FY2024/9 Full Year Earnings Report

FCE Inc.
November 26, 2024
Tokyo Stock Exchange Standard
Securities Code: 9564

Agenda

01 Company Overview / Results / Topics and Highlight

02 Business and Growth Strategy : Overview

03 Business and Growth Strategy : DX Promotion Business

04 Business and Growth Strategy : Education and Training Business

Appendix

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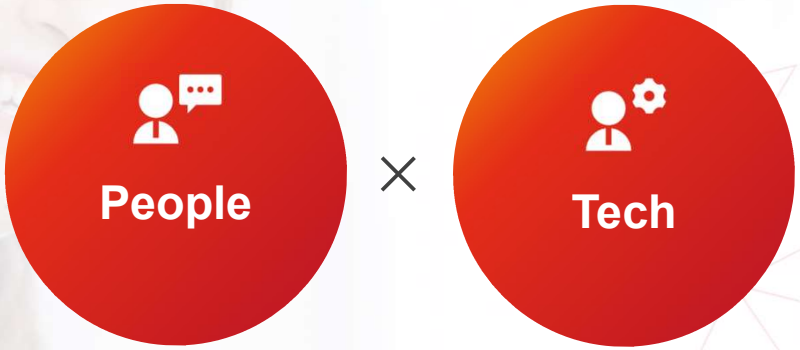
Purpose

To create a world in which everyone can approach and solve challenges with all their might

Mission



Maximize Human Capital

- DX Promotion Business
- Education and Training Business

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Company Overview

Company Name	FCE Inc.	Securities Code: 9564
Established	April 21, 2017	Group established February 19, 2004
NO. of employees	229 employees	

*as of September 30, 2024

Business Portfolio



Main Business (Business segment)

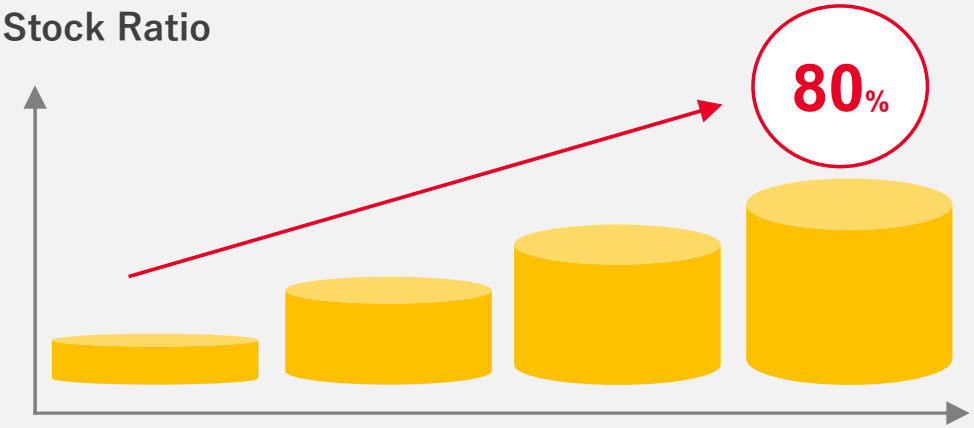
Education and Training Business



DX Promotion Business



Stock Ratio



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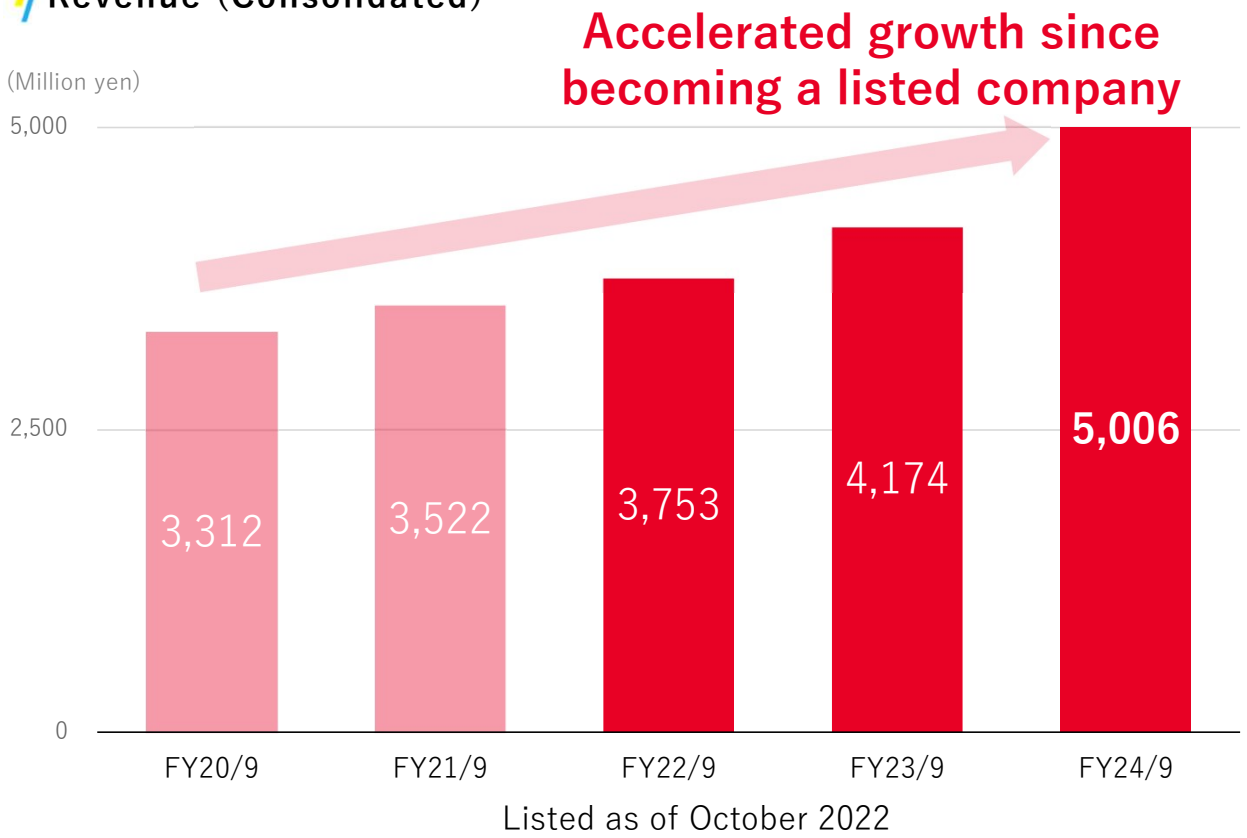
FY2024/9 Full Year | Business Results Highlights (1/2)

Continued steady growth in revenue and profit since becoming a listed company in October 2022

Revenue (Consolidated)



Listed as of October 2022

▶ Revenue (FY24/9)

5,006 million yen

YoY +19.9%

▶ Operating Income (FY24/9)

721 million yen

YoY +24.1%

▶ Ordinary Income (FY24/9)

706 million yen

YoY +22.8%

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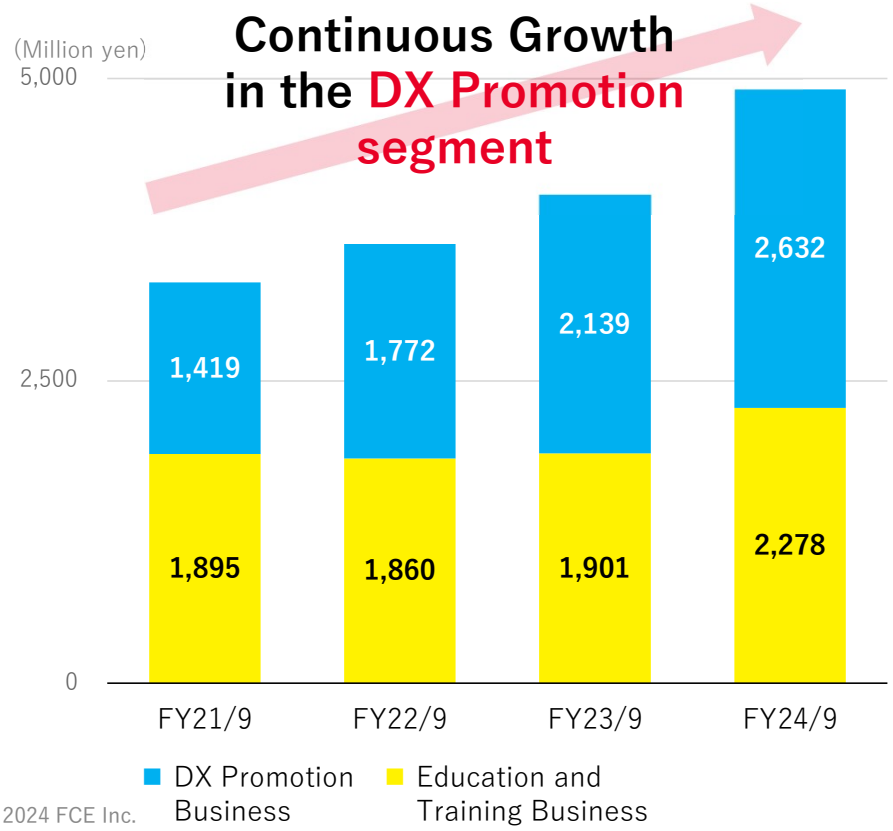
FY2024/9 Full Year | Business Results Highlights (2/2)

The DX Promotion segment, which provides "Robo-Pat DX," a DX support SaaS using RPA, and "Smart Boarding," a DX SaaS for employee training, continues to show strong growth as the core of our revenue

Revenue trends by segment (consolidated)



DX Promotion Business

▶ Segment Revenue (FY24/9)

2,632 million yen

YoY +23.1% ⬆

▶ Segment Revenue (FY24/9)

695 million yen

YoY +71.7% ⬆

Education and Training Business

▶ Segment Revenue (FY24/9)

2,278 million yen

YoY +19.8% ⬆

▶ Segment Revenue (FY24/9)

297 million yen

YoY +60.9% ⬆

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KPI Summary

SaaS-type MRR*1

287 million yen
(YoY 29.5%)

- RPA Robo-Pat DX: **243 million yen**
- Smart Boarding: **44 million yen**

No. of companies installed

- RPA Robo-Pat DX: **1,481 companies**
  (Mi-term*3 progress rate 118.5%)
- Smart Boarding: **1,095 companies**
  (Mid-term*3 progress rate 163.4%)

ARPU*2

- RPA Robo-Pat DX: **164 thousand yen**
  (YoY +2%)
- Smart Boarding: **40 thousand yen*4**
  (YoY -9%)

*1： MRR（Monthly Recurring Revenue） Monthly recurring sales amount as of the end of the fourth quarter of the fiscal year ended September 30, 2024
*2： ARPU（Average Revenue Per User） Average amount of sales per installed company as of the end of the fourth quarter of the fiscal year ended September 30, 2024
*3： Refers to the plan for the number of companies installed as of the end of FY2024/9 in the "3-Year Business Strategy Summary and Key Performance Indicators (KPIs)" of the Medium-Term Management Plan disclosed on May 24, 2023.
*4: Average amount of overall Smart Boarding sales (see page 32 for breakdown by direct sales and OEM)

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Topics

FCE

Awarded the “Stress Free Company” award for 3rd consecutive year



In the “Best Companies to Work For”* ranking, we were awarded the Best Company for the 12th consecutive year.

