

# Notice of the 41st Annual General Meeting of Shareholders

## JustSystems Corporation

### To our shareholders

I am delighted to present this convocation notice of the 41st Annual General Meeting of Shareholders of JustSystems Corporation which will be held on June 24, 2022.

At JustSystems, each employee believes that maintaining a “continual awareness of change” without going by the book or clinging to fixed ideas leads to sustained growth.

Thinking through, making changes and creating – by embodying these actions, we will achieve even higher corporate value.

The value JustSystems provides to society comes of course from good products and services. That will never change.

As we verify the scale and positioning of those products and services, our attention extends not just across Japan but out to the world, as part of our hope to create a better future for people around the world.

Within a fluctuating IT industry, we will stay agile in recognizing the latest trends and proactively adopt new technologies while providing society with new value moving forward.

**Kyotaro Sekinada**

President & CEO



日本語ワープロソフト



日本語入力システム



幼児向け通信教育



小中学校向け学習クラウド



小学生向け通信教育



チャットインタビューサービス



中学生向け通信教育



セルフ型ネットリサーチ



営業支援クラウドサービス



オールインワンBIソリューション



ノンプログラミング Webデータベース

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

Securities Code: 4686

June 8, 2022

To our shareholders:

Kyotaro Sekinada  
President & CEO  
**JustSystems Corporation**  
Hiraishiwakamatsu 108-4 Kawauchi-  
cho, Tokushima

## Notice of the 41st Annual General Meeting of Shareholders

You are hereby notified that the 41st Annual General Meeting of Shareholders of JustSystems Corporation (the “Company”) will be held as indicated below.

From the standpoint of preventing the spread of the novel coronavirus disease (COVID-19), we kindly ask you to refrain from attending the meeting in person and consider exercising your voting rights in advance in writing (by mail) or via the internet as much as possible, regardless of your health condition. Upon exercising your voting in advance, please review the attached Reference Documents for General Meeting of Shareholders, and exercise your voting rights by 6:00 p.m. on Thursday, June 23, 2022 (JST).

<b>1. Date and Time</b>	Friday, June 24, 2022, at 10:00 a.m. (JST)
<b>2. Venue</b>	JustSystems Tokushima Head Office Hiraishiwakamatsu 108-4 Kawauchi-cho, Tokushima
<b>3. Purpose of the Meeting</b>	<b>Matters to be reported:</b> <ol style="list-style-type: none"><li>The Business Report and Consolidated Financial Statements for the 41st fiscal year (from April 1, 2021 to March 31, 2022), as well as the results of audit of the Consolidated Financial Statements by the Financial Auditor and the Audit and Supervisory Committee</li><li>Non-consolidated Financial Statements for the 41st fiscal year (from April 1, 2021 to March 31, 2022)</li></ol> <b>Matters to be resolved:</b> Proposal No. 1 Appropriation of Surplus Proposal No. 2 Amendment to the Articles of Incorporation Proposal No. 3 Election of Five Directors Who Are Not Audit and Supervisory Committee Members Proposal No. 4 Election of One Substitute Director Who Is an Audit and Supervisory Committee Member
<b>4. Information on Exercising Your Voting Rights, Etc.</b>	Please refer to [Information on Exercising Your Voting Rights, Etc.]. (available in Japanese only)
<b>5. Disclosure via the Internet</b>	Of the documents to be provided with this Notice, the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements are, in accordance with laws and regulations and Article 15 of the Articles of Incorporation of the Company, posted on the Company’s website and therefore not included in the documents attached to this Notice. The documents attached to this Notice are a part of the documents audited by Audit and Supervisory Committee and the Financial Auditor when preparing the audit reports.

When you attend the meeting, please submit the enclosed voting form at the reception desk.

If any revisions were made to the Business Report, Non-consolidated Financial Statements, Consolidated Financial Statements, and the Reference Documents for the General Meeting of Shareholders, the revised matter will be posted on the Company's website.

**Company's website (<https://www.justsystems.com/jp/ir/>)**

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1: Appropriation of Surplus

The Company maintains a basic policy of striving to pay stable dividends on a continual basis, while securing internal reserves for strengthening the management structure and future business expansion.

#### Year-end dividends

The Company has given consideration to matters including the business performance of the fiscal year and future business environment, and it proposes to pay year-end dividends for the fiscal year as follows:

(1) Type of dividend property

Cash

(2) Allotment of dividend property and their aggregate amount

¥8 per common share of the Company

Total dividends: ¥513,791,640

As the Company has already paid an interim dividend of ¥8 per share, the annual dividend will be ¥16 per share.

(3) Effective date of dividends of surplus

June 27, 2022

**Proposal No. 2: Amendment to the Articles of Incorporation**

1. Reason for the amendment

Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.

- (1) Article 15, paragraph 1 in “Proposed amendment” below will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.
- (2) Article 15, paragraph 2 in “Proposed amendment” below will establish the provision to be able to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
- (3) Since the provisions for Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc. (Article 15 of the current Articles of Incorporation) will no longer be required, they will be deleted.
- (4) Accompanying the aforementioned establishment and deletion of provisions, supplementary provisions regarding the effective date, etc. will be established.

2. Description of the amendment

The description of the amendment is as follows.

(The underlined parts represent changes.)

