures with the purpose of taking the Company private. Specifically, on the assumption that shareholder approval will be obtained at the Special Shareholders’ Meeting, the Company will consolidate every 35,400,400 shares of the Company Shares into one share. Through the Share Consolidation, the Company plans to make the number of common shares held by shareholders other than the Tender Offerors a fractional share less than one share.

2) Class of shares subject to consolidation

Common Shares

3) Consolidation ratio

The Company will consolidate every 35,400,400 shares of the Company Shares into one share.

4) Number of shares by which the total number of issued shares will be reduced

231,191,028 Shares

(Note) Since the Company decided, by a resolution of its Board of Directors meeting as of October 16, 2023, to cancel 8,808,966 treasury shares to be effected on December 4, 2023, the number of shares by which the total number of issued shares will be reduced is based on the total number of issued shares after that cancellation.

5) Total number of issued shares before the consolidation takes effect

231,191,034 Shares

(Note) Since the Company decided, by a resolution of its Board of Directors meeting as of October 16, 2023, to cancel 8,808,966 treasury shares to be effected on December 4, 2023, the total number of issued shares before the consolidation takes effect is the total number of issued shares after that cancellation.

6) Total number of issued shares after the consolidation takes effect

6 Shares

7) Total number of authorized shares on the effective date

24 Shares

8) Method of processing of fractions less than one share, and amount expected to be delivered to the shareholders as a result of the processing of fractions

As a result of the Share Consolidation, the number of the Company Shares held by each shareholder other than the Tender Offerors will be a fraction less than one share. For the fractions of less than one share resulting from the Share Consolidation, the number of shares equivalent to the sum total (if the sum total contains fractional shares less than one share, the fractional shares shall be rounded down) shall be sold and the proceeds obtained from that sale shall be delivered to the shareholders in proportion to the fractional shares attributed to them. Regarding the aforementioned sale, the Company plans to obtain permission from a court pursuant to provisions of Article 234, paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended; the same applies hereinafter), which applies mutatis mutandis to Article 235, paragraph 2 of the same Act, and sell the said fractional shares to the Tender Offeror.

In this case, if the above court permission is obtained as planned, the selling price would be set at a price that will ensure delivery of an amount of money to fractional shareholders that is equal to the amount derived by multiplying the number of the Company Shares held by the shareholders by 4,325 yen, which is an amount equal to the Tender Offer Price.

9) Effective date of the share consolidation

December 5, 2023 (scheduled)

10) Impact on per share information

Assuming that the Share Consolidation was conducted at the beginning of the fiscal year ended March 31, 2023, per share information for the six months ended September 30, 2022, and for the six months ended September 30, 2023 is as follows.

	Previous consolidated fiscal year (From April 1, 2022 to September 30, 2022)	Consolidated fiscal year under review (From April 1, 2023 to September 30, 2023)
Basic earnings per share attributable to CTC's shareholders (Yen)	1,831,779,413.94	2,275,863,835.11
Diluted earnings per share attributable to CTC's shareholders (Yen)	1,831,727,571.99	2,275,719,611.10

11) Scheduled date of delisting

If the above-mentioned procedures are carried out according to plan, the Company Shares shall fall under the purview of the delisting criteria of the Prime Market of the Tokyo Stock Exchange, and the shares are expected to be delisted on December 1, 2023 after being designated as securities to be delisted for the period between November 14, 2023 and November 30, 2023.

(2) Abolishment of the Provisions on Share Units

1) Reasons for abolishment

If the Share Consolidation takes effect, the total number of issued shares of the Company will be 6 shares, and it will cease to be necessary to specify the number of shares constituting one unit.

2) Scheduled abolishment date

December 5, 2023 (scheduled)

3) Conditions for abolishment

The provisions will be abolished on the condition that the proposals for the Share Consolidation and a partial amendment to the Company's articles of incorporation to abolish the provisions on share units are approved as proposed at the Special Shareholders' Meeting, and the Share Consolidation takes effect.