Press release: https://prtimes.jp/main/html/rd/p/000000234.000029370.html
https://prtimes.jp/main/html/rd/p/000000208.000029370.html

Partnership with J League “Machida Zelvia FC”

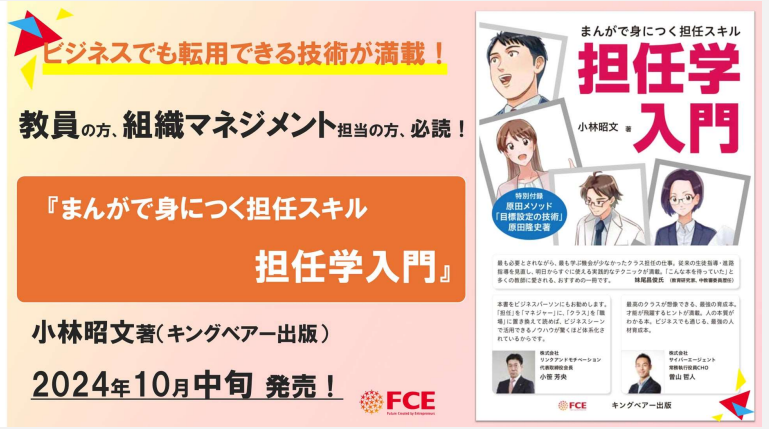


Through our sponsorship, we **will work together to create a future** in which everyone can approach and solve challenges with all their might by leveraging each other's strengths.

Press release: https://prtimes.jp/main/html/rd/p/000000277.000029370.html

Publishing Business

“Homeroom Teacher Skills: Introduction to Homeroom Teacher Studies Through Manga”



We have donated the book to approximately 15,000 public and private junior high and high schools throughout Japan. This book is useful not only for educators, but for all professions and positions.

Press release: https://prtimes.jp/main/html/rd/p/000000266.000029370.html
https://prtimes.jp/main/html/rd/p/000000276.000029370.html

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*The Best Company to Work For award is determined by Great Place to Work® Institute Japan's overall evaluation of "Trust” and Maximization of Human Potential”, “Values, Leadership Effectiveness and Innovation" based on the "Questionnaire for Workers“ and the "Questionnaire for Companies“.

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Dissolution of the Pure Holding Company System; Entering a New Stage

Completed the dissolution of the pure holding company system. Accelerate proactive efforts to introduce customers from other business units within the group (inter-group synergies) and promote business expansion by developing new lead channels.

FCE Holdings Inc.

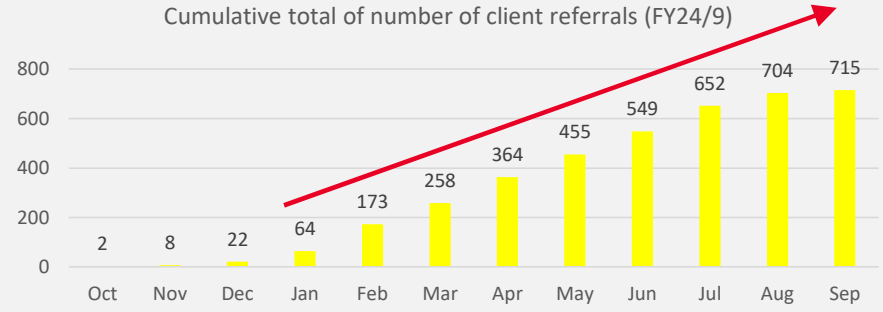
FCE Inc.
(As of January 1, 2024)

Method of absorption-type merger, etc.

Merger completed

PAT | **FCEE** | **TC** | **PUB** | **DEI**

* FCE Process & Technology Corporation (PAT), FCE Education Corporation (FCEE), FCE Training Company (TC), FCE Publishing Corporation (PUB), Dining Edge International (DEI)



Accelerate mutual referrals of clients held by each business unit



Note: there is no direct impact on the Group's consolidated results.

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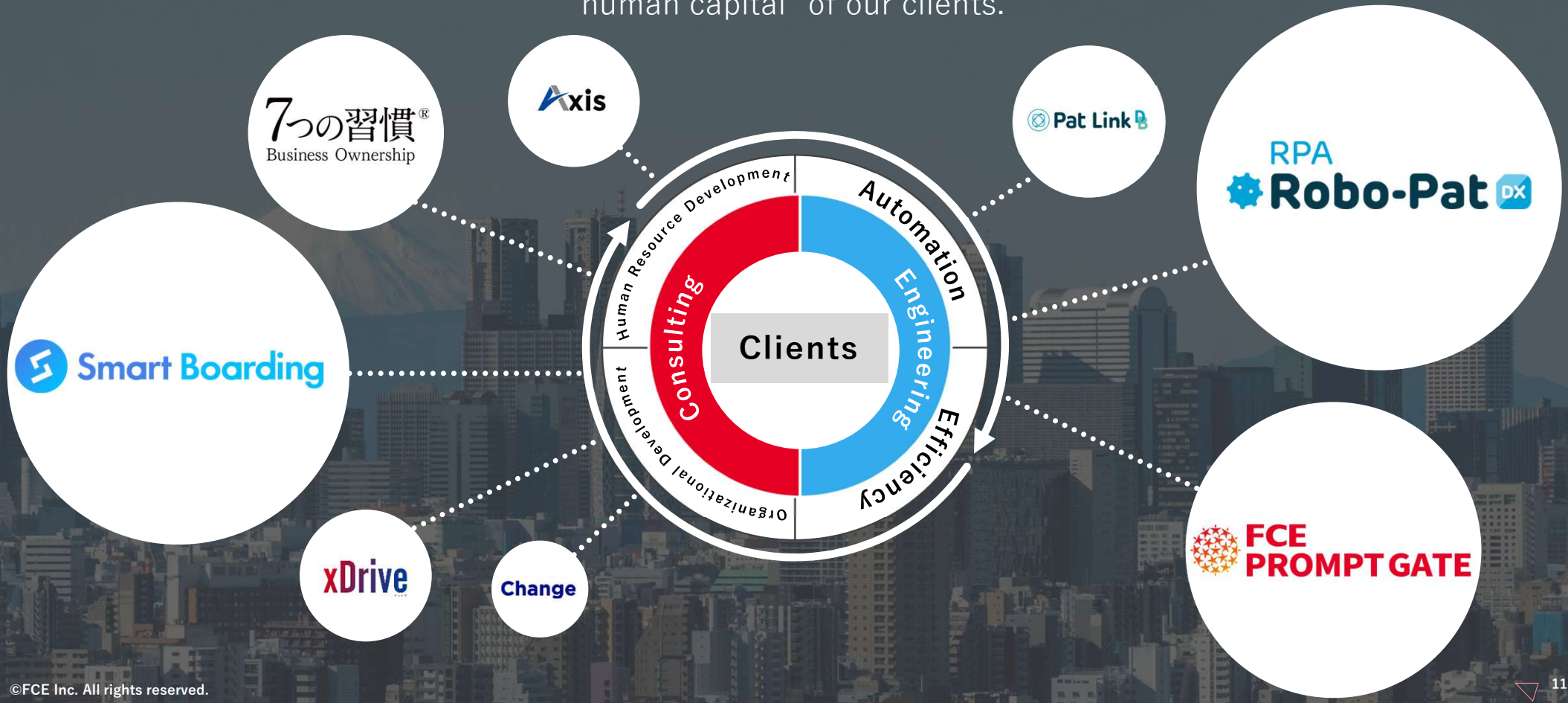
“Towards Maximizing Human Capital”

With “consulting” and “engineering” we have cultivated through the creation of various businesses

as the source of our strength, we aim to provide essential value that contributes to the ’maximization of human capital” of our clients.



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FCE is an

Entrepreneur Firm

Each and every one of us will continue to be an entity that creates a world in which everyone can approach and solve challenges with all their might with an “entrepreneurial mindset”

We aim to be “entrepreneurs”.
We do not want to “start” a business, but to have big “plans” to change society.
To achieve this, each of us is a “New Business Creator” who creates opportunities on their own. We will continue to believe in the potential of those involved and be prepared to be “Human Value Innovators” who provide opportunities.

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Our History as an Entrepreneur Firm

FCE started out in the education and training business in 2004, adapting to changes in the business environment as times changed.

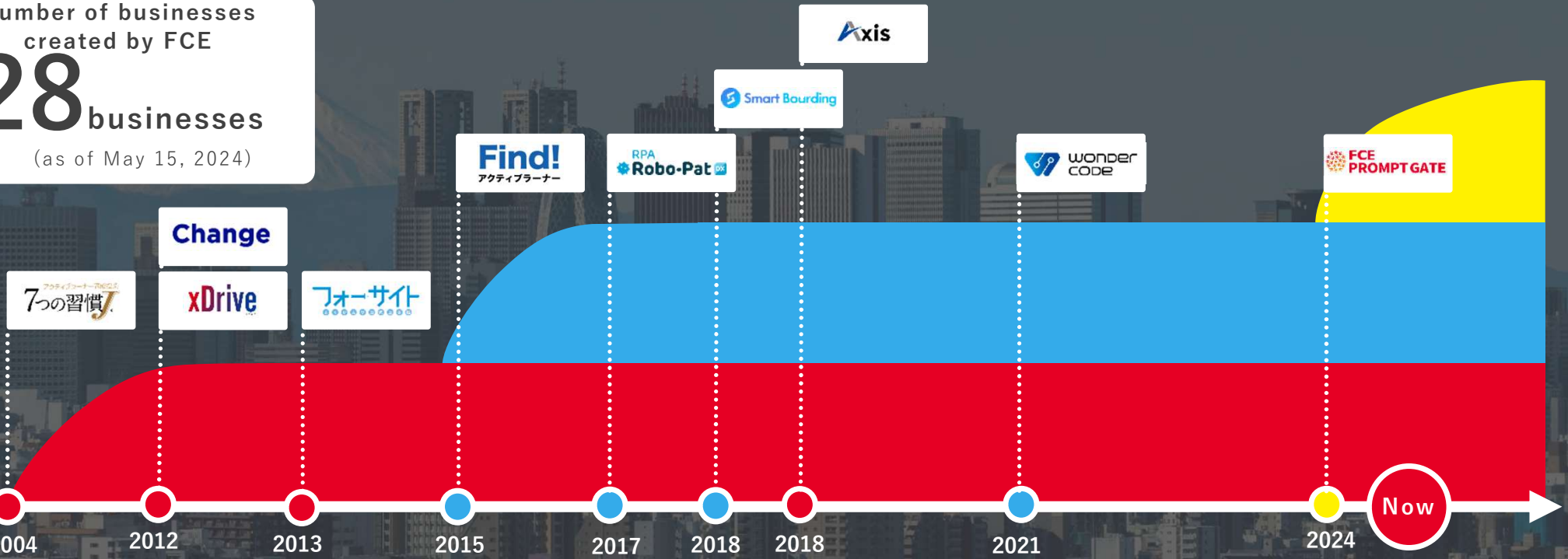
We have expanded our business by continuously launching new businesses.