Current Articles of Incorporation	Proposed amendment
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u></p> <p><u>Article 15. When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p>(Newly established)</p> <p>Supplementary Provisions (Transitional Measures Regarding Exemption of Audit &amp; Supervisory Board Members from Liability) (Text omitted)</p>	<p>(Deleted)</p> <p><u>(Measures, etc. for Providing Information in Electronic Format)</u></p> <p><u>Article 15</u></p> <p><u>1 When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u></p> <p><u>2 Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p> <p>Supplementary Provisions <u>Article 1.</u> (Transitional Measures Regarding Exemption of Audit &amp; Supervisory Board Members from Liability) (Unchanged)</p>

Current Articles of Incorporation	Proposed amendment
(Newly established)	<p data-bbox="820 232 1374 293"><u>Article 2. (Transitional Measures for Providing Informational Materials in Electronic Format)</u></p> <p data-bbox="831 300 1401 658">1 <u>The deletion of Article 15 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) in the pre-amended Articles of Incorporation and the establishment of the new Article 15 (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from September 1, 2022, the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u></p> <p data-bbox="831 665 1394 801">2 <u>Notwithstanding the provision of the preceding paragraph, Article 15 of the pre-amended Articles of Incorporation shall remain effective regarding any general meeting of shareholders held on a date within six months from the Date of Enforcement.</u></p> <p data-bbox="831 808 1385 945">3 <u>This article shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

### Proposal No.3: Election of Five Directors Who Are Not Audit and Supervisory Committee Members

At the conclusion of this meeting, the terms of office of all five Directors who are not Audit and Supervisory Committee Members will expire. Therefore, the Company proposes the election of five Directors who are not Audit and Supervisory Committee Members.

As a result of the Audit and Supervisory Committee's deliberations, there were no particular findings regarding this proposal.

The candidates for Director who are not Audit and Supervisory Committee Members are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Kyotaro Sekinada (December 29, 1977)	Apr. 2000      Joined Keyence Corporation June 2009      Director of the Company Oct. 2010      Director and Executive Director of Business Planning Department July 2012      Director and Division Director of Corporate Planning Division Mar. 2016      President & CEO (current position)	5,000
2	Masayuki Tajiki (October 15, 1969)	Oct. 2006      Joined the Company Apr. 2012      Division Director of Consumer Business Division Oct. 2018      Division Director of Solution Strategy Division June 2020      Director and Division Director of Solution Strategy Division (current position)	1,000
3	Masayuki Miki (April 3, 1975)	Apr. 1998      Joined Keyence Corporation June 2009      Director of the Company (current position) Mar. 2016      Director and Chief Development Officer June 2018      Director of Keyence Corporation (current position)	5,000
4	Manabu Kurihara (April 19, 1956)	Oct. 1987      Joined Chuo Audit Corporation Mar. 1991      Registered as a certified public accountant July 2001      Partner of ChuoAoyama Audit Corporation Aug. 2007      Partner of Ernst & Young ShinNihon Sept. 2017      Chief Representative of Kurihara Certified Public Accountant Office (current position) June 2019      Outside Director of the Company (current position)	-
5	Katsuhiko Kuwayama (October 19, 1963)	Apr. 1994      Registered as an attorney at law Apr. 1994      Joined Hamada & Matsumoto Aug. 2000      Admitted as Attorney-at-Law in the State of New York Aug. 2003      Partner of TMI Associates Tokyo Office Oct. 2012      President of Kuwayama Law Offices (current position) June 2020      Outside Director of the Company (current position)	-

- Notes:
1. There is no special interest between any of the candidates and the Company.
  2. Mr. Kurihara and Mr. Kuwayama are candidates for outside Director.
  3. The Company has submitted notification to the Tokyo Stock Exchange that Mr. Kurihara and Mr. Kuwayama have been appointed as independent officers. If Mr. Kurihara and Mr. Kuwayama are reelected, the Company plans for their appointment as independent officers to continue. The Company has established the Rules on the Criteria for the Election of Outside Officers for the election of its outside Directors. In electing such Directors,

the Company takes into consideration the criteria for independence provided for by the Tokyo Stock Exchange in its listing regulations, reviews their career history and relationship with the Company, and elects them on the premise that they will be able to fulfill their duties as outside officers from a standpoint independent of the Company's management. Mr. Kurihara and Mr. Kuwayama both satisfy these criteria.

4. The Company has nominated Mr. Kurihara as a candidate for outside Director because he has extensive experience and specialized knowledge in finance, accounting and taxation as a certified public accountant, as well as experience as director of other company and a supervisory officer of investment corporation, bringing forth the expectations that he will play a role in enhancing the function of the Board of Directors of the Company. Mr. Kurihara has never been directly involved in the management of a company. However, the Company judges he will appropriately fulfill his duties as an outside Director based on the above reasons. Mr. Kurihara is currently an outside Director of the Company, and at the conclusion of this meeting, his tenure as outside Director will have been three years.
5. The Company has nominated Mr. Kuwayama as a candidate for outside Director because he has extensive experience and specialized knowledge as a lawyer, as well as a high level of spirit of compliance, bringing forth the expectations that he will play a role in enhancing the function of the Board of Directors of the Company through his advice mainly from the viewpoint of compliance. Mr. Kuwayama has never been directly involved in the management of a company. However, the Company judges he will appropriately fulfill his duties as an outside Director based on the above reasons. Mr. Kuwayama is currently an outside Director of the Company, and at the conclusion of this meeting, his tenure as outside Director will have been two years.
6. The Company has entered into a limited liability agreement with Mr. Kurihara and Mr. Kuwayama, which limits their liability for damages to ¥5 million or the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act, whichever is higher. If their reelection is approved, the Company plans to renew this agreement with each of them.
7. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act. In the event that a claim for damages is made against the insured that arises from acts carried out by the insured as a person at a certain position of the Company, the insurance policy covers the insured's losses and such costs as related litigation expenses. However, there are certain situations excluded from coverage, such as no compensation for damages arising from the performance of an illegal act with full knowledge of its illegality. The full amount of the insurance premiums is borne by the Company, and in effect those insured do not pay any of the premiums. All candidates will be included as the insured under this policy.