(3) Partial amendment to the Articles of Incorporation

1) Purpose of the amendment to the Articles of Incorporation

If the proposal on the Share Consolidation is approved as proposed at the Special Shareholders' Meeting and the Share Consolidation takes effect, the Company will be considered to have amended its Articles of Incorporation to reduce the total number of authorized shares of the Company Shares to 24 shares in accordance with the provisions of Article 182, Paragraph 2 of the Companies Act. In order to clarify this point, Article 6 (Total Number of Authorized Shares) of the current Articles of Incorporation is to be amended subject to the effectuation of the Share Consolidation.

In addition, if the proposal on the Share Consolidation is approved as proposed at the Special Shareholders' Meeting and the Share Consolidation takes effect, the total number of issued shares of the Company will be 6 shares, and it will cease to be necessary to specify the number of shares constituting one unit. Therefore, subject to the Share Consolidation taking effect, the provisions of Article 8 (Number of Shares Constituting One Unit), Article 9 (Rights Pertaining to Shares Less Than One Unit), and Article 10 (Request for Making an Additional Purchase for Shares Less Than One Unit) of the current Articles of Incorporation will be entirely deleted in order to abolish the provisions regarding the number of shares constituting one unit for the Company Shares (currently 100 shares), and the remaining provisions will be renumbered accordingly.

2) Details of the amendment to the Articles of Incorporation

The details of the amendment are described below.

(Underlined portions indicate the amendment.)

Current Articles of Incorporation	Proposed Amendments
(Total Number of Authorized Shares) Article 6 The total number of shares authorized to be issued by the Company shall be <u>492,000,000</u> shares.	(Total Number of Authorized Shares) Article 6 The total number of shares authorized to be issued by the Company shall be <u>24</u> shares.
Article 7 (Omitted)	Article 7 (No change)
<u>(Number of Shares Constituting One Unit)</u>	(Deleted)
<u>Article 8</u> The number of shares constituting one unit of shares of the Company shall be one hundred (100).	
<u>(Rights Pertaining to Shares Less Than One Unit)</u>	(Deleted)
<u>Article 9</u> No shareholder of the Company shall be entitled to exercise any right pertaining to shares less than one unit held by such shareholder except for any of the following rights: (1) the rights listed in the items of Article 189, Paragraph 2 of the Companies Act; (2) the right to make a demand pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act; (3) the right to receive allotment of shares for subscription and allotment of share options for subscription in proportion to the number of shares held by the shareholder; and (4) the right to make a demand described in the following article.	
<u>(Request for Making an Additional Purchase for Shares Less Than One Unit)</u>	(Deleted)
<u>Article 10</u> Pursuant to the provisions of the Share Handling Regulations, shareholders of the Company that hold shares less than one unit may demand that the Company sell shares together with those shares less than one unit in the number required to constitute a unit.	
Article <u>11</u> through Article <u>36</u> (Omitted)	Article <u>8</u> through Article <u>33</u> (No change)

3) Scheduled amendment date
December 5, 2023 (scheduled)

4) Conditions for the amendment to the Articles of Incorporation

The amendment to the Articles of Incorporation is subject to the approval of the proposal on the Share Consolidation at the Special Shareholders' Meeting as originally proposed and the effectuation of the Share Consolidation.

(4) Cancellation of treasury shares

The Company decided, by a resolution at its Board of Directors meeting held on October 16, 2023, to cancel its treasury shares pursuant to the provisions of Article 178 of the Companies Act.

- | | |
|------------------------------------|---|
| 1) Class of shares to be canceled | Common shares |
| 2) Number of shares to be canceled | 8,808,966 shares
(The sum of treasury shares held by the Company as of September 30, 2023: 8,773,172 shares (this does not include 139,200 shares held by the Trust Account pursuant to the "Board Benefit Trust" (the "BBT") for Directors and Managing Executive Officers of the Company), and shares to be acquired without compensation as of November 21, 2023 by the Company from the Trust Account for the BBT: 35,794 shares.)

(Representing 3.67% of the total number of issued shares of the Company before the cancellation) |
| 3) Scheduled cancellation date | December 4, 2023 |
| 4) Cancellation method | Reduction from capital surplus |

The cancellation of treasury shares is subject to the approval of the proposal on the Share Consolidation at the Special Shareholders' Meeting as originally proposed.