Business Focus: Education and Training → DX × SaaS → AI × SaaS

Number of businesses created by FCE

28 businesses

(as of May 15, 2024)



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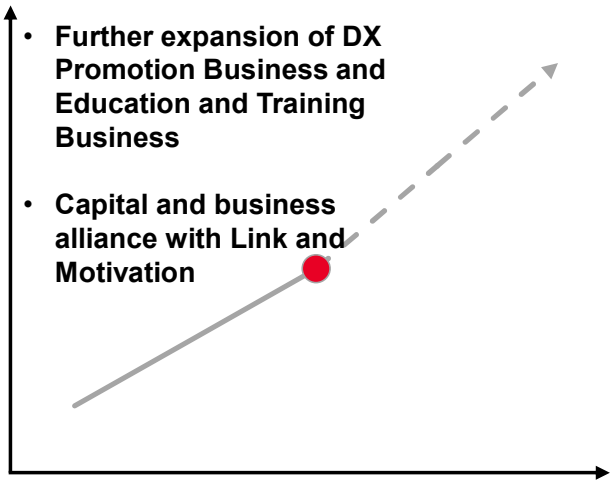
FCE's Business Policy

Existing businesses will gain further growth opportunities through a capital and business alliance with Link and Motivation*.

We aim to improve consolidated performance and achieve stable growth in profits through growth strategies and investments in each business.

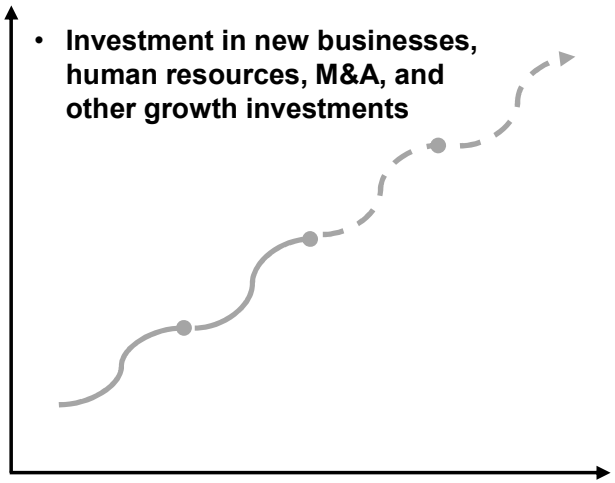
Existing Businesses

- **Further expansion of DX Promotion Business and Education and Training Business**
- **Capital and business alliance with Link and Motivation**



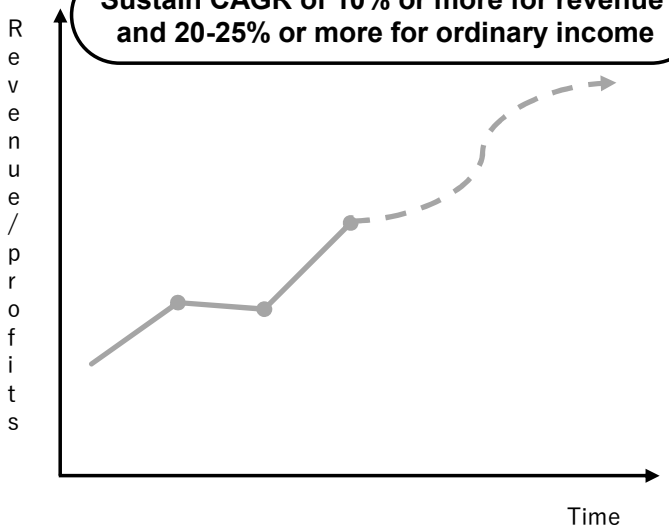
Growth Investments

- **Investment in new businesses, human resources, M&A, and other growth investments**



Consolidated Performance

Sustain CAGR of 10% or more for revenue and 20-25% or more for ordinary income



Note: Link and Motivation Inc. (Listed on the Tokyo Stock Exchange Prime Market, Securities Code: 2170)
This is a company that provides corporate transformation consulting and cloud services through motivation engineering, motivation management business (support for training, systems, and culture change), entry management business (recruitment support), and venture incubation.

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3 Year Plan Figures (FY23/9 – FY25/9) (Disclosed May 24, 2023)

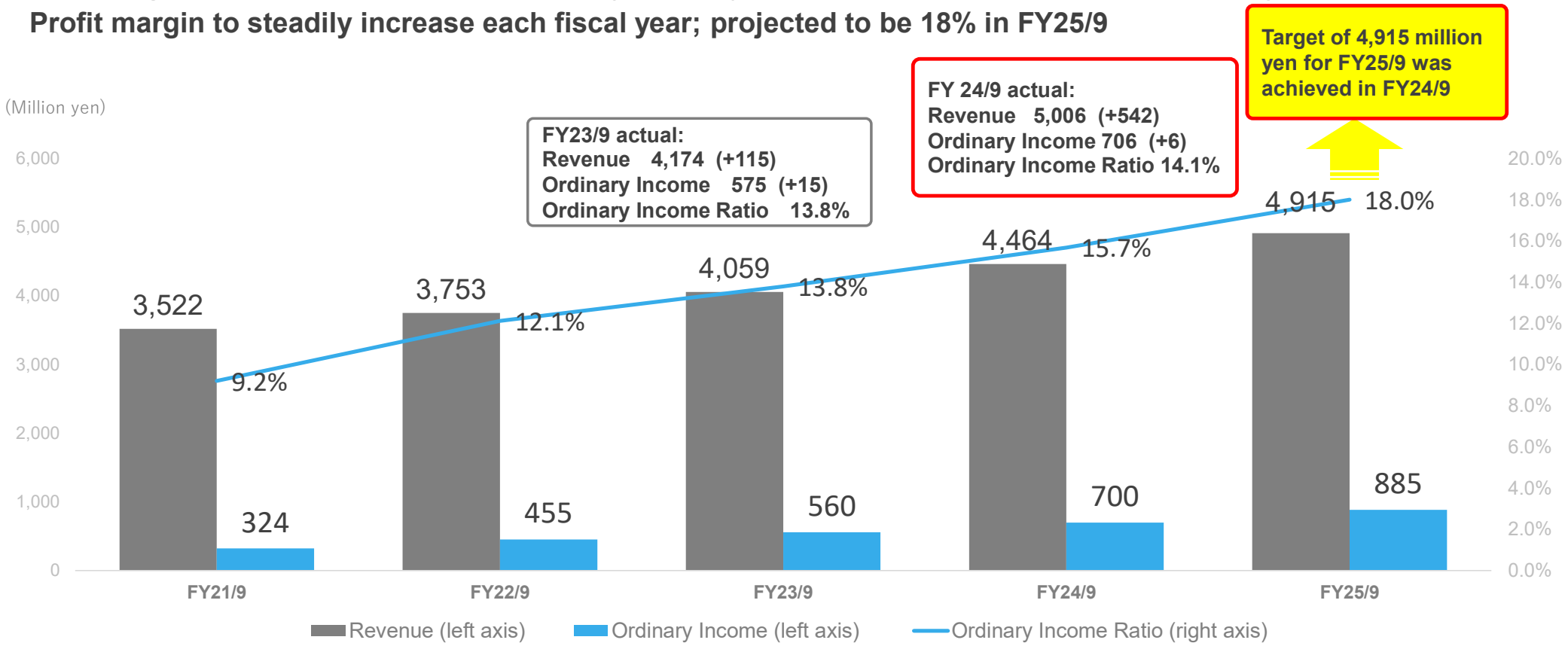
Revenue

Achieve growth of 10% or more each fiscal year; projected to achieve more than 4.9 billion yen in FY25/9

Ordinary Income (Ratio)

Achieve growth of 25% or more each fiscal year; projected to achieve more than 880 million yen in FY25/9

Profit margin to steadily increase each fiscal year; projected to be 18% in FY25/9



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FY25/9 Forecasts

- Net sales are expected to be 5.75 billion yen, exceeding the mid-term management target and increasing YoY.
- While investing in mid- to long-term growth, we expect to continue to increase profits and improve profit margins.

Unit: million yen	FY24/9	FY24/9	FY25/9	
	Mid-term Management Plan	Actual	Forecast	YoY
Revenue	4,464	5,006	5,750	+743 (+14.9%)
Operating Income	702	721	900	+178 (+24.7%)
Ordinary Income	700	706	915	+208 (+29.4%)
Net Income Attributable to Owners of the Parent	450	502	630	+127 (+25.4%)
EBITDA*	-	781	971	+189 (+24.3%)
Net Income per Share (yen)	-	52.82	57.66	-
Ordinary Income Ratio	15.7%	14.1%	15.9%	+1.8%pts

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Unit: million yen (rounded down)

* EBITDA = Operating Income + Amortization (Depreciation + Amortization of Goodwill + Amortization of Guarantee Deposits + Amortization of Long-term Prepaid Expenses)

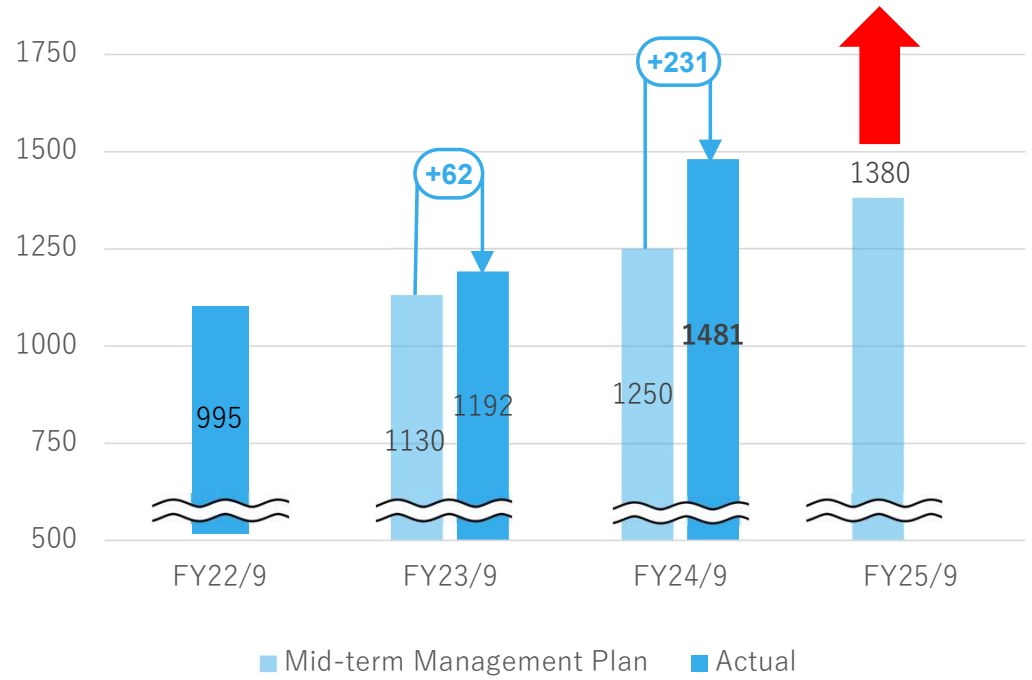
3 Year Plan: Progress of Key KPIs

Revised KPI targets upward as the number of Robo-Pat DX and Smart Boarding adopters has already reached the targets for FY25/9.