## Reference Skill Matrix of Directors

The Directors who comprise the Board of Directors are required to have ethical standards and integrity, extensive experience in policy making related to finance, accounting, and technology, and the capability and experience to be expected to play a complementary role to the other members of the Board of Directors. The Company appoints independent outside Directors taking into consideration the balance of knowledge, experience, and capabilities as well as diversity of the Board of Directors as a whole, including Directors who have management experience at other companies.

Name		Corporate management	Business planning and marketing	Product development and technological strategy	DX and information security	Finance and accounting	Legal and risk management	Corporate governance
Director	Kyotaro Sekinada	●	●	●	●			●
	Masayuki Tajiki	●	●	●	●			
	Masayuki Miki	●	●	●	●			
	Manabu Kurihara					●		●
	Katsuhiko Kuwayama						●	●
Director (Audit and Supervisory Committee Member)	Yasushi Higo	●			●	●		●
	Tsutomu Kumagai					●		●
	Toru Igarashi					●		●

#### **Proposal No. 4: Election of One Substitute Director Who Is an Audit and Supervisory Committee Member**

The validity of the election of Norio Wakabayashi, who was elected as substitute Director who is an Audit and Supervisory Committee Member at the 40th Annual General Meeting of Shareholders held on June 24, 2021, is until the start of this meeting. The Company requests the approval for the election of one substitute Director who is an Audit and Supervisory Committee Member to be ready to fill a vacant position should the number of Directors who are Audit and Supervisory Committee Members fall below the number required by laws and regulations.

The validity of the election of substitute Director who is an Audit and Supervisory Committee Member can be nullified by resolution of the Board of Directors if the consent of the Audit and Supervisory Committee has been obtained; provided, however, that it is only in a time before assuming office.

In addition, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

The candidate for substitute Director who is an Audit and Supervisory Committee Member is as follows:

Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
Norio Wakabayashi (October 9, 1954)	<p>Apr. 1977      Joined Tokyo Regional Taxation Bureau</p> <p>July 2014      District Director of Ebara Tax Office</p> <p>Aug. 2015      Registered as a certified public tax accountant</p> <p>Aug. 2015      Chief Representative of Norio Wakabayashi Certified Public Tax Accountant's Office (current position)</p>	-

- Notes:
1. There is no special interest between the candidate and the Company.
  2. Mr. Wakabayashi is a candidate for substitute outside Director who is an Audit and Supervisory Committee Member. If Mr. Wakabayashi assumes the office of Director who is an Audit and Supervisory Committee Member, the Company plans to submit notification that he has been appointed as an independent officer as stipulated by the Tokyo Stock Exchange.
  3. Mr. Wakabayashi has never been directly involved in the management of a company. However, he has specialized knowledge and experience as a certified public tax accountant, and the Company judges he will appropriately fulfill his duties as an outside Director who is an Audit and Supervisory Committee Member, and therefore proposes his election.
  4. If Mr. Wakabayashi assumes the office of Director who is an Audit and Supervisory Committee Member, the Company plans to enter into a limited liability agreement with him to limit his liability for damages to ¥5 million or the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act, whichever is higher.
  5. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act. In the event that a claim for damages is made against the insured that arises from acts carried out by the insured as a person at a certain position of the Company, the insurance policy covers the insured's losses and such costs as related litigation expenses. However, there are certain situations excluded from coverage, such as no compensation for damages arising from the performance of an illegal act with full knowledge of its illegality. The full amount of the insurance premiums is borne by the Company, and in effect those insured do not pay any of the premiums. If Mr. Wakabayashi assumes the office of Director who is an Audit and Supervisory Committee Member, he will be included as one of the insured under this policy.

## Business Report (from April 1, 2021 to March 31, 2022)

### 1. Status of the corporate group

#### (1) Progress and results of operations

In the fiscal year under review, the Japanese economy continued to experience difficult circumstances despite the beginnings of recovery in personal consumption and employment conditions being observed with the gradual reopening of economic activity, which had stalled due to the COVID-19 pandemic.

Under these circumstances, the Company group (the “Group”) is committed to providing high-performance, high-value-added new products and services and has worked to enhance the capabilities for making propositions for increasing Net sales in markets for individuals and legal entities, as well as to plan and develop new products and services that will become new sources of revenue, based on stable earnings from existing businesses.

As a result of the above, our Group’s performance for the current fiscal year resulted in ¥41,676 million of Net sales, ¥17,166 million of Operating profit, ¥17,316 million of Ordinary profit, and ¥12,165 million of Profit attributable to owners of parent. Operating profit, Ordinary profit and Profit all recorded the highest levels since the Company became a listed company.

The Company only has the single business segment of the software-related business. When categorized into individuals and legal entities, Net sales of the individuals business totaled ¥32,113 million and of the legal entities business totaled ¥9,563 million.

In addition, sales of the stock business that provides products and services on a subscription basis totaled ¥31,092 million, accounting for 74.6% of total Net sales.

	40th fiscal year (Fiscal year ended March 31, 2021)	41st fiscal year (Fiscal year ended March 31, 2022)	Year-on-year changes
	(millions of yen)	(millions of yen)	Rate of Increase/decrease
Net sales	41,174	41,676	-
Operating profit	15,069	17,166	-
Ordinary profit	15,202	17,316	-
Profit attributable to owners of parent	10,957	12,165	-

Note: The Company applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the current consolidated fiscal year. Therefore, each figure for the fiscal year ended March 31, 2022 is after the application of said accounting standard, and the rate of change from the previous fiscal year is not shown.

#### (2) Capital expenditures

Not applicable.

#### (3) Financing activities

Not applicable.

#### (4) Future prospects and issues to be addressed

Regarding the Japanese economy going forward, as there is a risk that domestic and overseas economies might further decline due to the significant stagnation of economic activity caused by the global spread of the COVID-19, the future outlook is expected to remain uncertain.