Number of companies installed RPA Robo-Pat DX
(disclosed on May 24, 2023; compared against mid-term management plan))

Unit: number of company

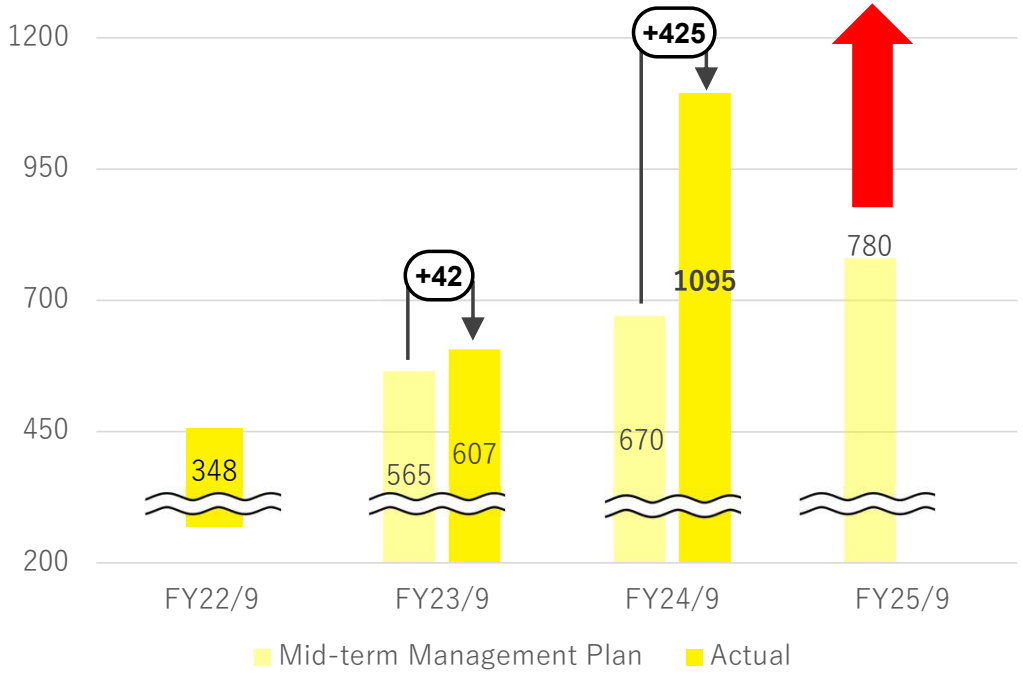
25/9 target: revised upwards to over 1,740 companies



Number of companies installed Smart Boarding
(disclosed on May 24, 2023; compared against mid-term management plan)

Unit: number of company

25/9 target: revised upwards to over 1,350 companies



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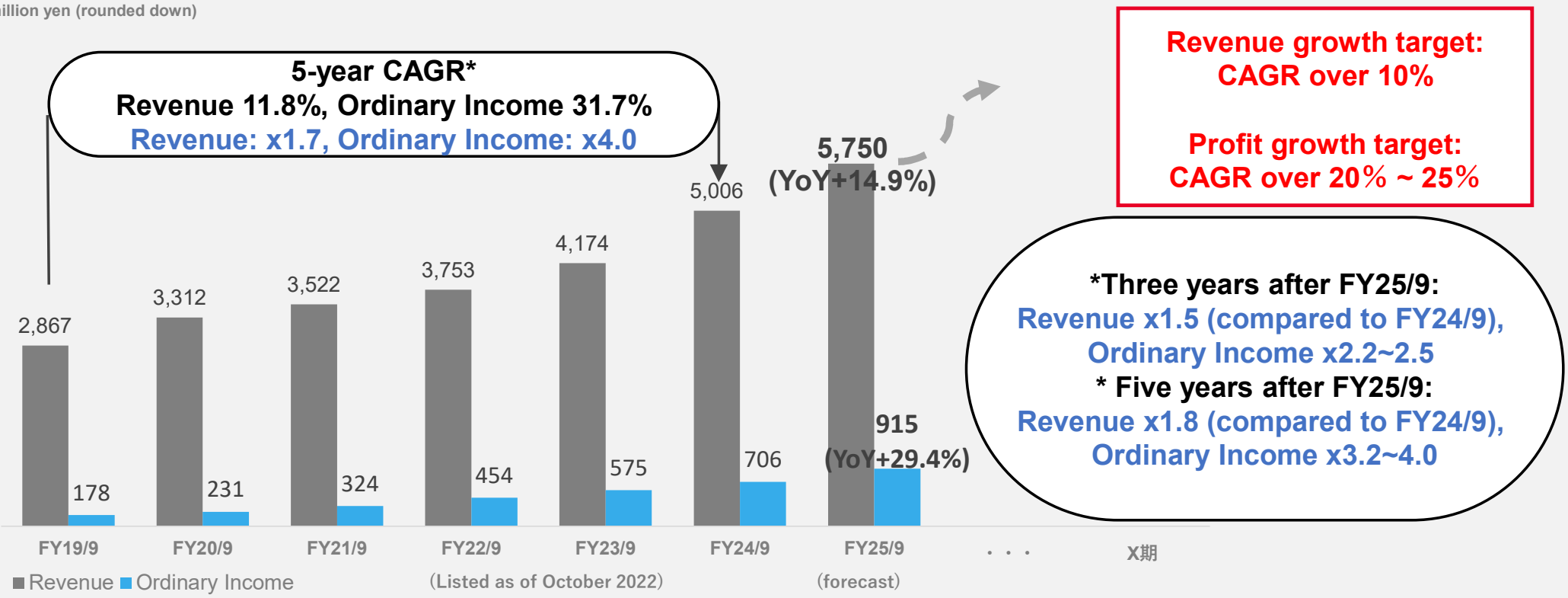
Future Policies (Revenue / Ordinary Income)

Continuous growth in both revenue and profit has been achieved every fiscal year.
We will continue to plan for growth while being conscious of the balance between new business initiatives and growth.

Unit: million yen (rounded down)



＊CAGR： Compound Annual Growth Rate
＊Revenue and Ordinary Income in 3 and 5 years: if revenue and ordinary income grow by 10% and 20%-25%, respectively, from FY25/9 onward, it will be multiples of FY24/9 compared to the same period

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Future Policies (Shareholder Return)

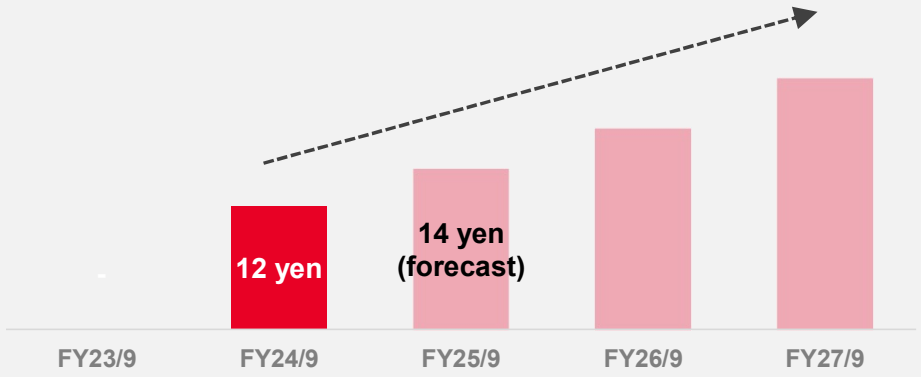
The company paid its first dividend in the fiscal year ended September 30, 2024, since becoming a listed company.
We plan to continue to return profits to shareholders through dividends, in line with stable profit growth.

	FY23/9	FY24/9	**FY25/9 (forecast)**
Dividend per share	No dividend	12.00 yen	**14.00 yen**
Net income per share	34.86 yen*	52.82 yen	57.66 yen

Note: The Company conducted a 3-for-1 stock split of common stock on April 1, 2024. Net income per share are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended September 30, 2023.

■Dividend Policy

Our policy is to pay dividends to shareholders with the aim for a dividend payout ratio of 25%



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Future Policies (HR)

Aggressive hiring policy for both new graduates and mid-career workers in line with business expansion (office expansion completed as of September 2024)

We have established an environment in which employees can grow through a number of training programs. We will continue to improve our human resource capabilities.

■Hiring

- **20 new graduates** (graduating in March 2025)

  With the establishment of an environment that allows young employees to play an active role, we have been hiring new employees centering on new graduates.

- **Mid-career hires**

  Recruiting human resources in each business division due to business expansion

  【Recruiting Divisions】

  DX Promotion Business / FCE Prompt Gate Business / Human Resource Training Business / Education Business / Publishing Business / HR Division / Corporate Division



■Development

Growth concept: “10 years of growth in 3 years”

Offers many development programs and environments

- Value Lecture Training
- New Business Creator Basic Course
- Consulting Sales Training
- Smart Boarding Course
- Productivity Improvement Campaign, etc.





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Progress of Capital Business Alliance with Link and Motivation

Started selling products for both companies

Sales of “RPA Robo-Pat DX” and “FCE Prompt Gate” to large companies



FCEプロンプトゲート

×

Link and Motivation Group

Approx. 1,500 companies, centered around large companies

Sales of “Motivation Cloud Series” to small and medium-sized companies

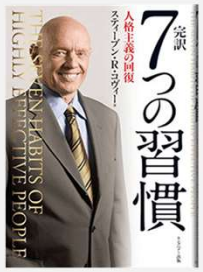
Smart Boarding

×

MOTIVATION CLOUD
by Link and Motivation Group

Business alliance related to “The 7 Habits”

Sales of “The 7 Habits J®” and “The 7 Habits Self-Coaching” for elementary, junior high, high school, university students and adults



アクティブラーナー育成授業
7つの習慣J®

×

7つの習慣
Self Coaching®

Career SchoolBusiness
Total students per year
Approx. 26,500

Cram School Business
Total students per year
Approx. 1,700

Accelerate growth to realize our mission, ‘Contribute to the maximization of human capital through “People” x “Tech”’

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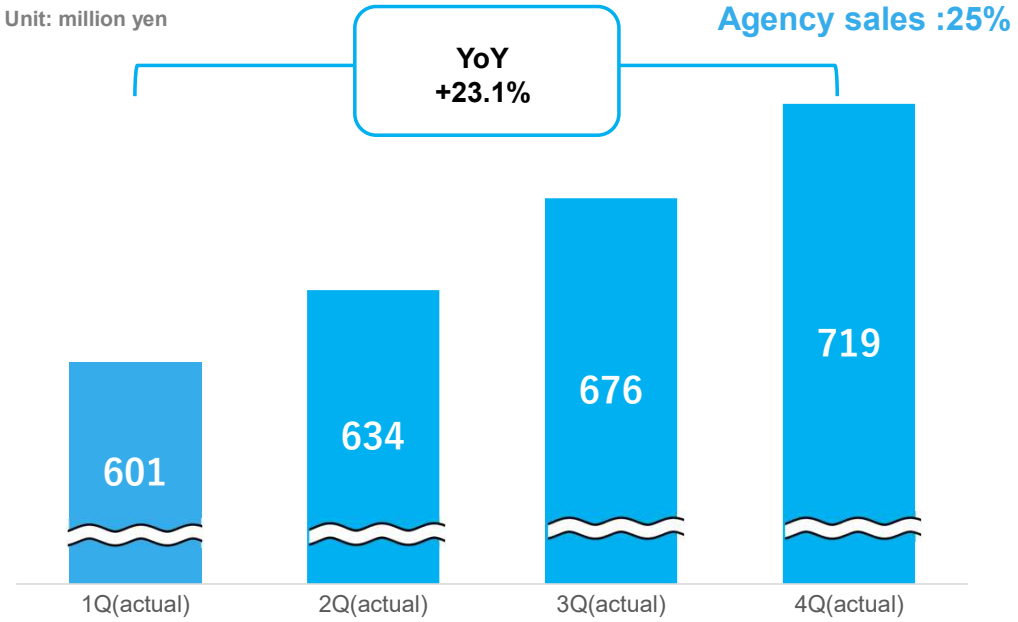
FY2024/9 Full Year | DX Promotion Business Performance and Main KPI

- Revenue increased by +23.1% YoY
- Continuous revenue increase is expected due to the increase in the number of companies installing our system
- 1,530 companies have installed the RPA Robo-Pat DX as of October 31, 2024

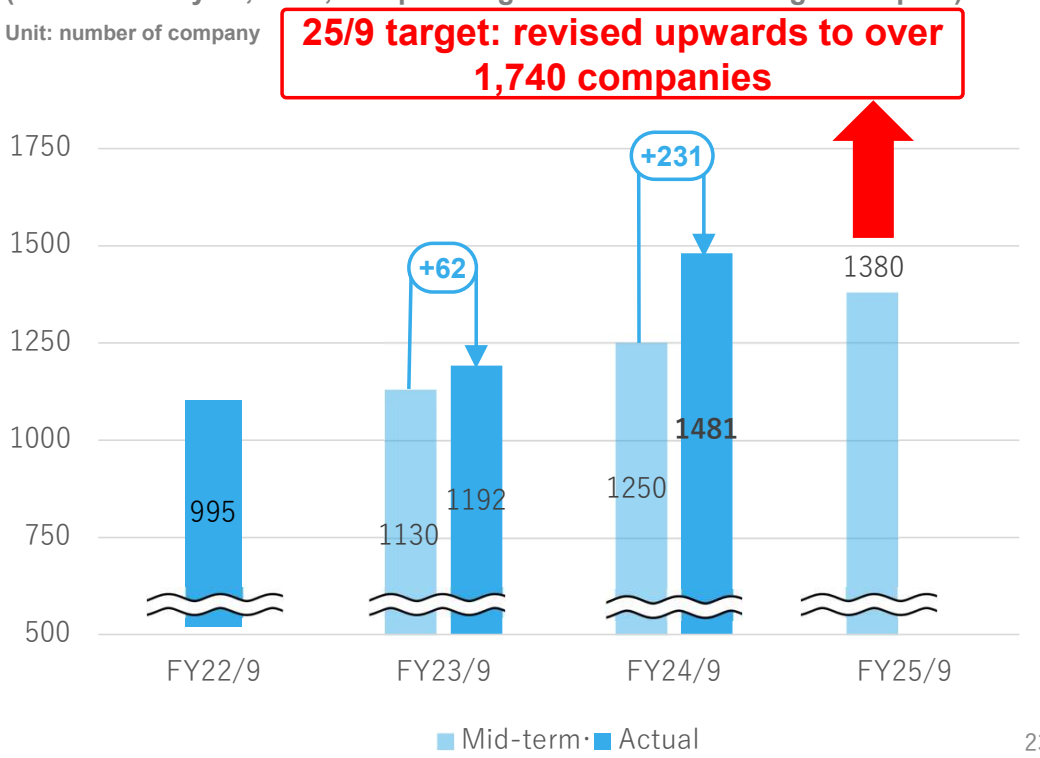
DX Promotion Business revenue (FY24/9)

Unit: million yen



Number of companies that installed RPA Robo-Pat DX
(disclosed May 24, 2023; compared against mid-term management plan)

Unit: number of company



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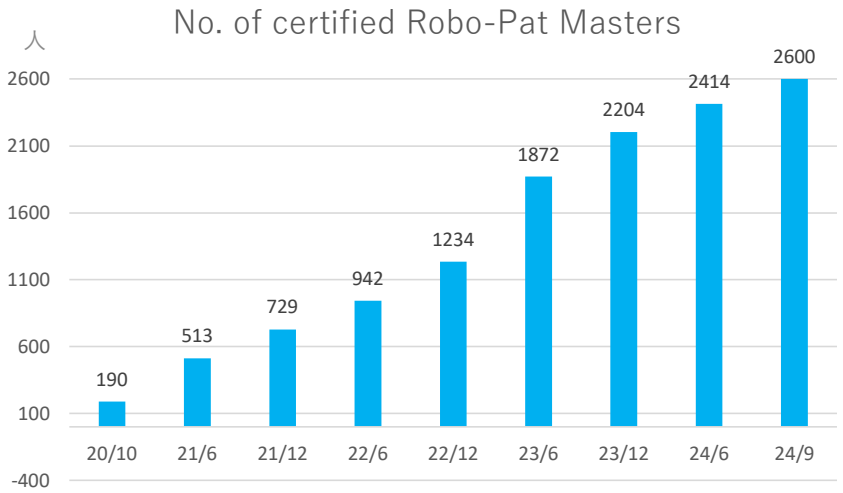
Establishment and DX Promotion Activities within Installed Companies

Churn rate around 1%

- **The Robo-Pat Master Certification Program increases the number of DX personnel who can create robots within installed companies.**
- **RPA use cases and DX promotion activities are shared at the Top Management Seminar (presentation of use cases for existing client companies)**



The number of certified Robo-Pat Masters promoting "DX" within the companies that have adopted the system has reached 2,600, and the system is now firmly established in these organizations!



Top Management Seminar

Lecture by Group Leader, Production Control Dept., Company A

- **Successfully converted 17,280 hours of work to RPA**
- **The point is not to save time, but to create time**
- **How to increase the number of people who want to be seriously involved in DX and how to accelerate the speed of DX promotion**

Share the results of RPA utilization and the increase in DX promotion activities

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RPA “Robo-Pat DX”

We will provide support for human resource development and organization building for RPA (Robotic Process Automation) and DX promotion

Profit structure of RPA Robo-Pat DX

Revenue: Number of companies installed × Average unit price (monthly fee)

Cost: License fees to development partners + Sales fee to sales agencies

* Average unit price (monthly fee) = weighted average of full functionality version and selective functionality version

License types / fee structure

Full functionality version

Robot operation scenarios can be created and registered for actual operation

120,000 yen/month *excluding tax

Selective functionality version

Scenarios for the full-featured version license can be run on a separate PC.

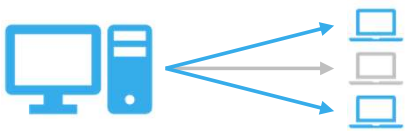
40,000 yen/month *excluding tax

Free

Installation support consultation

Floating license

Floating licenses can be shared by multiple PCs, so they can be used at remote locations. It also contributes to cost reduction.



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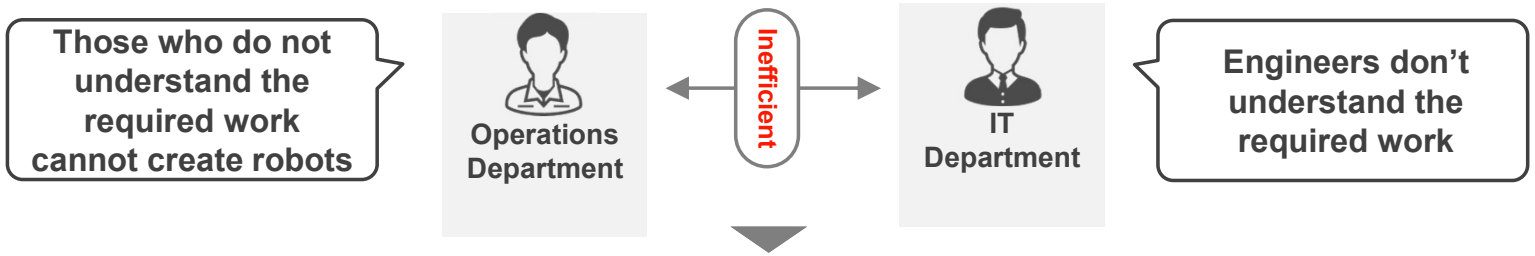
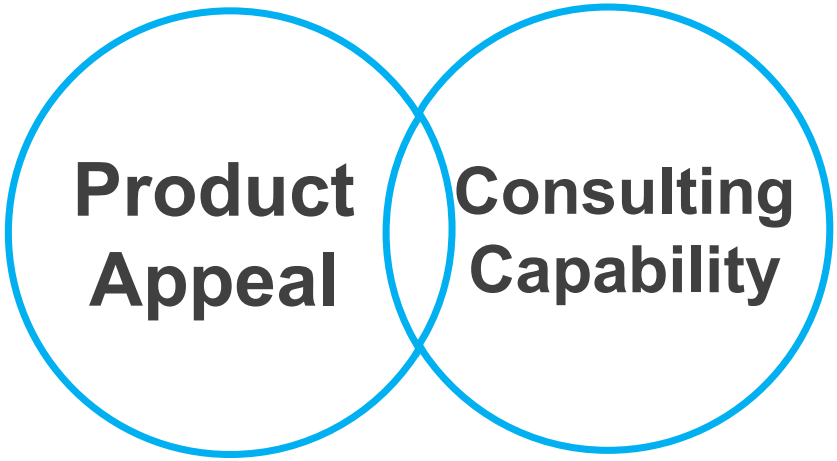
Characteristics of the RPA “Robo-Pat DX”

【Challenges of traditional RPA】

Assumption that "engineers with high IT skills build robots."



RPA “Robo-Pat DX” is a “Personal RPA” that can be created by anyone who understands the required work



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External Evaluation of RPA “Robo-Pat DX”



ITreview Best Software in Japan 2024

“Users' Choice Ranking of the 50 Most ‘Powerful IT Tools’”

Ranked No. 2 out of approx. 10,000 products!