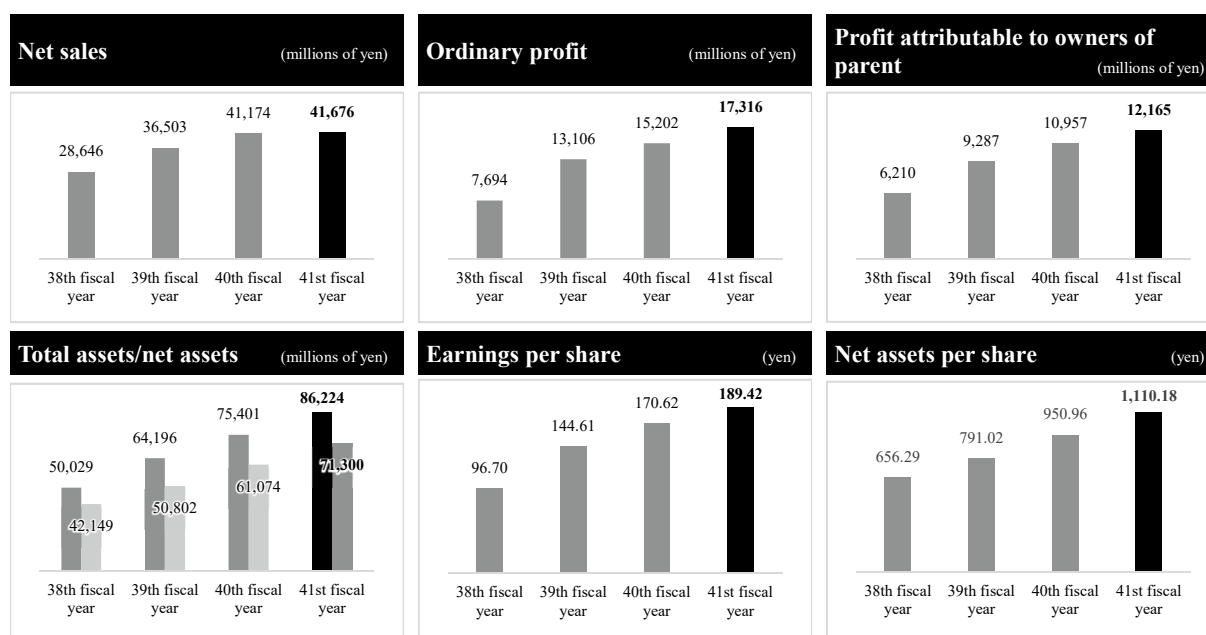
In this business environment, the Company will work to improve and promote a system that can continuously and stably secure earnings by leveraging its strength in providing a wide range of products and services to individuals and legal entities. We believe it important to comprehensively enhance our corporate value that our shareholders, customers, markets and employees expect of us, by contributing to the development of customers and society through our products and services.

The Company especially emphasizes, among management indicators, the continuous expansion of Operating profit per employee. For our existing products, we will increase customer satisfaction by continuing to enhance their functions, while we will expand our customer base through the planning and development of our new products and services, with the aim of continually expanding business and enhancing our corporate value.

We will also strive to revitalize the organization and strengthen and expand the human resource strategy to build a corporate structure that is constantly changing and growing.

In the IT industry which the Group is in, the business environment tends to fluctuate significantly in the short term, making us think that it is difficult to reasonably calculate reliable figures for a full-year earnings forecast. We nevertheless promote the planning and development of new products and services and actively make investments for our future growth, with a focus on speed, aiming for continuous growth in both sales and profits.

## (5) Changes in assets and profit and loss of the corporate group



Categories	38th fiscal year (Fiscal year ended March 31, 2019)	39th fiscal year (Fiscal year ended March 31, 2020)	40th fiscal year (Fiscal year ended March 31, 2021)	41st fiscal year (Current term) (Fiscal year ended March 31, 2022)
Net sales (millions of yen)	28,646	36,503	41,174	41,676
Ordinary profit (millions of yen)	7,694	13,106	15,202	17,316
Profit attributable to owners of parent (millions of yen)	6,210	9,287	10,957	12,165
Total assets (millions of yen)	50,029	64,196	75,401	86,224
Net assets (millions of yen)	42,149	50,802	61,074	71,300
Earnings per share (yen)	96.70	144.61	170.62	189.42
Net assets per share (yen)	656.29	791.02	950.96	1,110.18

- Notes:
- Earnings per share is calculated based on the average number of shares outstanding.
  - The Company applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the current consolidated fiscal year. Therefore, each figure for the fiscal year ended March 31, 2022 is after the application of said accounting standard.

**(6) Parent company and major subsidiaries**

**1) Parent company**

Not applicable.

**2) Subsidiaries**

Company name	Share capital	Capital contribution ratio (%)	Major businesses
JustSystems Canada Inc.	C\$10,000,000	100.0	Development and sales of XMetaL products

Note: Share capital is current as of the consolidated closing date.

**3) Others**

Keyence Corporation is an “other affiliated company” defined as a company of which the Company is an associate under the Companies Act and holds 28,234 thousand shares of the Company (shareholding ratio of 43.96 %). The Company has entered into a capital and business alliance agreement with the aforementioned company.

**(7) Major businesses** (as of March 31, 2022)

Planning, development and provision of software and related services

**(8) Major business offices** (as of March 31, 2022)

**1) Major business offices of the Company**

Tokyo Head Office	Sumitomo Fudosan Shinjuku Oak Tower, Nishi-Shinjuku 6-8-1 Shinjuku-ku, Tokyo
Tokushima Head Office	Hiraishiwakamatsu 108-4 Kawauchi-cho, Tokushima, Tokushima Prefecture
Sales offices	Shinjuku-ku (Tokyo), Nagoya, Osaka and Fukuoka

**2) Subsidiary**

JustSystems Canada Inc. (Vancouver, Canada)

**(9) Employees** (as of March 31, 2022)

Number of employees of the corporate group is 321 (97), and the number of employees of the Company is 316 (97).

Note: The number of employees represents that of regular employees. The number of temporary employees (including contract employees, temporary staff from staffing agencies, and part-time employees) is shown in parentheses, which represents the average number of such temporary employees for the year.

**(10) Major lenders** (as of March 31, 2022)

Not applicable.

**(11) Other important matters regarding the status of the corporate group**

Not applicable.

## 2. Shares of the Company (as of March 31, 2022)

(1) Total number of authorized shares: 66,163,200

(2) Total number of issued shares: 64,224,800

(including 845 treasury shares)

(3) Number of shareholders: 5,206

### (4) Major shareholders

Name of shareholders	Number of shares held (thousands of shares)	Shareholding ratio (%)
Keyence Corporation	28,234	43.96
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,352	11.45
Yasumitsu Shigeta	4,686	7.30
SSBTC CLIENT OMNIBUS ACCOUNT	1,865	2.90
Custody Bank of Japan, Ltd. (Trust Account)	1,679	2.61
JP MORGAN CHASE BANK 385632	1,267	1.97
MSCO CUSTOMER SECURITIES	1,165	1.81
Tomoaki Fukura	870	1.35
Masahiro Watanabe	719	1.12
Rakuten Securities, Inc.	560	0.87

Note: 845 treasury shares are not included in the calculation of the shareholding ratio.

### (5) Other important matters regarding the shares

Not applicable.

### 3. Officers

#### (1) Directors (as of March 31, 2022)

Position	Name	Responsibility in the Company and significant concurrent positions outside the Company
President & CEO	Kyotaro Sekinada	
Director	Masayuki Tajiki	Division Director of Solution Strategy Division
Director	Masayuki Miki	Director of Keyence Corporation
Director	Manabu Kurihara	Chief Representative of Kurihara Certified Public Accountant Office
Director	Katsuhiko Kuwayama	President, Kuwayama Law Offices
Director (Full-time Audit and Supervisory Committee Member)	Yasushi Higo	
Director (Audit and Supervisory Committee Member)	Tsutomu Kumagai	
Director (Audit and Supervisory Committee Member)	Toru Igarashi	Head of Accounting Group of Keyence Corporation

- Notes:
1. Directors Manabu Kurihara and Katsuhiko Kuwayama are outside Directors.
  2. Director (Full-time Audit and Supervisory Committee Member) Yasushi Higo, Directors (Audit and Supervisory Committee Members) Tsutomu Kumagai and Toru Igarashi are outside Directors, and have significant knowledge of finance and accounting.
  3. Mr. Higo will be appointed as a full-time Audit and Supervisory Committee Member in order to enhance the effectiveness of audits and strengthen the auditing and supervisory functions through enhanced information gathering and adequate cooperation with the internal audit department, etc.
  4. The Company transitioned to a company with an Audit and Supervisory Committee, through a resolution at the 40th Annual General Meeting of Shareholders held on June 24, 2021. In accordance with this change, Mr. Kumagai and Mr. Igarashi retired from the position of Audit & Supervisory Board Member and assumed the position of Director (Audit and Supervisory Committee Member) on the same date.
  5. The Company has submitted notification to the Tokyo Stock Exchange that Mr. Kurihara, Mr. Kuwayama, Mr. Higo and Mr. Kumagai have been designated as independent officers as provided for by the aforementioned exchange.

#### (2) Summary of details of limited liability agreement

Pursuant to the Articles of Incorporation of the Company and the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with each of the outside officers to limit their liability for damages under Article 423, paragraph (1) of the same Act.

Pursuant to this agreement, the defined maximum amount of liability for damages of each of the outside officers is ¥5 million or the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act, whichever is higher.

#### (3) Remuneration for officers for the current fiscal year

Categories	Number of payees		Amount paid (thousands of yen)	
Directors (excluding Audit and Supervisory Committee Members) (of which, outside Directors)	5	(2)	118,886	(10,080)
Directors (Audit and Supervisory Committee Members) (of which, outside Directors)	3	(3)	8,460	(8,460)
Audit & Supervisory Board Members (of which, outside Audit & Supervisory Board Members)	3	(3)	2,820	(2,820)
Total (of which, outside officers)	11	(8)	130,166	(21,360)

- Notes:
1. The amount paid for Directors does not include the portion of employee's salary for Directors who concurrently serve as employees.
  2. Officer remuneration is comprised of fixed remuneration only, and does not include performance-linked remuneration or non-monetary remuneration.
  3. The amount of remuneration for Directors (excluding Audit and Supervisory Committee Members) includes the amount of remuneration received as Directors during the period prior to the transition to a company with an Audit and Supervisory Committee.

4. The amount of remuneration for Audit & Supervisory Board Members is for the period prior to the transition to a company with an Audit and Supervisory Committee, and includes one outside Audit & Supervisory Board Member who retired at the conclusion of the 40th Annual General Meeting of Shareholders held on June 24, 2021. The amount of remuneration for Directors (Audit and Supervisory Committee Members) relates to the period after the transition to a company with an Audit and Supervisory Committee.
5. At the Extraordinary General Meeting of Shareholders held on June 27, 1994, the maximum amount of officer remuneration prior to the transition to a company with an Audit and Supervisory Committee was resolved to be ¥25,000 thousand or less for Directors (not including the portion of employee's salary for Directors who concurrently serve as employees) per month and ¥3,000 thousand or less per month for Audit & Supervisory Board Members. At the time of that resolution, the Company had ten Directors and one Audit & Supervisory Board Member.
6. At the 40th Annual General Meeting of Shareholders held on June 24, 2021, the maximum amount of officer remuneration after the transition to a company with an Audit and Supervisory Committee was resolved to be ¥300,000 thousand or less per year for Directors (excluding Audit and Supervisory Committee Members; ¥24,000 thousand or less per year for outside Directors; not including the portion of employee's salary for Directors who concurrently serve as employees) and ¥36,000 thousand or less per year for Directors (Audit and Supervisory Committee Members). As of the conclusion of this General Meeting of Shareholders, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be five (two of whom are outside Directors) and the number of Directors (who are Audit and Supervisory Committee Members) will be three.