(Review site “ITreview” / June 12, 2024)

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Future DX Promotion Business Expansion Strategy

Sales channels are expanding, catering to a wide range of industries and company sizes



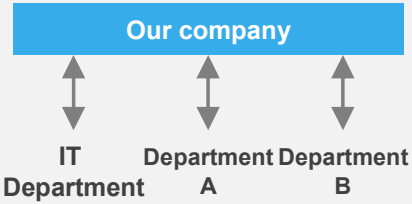
✓ Sales Partners
✓ Introductory Partners

Increase in number of companies installed × **Improvement of unit price**

Expansion of recognition in regional areas Strengthen/build sales structure

Scale out within customers' companies

Our approach

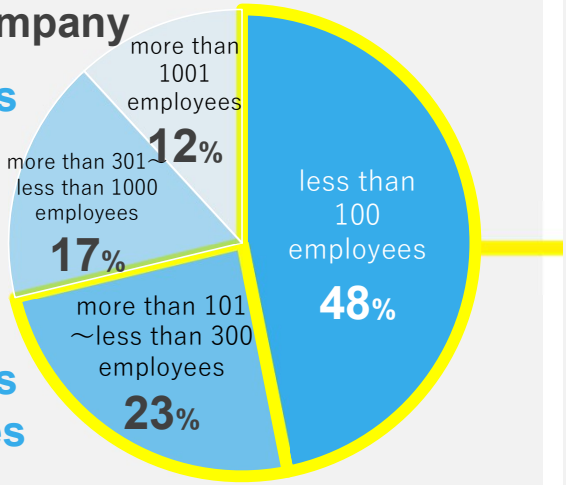


Extensive experience with small and mid-sized companies allows us to smoothly handle interactions with onsite departments

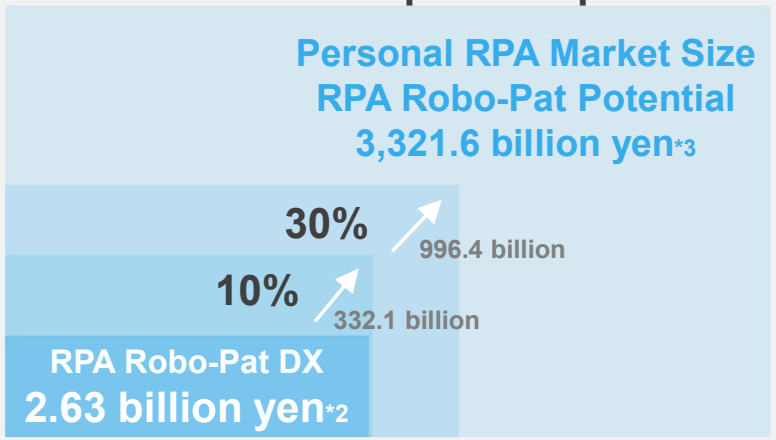
Percentage by size of company

✓ **Installed across various companies regardless of its size**
(companies with less than 300 employees take up over 70%)

✓ **Installed across various businesses and industries**



RPA "Robo-Pat DX" expansion potential *1



*1: Calculated by the Company according to below formula
*2: DX Promotion Business Net Sales of the Company for the fiscal year ending September 30, 2024
*3: The "personal RPA market" is defined as domestic companies with less than 300 employees, and is calculated by multiplying approximately 1.73 million companies x RPA Robo-Pat DX average monthly unit price of 160,000 yen x 12 months.

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Progress of future DX Promotion Business expansion strategy

We will create new business expansion opportunities by expanding the referral partner program and introducing clients in the same industry.

RPA Robo-Pat DX



×

Partnerships

- **Shikoku Bank** (Regional Banks)
- **Tax Accountant Office** (professional industry)
- **Creek & River** (DX Promotion Consultation Window)
- **Kintone** (information and communication industry)
- **Yamada Denki** (retail industry)
- **Aomori Creation Partners** (regional banking)
- **WILLOF Work** (temporary employment agency)

Distributing information on the RPA Robo-Pat DX through various channels

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01 Company Overview / Results / Topics and Highlight

02 Business and Growth Strategy : Overview

03 Business and Growth Strategy : DX Promotion Business

04 Business and Growth Strategy : Education and Training Business

Appendix

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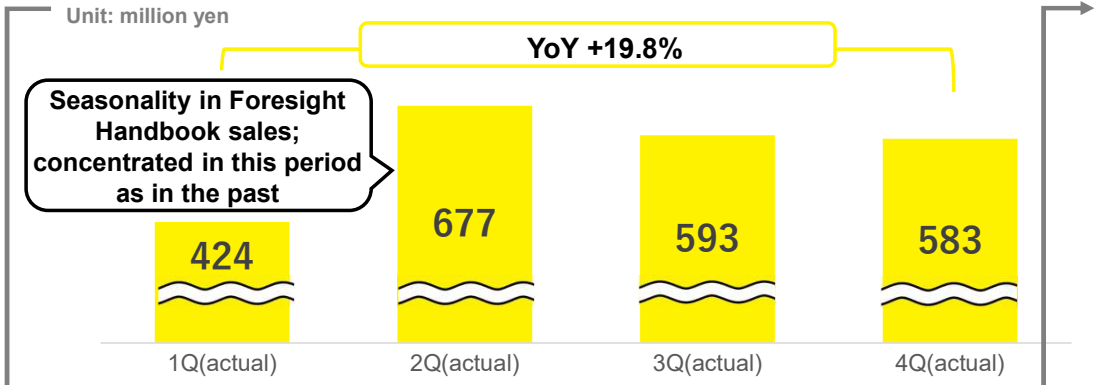
FY2024/9 Full Year | Education and Training Business Performance and Main KPI

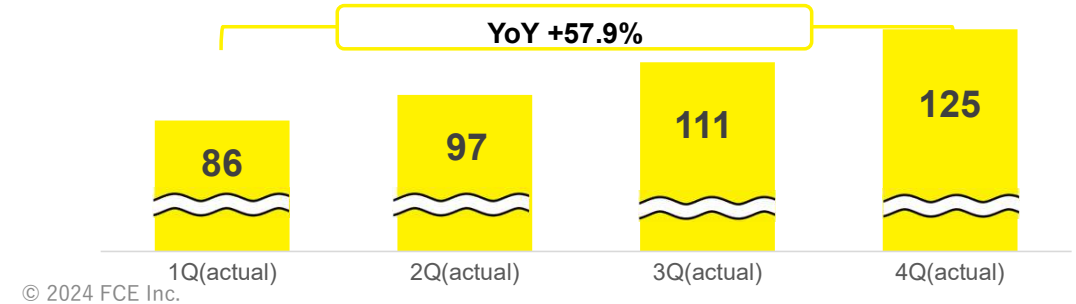
- Education and Training Business revenue increased by +19.8% YoY, mainly due to an increase in revenues from Smart Boarding
- Seasonality in Foresight Handbook for schools; revenue built in 2Q
- 1,149 companies have installed Smart Boarding as of October 31, 2024

Education and Training Business revenue (FY24/9)

Unit: million yen



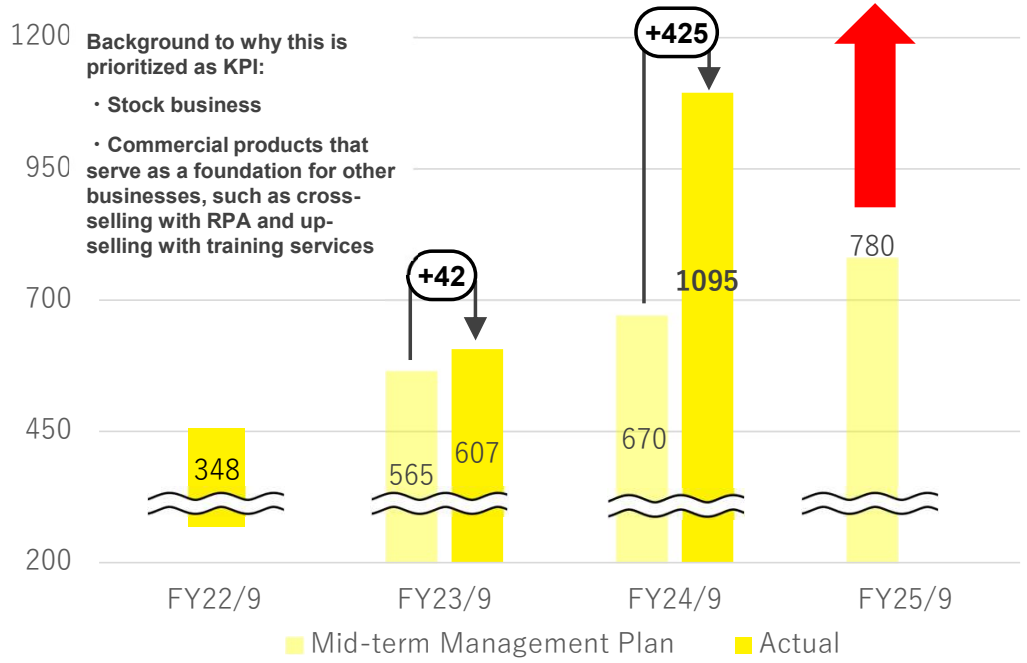
Smart Boarding revenue (FY24/9)



Number of companies that installed Smart Boarding
(disclosed May 24, 2023; compared against mid-term management plan)