#### **(4) Policy for determining the details of individual remuneration, etc. for Directors**

##### **1) Basic policy**

The following is the Company's basic policy on remuneration for officers.

- The policy shall clarify responsibility for business performance, and contribute to sustainable growth and to the enhancement of corporate value over the medium to long term
- The policy shall provide a remuneration level and a remuneration system that enables outstanding individuals to be attracted and retained
- The process of determining remuneration shall be characterized by a high degree of transparency and objectivity

##### **2) Method for calculating amount of remuneration for officers (Directors)**

In order to clarify responsibility for business performance, the amount of remuneration is calculated by taking the annual salary of the employees in managerial positions for the previous fiscal year as a reference amount, and multiplying it by a coefficient.

With regard to the level of remuneration for officers, this is based on the content of the Company's business, the management situation and other factors. Consideration is given to the balance between this remuneration and the remuneration amount at other listed companies (including companies in the same industry, and companies of a similar size in different industries) as well as the employee salaries at the Company, before setting a coefficient. The coefficient varies depending on the position in the Company, but has an upper limit of 5.0.

Only fixed remuneration is provided, but the reference amount varies in accordance with business performance for the previous business year, and the proportion of fixed remuneration accounted for by the performance-linked portion is 60%-70%.

Among the management indicators used by the Company, special attention is paid to continuous growth in "operating profit per employee," and this is used as an indicator to determine the performance-linked portion. Ensuring that variations in "operating profit per employee" are reflected in remuneration results in a stronger link between remuneration and performance, and clarifies responsibility for corporate growth.

Currently, we believe that sufficient measures have been taken to promote the sharing of shareholders' awareness of sustainable profits, and of enhancements in corporate value. Going forward, we see the introduction of medium- to long-term incentives, including stock-based remuneration, as a matter to be considered, after taking into account the balance between the Company's remuneration and the level of officer remuneration at other listed companies.

(Note) Excludes outside Directors.



### **3) Remuneration for outside Directors**

Remuneration for outside Directors is fixed remuneration only, which does not include any portion linked to the Company's business performance, in light of their position of independence from the execution of business operations. The amount of remuneration for outside Directors (excluding those who are Audit and Supervisory Committee Members) is set in accordance with the remuneration at other listed companies, the nature of the requirements, and the degree of influence and involvement in the management of the Company. In addition, the remuneration of outside Directors (who are Audit and Supervisory Committee Members) is determined through consultation among outside Directors (who are Audit and Supervisory Committee Members) within the total amount of remuneration resolved at the General Meeting of Shareholders.

### **4) Process for determining remuneration**

Remuneration, etc. for Directors of the Company is drafted by the Corporate Planning Division based on the method for calculating the amount of remuneration for officers, and with an upper value limit set by a resolution of the General Meeting of Shareholders, and then determined at Management Committee. Kyotaro Sekinada, President & CEO, who has been entrusted by the Board of Directors to determine the amount of remuneration for Directors, serves as the Chair of the Management Committee. Such authority was delegated to him because he is deemed to be highly familiar with the business environment and management situation of the Company, and the roles and achievements, etc. of the Company's officers, and that he is capable of determining the amounts of remuneration for the Company's officers comprehensively and objectively. However, in order to ensure transparency in the process of determining remuneration, the policy used, the level of remuneration, and the coefficient are explained to the independent outside Directors, and their involvement and advice are sought as appropriate. The Board of Directors judges that the individual remuneration, etc. of Directors for the current fiscal year is in line with the determination policy because the Company has gone through a decision-making process based on the above multifaceted perspectives.

### **(5) Overview of the contents of directors and officers liability insurance policy**

The Company has entered into a directors and officers liability insurance policy, as provided for in Article 430-3, paragraph (1) of the Companies Act, that covers Directors, employees in managerial positions, and others at the Company and its subsidiaries. The full amount of the insurance premiums is borne by the Company for all those insureds. In the event that a claim for damages is made against the insured that arises from acts carried out by the insured as a person at a certain position of the Company, the insurance policy covers the insured's losses and such costs as related litigation expenses. However, there are certain situations excluded from coverage, such as no compensation for damages arising from the performance of an illegal act with full knowledge of its illegality.

### **(6) Matters concerning outside officers**

#### **1) Principal activities during the fiscal year under review and overview of duties carried out as part of the roles expected of outside Directors**

- Director

Manabu Kurihara attended all 12 meetings of the Board of Directors held in the fiscal year and presented specific opinions and recommendations on the Company's overall management and corporate governance, based on his extensive experience and specialized knowledge in finance, accounting and taxation as a certified public accountant, as well as his experience as a director of other company and a supervisory officer of investment corporation.

Katsuhiko Kuwayama attended all 12 meetings of the Board of Directors held in the fiscal year and presented specific opinions and recommendations on the Company's overall management and corporate governance, based on his advanced specialized knowledge as a lawyer and practical experience in corporate legal affairs.

- Director (Audit and Supervisory Committee Member)

Full-time Audit and Supervisory Committee Member Yasushi Higo attended all 10 meetings of the Board of Directors held after his appointment on June 24, 2021, and all 11 meetings of the Audit and Supervisory Committee. He provided supervision and presented specific opinions and recommendations on overall management from an independent standpoint based on his extensive experience in business execution in corporate management in the financial industry and experience and insight as a Director (who is an Audit and Supervisory Committee Member).

Tsutomu Kumagai attended all 10 meetings of the Board of Directors held after his appointment on June 24, 2021, and all 11 meetings of the Audit and Supervisory Committee. He provided supervision and presented specific opinions and recommendations on overall management from an independent standpoint based on his extensive experience in business execution in the accounting department and experience and insight as a full-time Audit & Supervisory Board Member.

Toru Igarashi attended all 10 meetings of the Board of Directors held after his appointment on June 24, 2021, and all 11 meetings of the Audit and Supervisory Committee. He provided supervision of management and presented specific opinions and recommendations based on his extensive experience and insight in business execution in the accounting department.

## **2) Significant concurrent positions at other corporations and relationships of the Company with such corporations**

Director Manabu Kurihara is Chief Representative of Kurihara Certified Public Accountant Office. There is no special interest between the firm and the Company.

Director Katsuhiko Kuwayama is President of Kuwayama Law Offices. There is no special interest between the firm and the Company.

Director (Audit and Supervisory Committee Member) Toru Igarashi is a person executing business in Keyence Corporation. Keyence Corporation is an “other affiliated company” defined as a company of which the Company is an associate under the Companies Act, and has entered into a capital and business alliance agreement with the Company. The aforementioned company respects the autonomy and independence of the Company and will not interfere with the Company’s decision-making or bind the Company.

#### 4. Financial Auditor

**(1) Name of Financial Auditor:** Deloitte Touche Tohmatsu LLC

**(2) Amount of remuneration for Financial Auditor for the current fiscal year**

	Amount paid (thousands of yen)
Amount of remuneration for Financial Auditor for the current fiscal year	39,000
Total amount of money and other property benefit to be paid from the Company and its subsidiaries to the Financial Auditor	39,000

Notes: 1. In the auditing contract between the Company and the Financial Auditor, the amount of remuneration for auditing under the Companies Act and the amount of remuneration for auditing under the Financial Instruments and Exchange Act have not been separated distinctly, nor can they be separated in essence. Accordingly, the amount of remuneration for Financial Auditor for the current fiscal year indicates the total of these amounts.

2. After having performed necessary verification as to the appropriateness of matters such as the content of the Financial Auditor's audit plan, the status of performance of duties in the financial audits by the Financial Auditor, and the basis for the calculation of the estimated remuneration for the Financial Auditor, the Audit and Supervisory Committee has decided to consent to the amount of remuneration to be paid to the Financial Auditor.

**(3) Description of non-auditing services**

Not applicable.

**(4) Policy for decisions on dismissal or non-reappointment of Financial Auditor**

The Audit and Supervisory Committee will dismiss the Financial Auditor with the consent of all the Audit and Supervisory Committee Members if the Financial Auditor is found to fall under any of the items of Article 340, paragraph (1) of the Companies Act. In such cases, the dismissal and the reasons thereof will be reported at the first general meeting of shareholders to be convened after the dismissal. In addition to the above cases, if it is deemed difficult for the Financial Auditor to perform its duties properly, the Audit and Supervisory Committee will determine the content of the proposal for dismissal or non-reappointment of the Financial Auditor to be submitted to the general meeting of shareholders.

## **5. System to ensure properness of operations and operating status of the system**

### **System to ensure properness of operations**

The following items outline the decisions by the Company about the systems to ensure that Directors perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation, and other systems to ensure properness of operations of the Company.

#### **(1) System to ensure that Directors and employees perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation**

Directors and employees shall ensure thorough compliance with relevant laws and regulations and the Articles of Incorporation, by way of compliance-related rules and continuing education programs based on the Code of Conduct. In addition, the status of compliance shall be supervised through the implementation of audits by Directors (Audit and Supervisory Committee Members) and staff in charge of internal audit. Furthermore, as one of mechanisms to detect any non-compliance with the above, the whistle-blowing system shall be operated pursuant to the whistle-blowing-related rules.

#### **(2) System for retaining and managing information pertaining to the performance of duties by Directors**

The status of performance of duties by Directors shall be defined as the matter to be reported to the Board of Directors, and the minutes containing the matter reported shall be retained for ten years. In addition, minutes of the Management Committee and internal approval records shall be retained and managed in writing or by electromagnetic means.

#### **(3) Rules and other systems to manage risk of loss**

The Company shall establish related rules according to each aspect such as financial reporting and information security, and a person responsible for each operation shall continuously conduct risk analysis, assessment and formulation of countermeasures, with Representative Director serving as the manager for risk management overall. In addition, Directors (Audit and Supervisory Committee Members) and staff in charge of internal audits will maintain a comprehensive management system by conducting audits related to the management of all management risks.

#### **(4) System to ensure that Directors perform their duties efficiently**

The Board of Directors shall meet once a month in principle to make decisions about important matters and to supervise Directors' performance of duties. In addition, as an opportunity to ensure the efficiency of the performance of duties while further enhancing the supervisory function of the Board of Directors, the Management Committee shall be held from time to time to make decisions quickly and flexibly on important matters, etc. delegated by the Board of Directors. Furthermore, the Company shall develop a system that enables delegation of authority to the person responsible for the organization pursuant to the responsibility and authority rules and swift decision-making on various matters. Medium-term management plans and business plans for each department shall be set, and the system shall be established to periodically analyze and evaluate their progress.