Unit: number of company

25/9 target: revised upwards to over 1,350 companies



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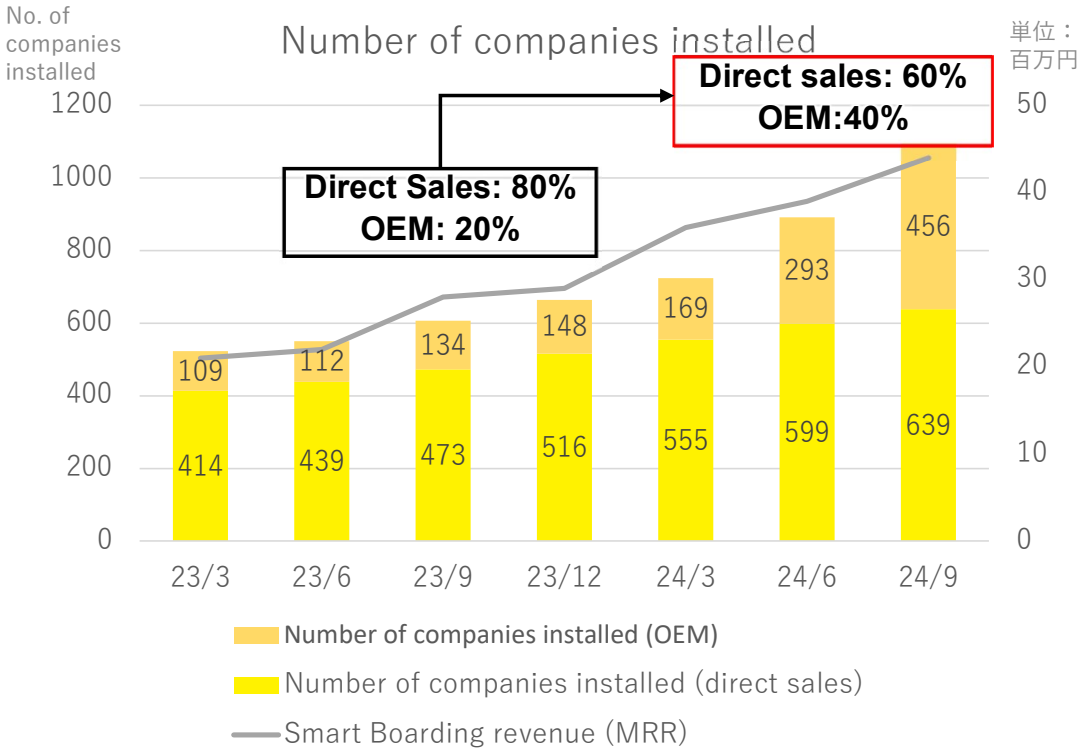
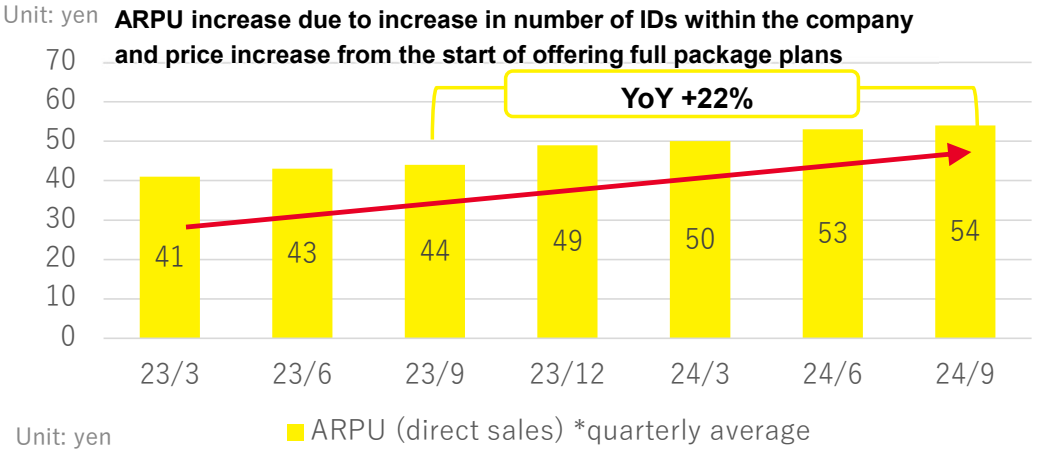
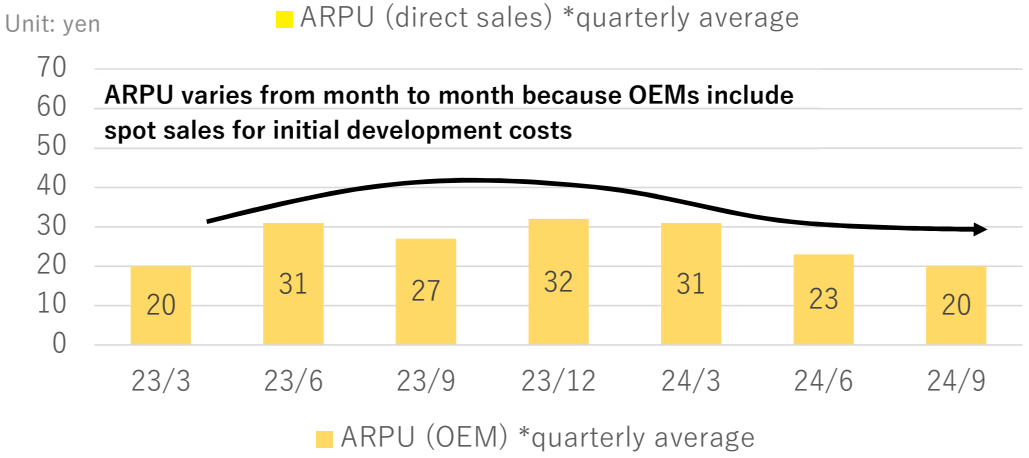
Number of Companies Installing Smart Boarding and ARPU (Direct Sales / OEM) Trends

Direct sales ARPU increased from 44 thousand yen (as of the end of FY23/9) to 54 thousand yen (as of the end of FY24/9), a +22% growth YoY.

OEM ARPU decreased from 27 thousand yen (as of the end of FY23/9) to 20 thousand yen (as of the end of FY24/9)







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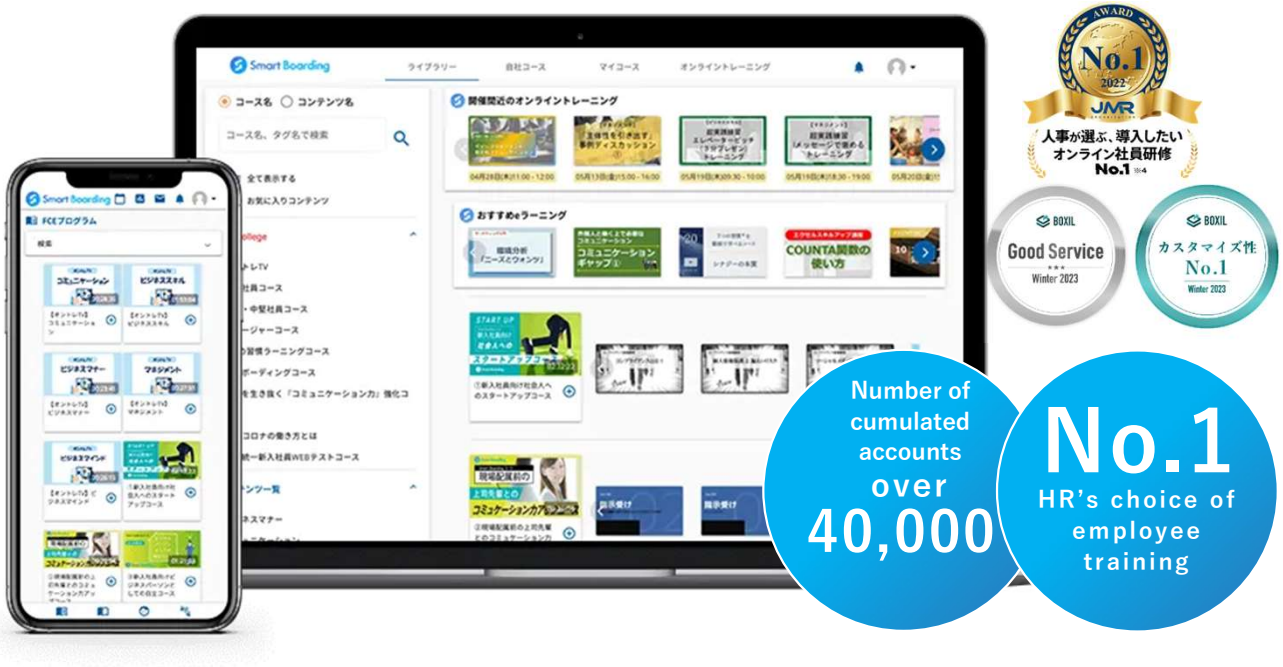
Training Business | Smart Boarding

Smart Boarding is a **HRxDX software with No.1 customer satisfaction that solve human resource development issues**

Smart Boarding

All in one “employee training” for OJT, training, e-learning, etc.



Churn rate around 1%

▶BOXIL SaaS AWARD* Award history (excerpt)

- SaaS Award 2024 Summer
  e-Learning (System) category
  Awarded the **“Good Service” Award**
- SaaS Award 2023 Winter
  e-Learning (System) category
  Awarded the **“Good Service” Award**
  Awarded **“No.1 Customizability No.1”**
- SaaS Award 2022 Autumn
  e-Learning category
  Awarded the **“Good Service” Award**
- SaaS Award 2021 Autumn
  Winner in the **Human Resource and Payroll category**

Note; BOXIL SaaS AWARD is an event that judges, selects, and awards excellent SaaS out of approximately 3,000 services listed on the SaaS comparison site “BOXIL SaaS”.

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Strengthening Product Appeal of Smart Boarding

In addition to the “Human Resource Development” function for employee training, we have newly released the “Human Resource Management” and “Human Resource Evaluation” functions to understand the current status of employees and to manage their goals.

We are now able to provide a one-stop environment for human resources to grow.



Standardized Talent Management



Customized Education Program



Step by Step Evaluation Function

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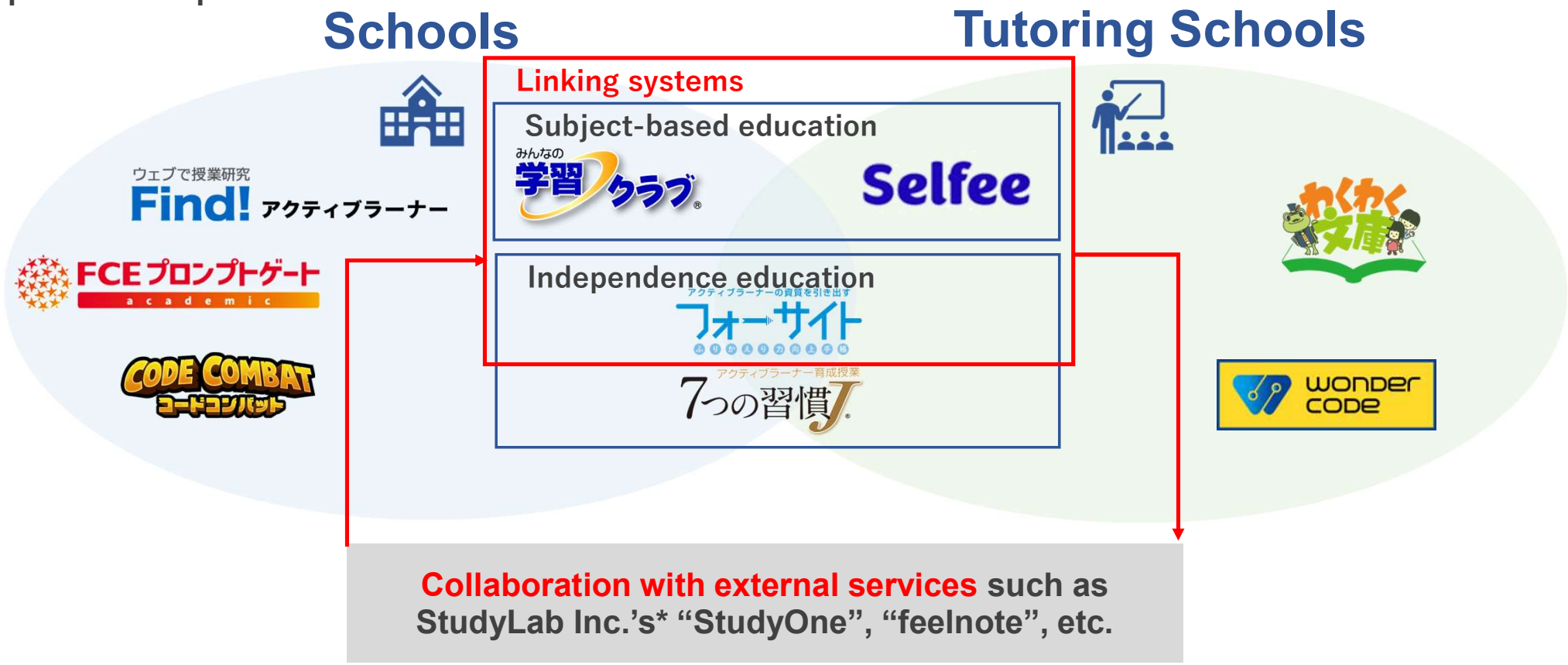
Strategy for Expansion of the Education Business

We aim to create value by linking our products to systems to increase user convenience and learning effectiveness.

We will create a mutual sales cooperation system through collaboration with other companies to promote the spread of our products in the market.



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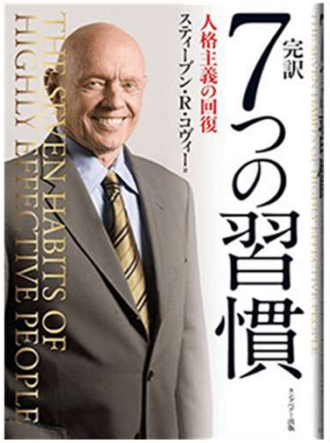
* StudyLab Inc has a vision of "CREATING NEXT EDUCATION" and a mission to "create a better future through learning," the company aims to promote personal growth through education and positively impact society as a whole.

Business Alliance with Link and Motivation for “The 7 Habits”

“The 7 Habits J®” and “The 7 Habits Self Coaching” will be offered to LM's Career School and Cram School Business clients.

Expecting synergy with “learning opportunities” for a wide range of students from elementary, junior high, and high school to university students and adults.



アクティブラーナー育成授業

7つの習慣J®

7つの習慣
Self Coaching®

Link and Motivation Group

Career School Business
Total students per year

Approx. **26,500**

Cram School Business
Total students per year

Approx. **1,700**

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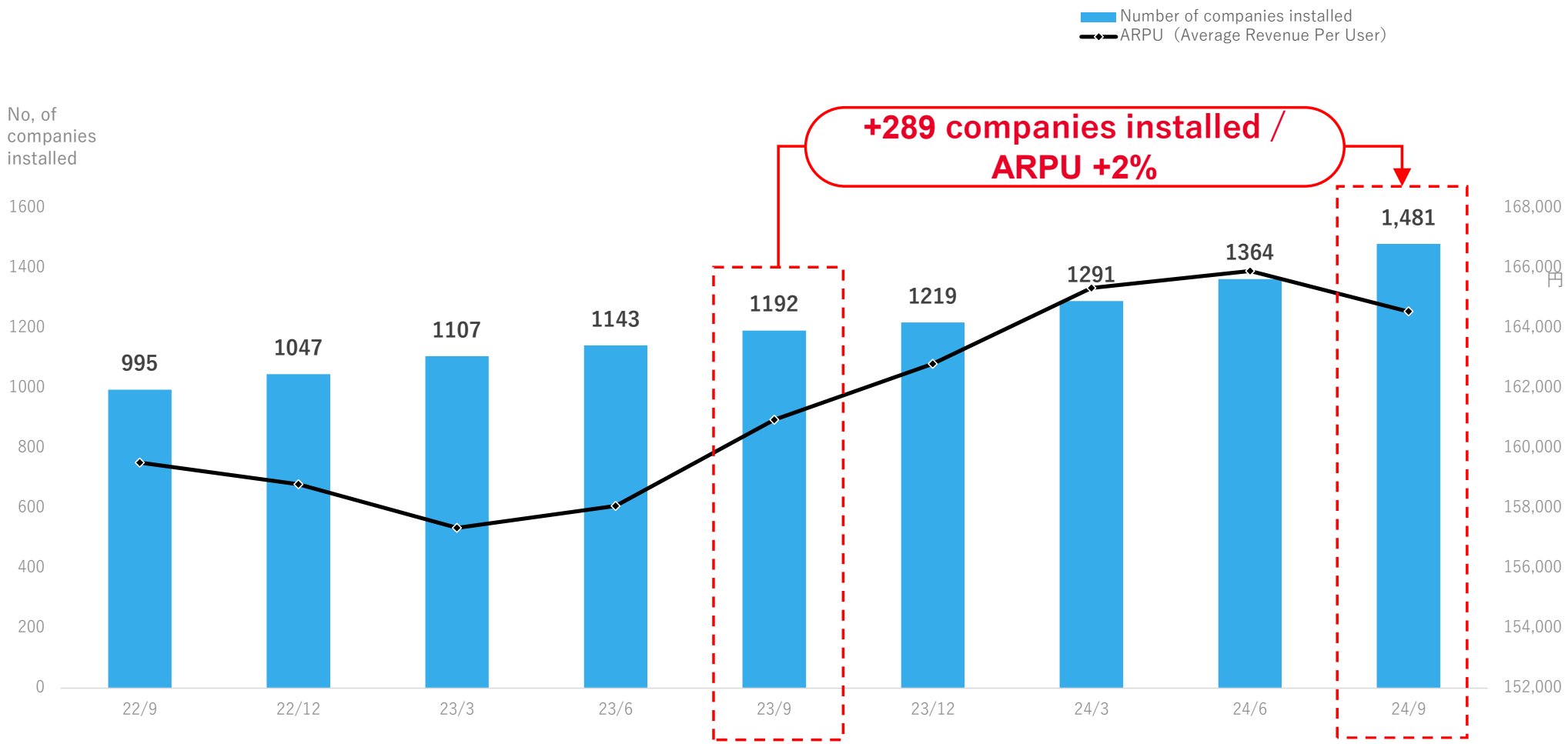
Number of Companies Installing RPA Robo-Pat DX and ARPU Trends



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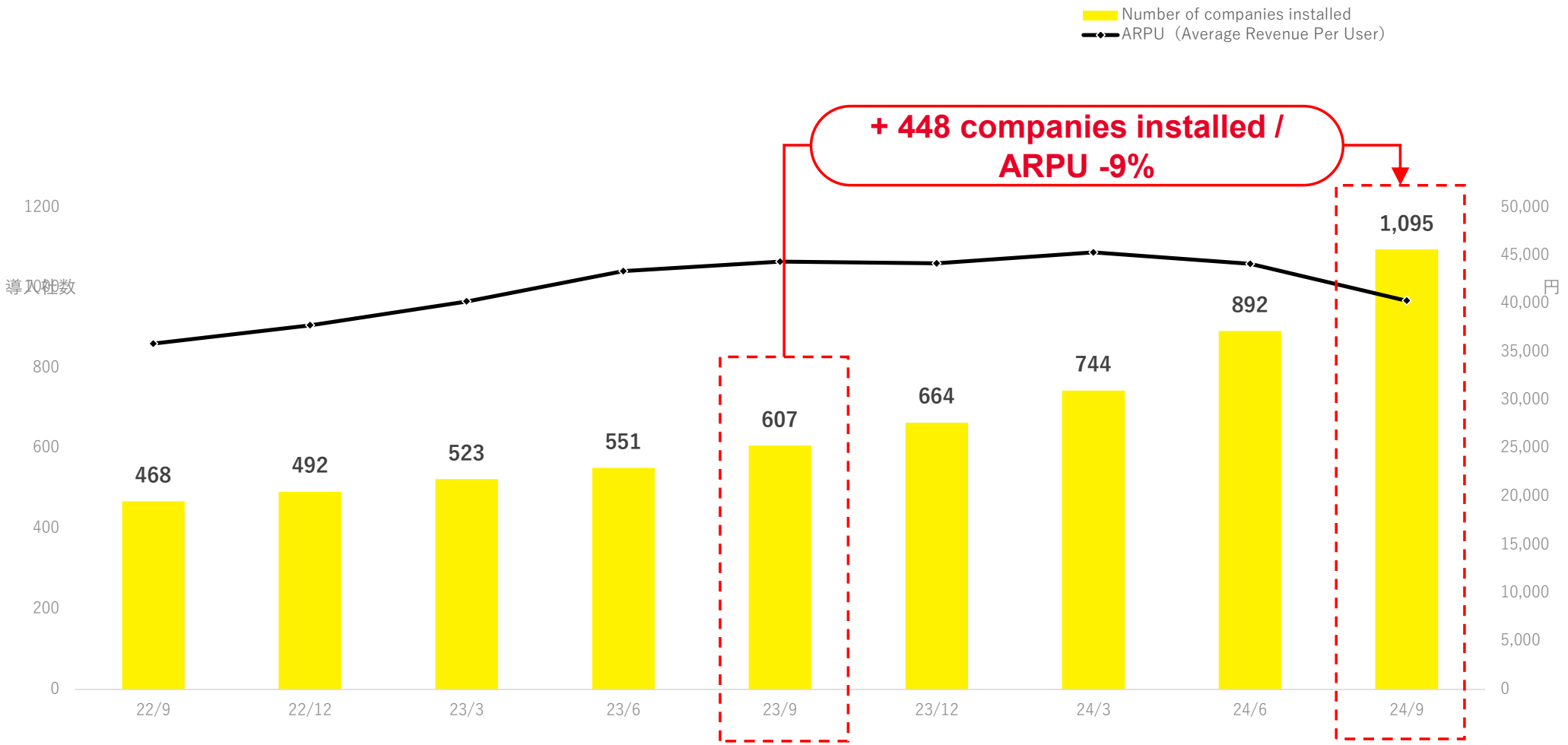
Number of Companies Installing Smart Boarding and ARPU Trends



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IR information

If you have any comments or questions regarding this presentation or other IR information, please contact us via e-mail, IR inquiry form, or official IR Twitter.

ir@fce-hd.co.jp

The corporate website contains financial results presentation materials, Q&A sessions, analyst reports, and other information.

https://fce-hd.co.jp/ir/

Our official X (Twitter) account is used to disseminate information as appropriate.

https://x.com/fce_ir

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Forward-Looking Statements

This document contains forward-looking statements regarding our Company and our Group, including forecasts, plans for the future, and management objectives.

These forward-looking statements are based on current assumptions about future events and trends, and there can be no assurance that such assumptions will prove accurate. A number of factors could cause actual results to differ materially from those discussed in this document.

Unless otherwise indicated, the financial data presented in this document are presented in accordance with accounting principles generally accepted in Japan.

The Company and its Group companies do not necessarily revise the forward-looking statements already made, whether as a result of future events or otherwise, except as required by disclosure rules.

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