#### **(5) System to ensure properness of operations of the corporate group, comprising the Company and its subsidiaries**

The Company shall set up a department which manages the affiliated companies such as subsidiaries, and cause the department to establish the management policy, etc. in accordance with the Rules for the Management of Affiliated Companies and other rules. In addition, the Company shall, if necessary, dispatch its Directors or employees to affiliated companies to ensure properness of operations in the corporate group.

#### **(6) Matters concerning employees to assist the Audit and Supervisory Committee in performing its duties when requested by the Audit and Supervisory Committee and matters concerning the independence of such employees from Directors**

Upon request of the Audit and Supervisory Committee, appropriate employees shall be selected to assist the Audit and Supervisory Committee in its duties after consultation with the Audit and Supervisory Committee. Directors shall not prevent such employees from performing their duties and shall not unfairly evaluate such employees in their performance evaluation.

**(7) System for Directors and employees to report to Directors (Audit and Supervisory Committee Members) and other systems for reporting to the Audit and Supervisory Committee**

Directors and employees shall develop a system in which they immediately report an incident that violates laws and regulations or the Articles of Incorporation or may cause significant damage to the Company, and a matter that is necessary for proper auditing by Directors (Audit and Supervisory Committee Members) to Directors (Audit and Supervisory Committee Members). Directors and employees shall also report on any matter regarding their duties promptly when requested by the Audit and Supervisory Committee. The Company will not treat any person in a disadvantageous manner for the reason of such reports.

**(8) Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively**

The Company shall develop a system in which Directors and Directors (Audit and Supervisory Committee Members) share information, and Directors (Audit and Supervisory Committee Members) attend important meetings such as the meeting of the Board of Directors and the Management Committee and state their opinions as appropriate. The Company shall develop a system which would enable Directors (Audit and Supervisory Committee Members), staff in charge of internal audits and the Financial Auditor to work together to conduct efficient and effective audits. In addition, the Company may bear expenses deemed necessary by Directors (Audit and Supervisory Committee Members) in the performance of their duties and reimbursement from the Company may be demanded for emergency or extraordinary expenses incurred.

**Summary of the operating status of the system to ensure properness of operations**

- (1) The Board of Directors is composed of eight Directors (five of whom are outside Directors), holds regular meetings once a month in principle and extraordinary meetings, and makes important decisions about management-related matters in addition to important matters provided for by laws and regulations. Important matters related to business execution are deliberated and decided by the Management Committee, which is composed of Directors, an outside Director (a full-time Audit and Supervisory Committee Member), and other persons responsible for the organization.
- (2) Audit and Supervisory Committee is composed of three outside Directors (Audit and Supervisory Committee Members), holds meetings once a month in principle, and strives to ensure that audits on operations and financial audits are conducted effectively. In addition to attending meetings of the Board of Directors and the Management Committee, outside Directors (Audit and Supervisory Committee Members) properly monitor management through audit procedures such as reviewing important documents and making inquiries to officers and employees based on audit plans.
- (3) Specific efforts made during the current fiscal year

**1) Ensuring compliance**

As part of the efforts in enforcing compliance in light of the Code of Conduct of the Group, a compliance training held for all employees and monthly compliance-related news were distributed. During the current fiscal year, the Company conducted information control training focusing mainly on the prevention of insider trading and other topics, incorporating content that takes into account recent social conditions in an effort to raise employee awareness of compliance. In addition, the Company has been working to continuously improve measures by conducting awareness survey for the purpose of verifying effects of these efforts.

**2) Strengthening the risk management system**

The Company has strengthened the management system based on the risk control matrix with the aim of enhancing the management of risk of loss in the development of internal control systems. By expanding the scope of risk management from financial reporting, information security, etc., and by managing risks from a bird's eye view, we will take additional measures in a timely manner to address high-priority risks that need to be addressed in order to achieve more effective risk management.

# Consolidated Financial Statements

## Consolidated Balance Sheet

(millions of yen)

Account item	41st fiscal year (As of March 31, 2022)
<b>Assets</b>	
<b>Current assets</b>	<b>76,308</b>
Cash and deposits	62,151
Notes and accounts receivable - trade	2,537
Securities	5,000
Merchandise and finished goods	738
Raw materials and supplies	2,430
Prepaid expenses	2,768
Other	719
Allowance for doubtful accounts	(36)
<b>Non-current assets</b>	<b>9,916</b>
<b>Property, plant and equipment</b>	<b>6,033</b>
Buildings and structures	9,450
Tools, furniture and fixtures	1,491
Land	3,569
Accumulated depreciation	(8,477)
<b>Intangible assets</b>	<b>3,014</b>
Software	2,705
Software in progress	308
Other	0
<b>Investments and other assets</b>	<b>868</b>
Investment securities	25
Deferred tax assets	601
Other	431
Allowance for doubtful accounts	(190)
<b>Total assets</b>	<b>86,224</b>

(millions of yen)

Account item	41st fiscal year (As of March 31, 2022)
<b>Liabilities</b>	
<b>Current liabilities</b>	<b>14,797</b>
Accounts payable - trade	620
Accounts payable - other	1,748
Income taxes payable	2,843
Unearned revenue	8,319
Provision for bonuses	572
Other	694
<b>Non-current liabilities</b>	<b>127</b>
Retirement benefit liability	104
Other	22
<b>Total liabilities</b>	<b>14,924</b>
<b>Net assets</b>	
<b>Shareholders' equity</b>	<b>71,427</b>
<b>Share capital</b>	<b>10,146</b>
<b>Capital surplus</b>	<b>12,293</b>
<b>Retained earnings</b>	<b>48,989</b>
<b>Treasury shares</b>	<b>(1)</b>
<b>Accumulated other comprehensive income</b>	<b>(127)</b>
Valuation difference on available-for-sale securities	5
Foreign currency translation adjustment	(123)
Remeasurements of defined benefit plans	(9)
<b>Total net assets</b>	<b>71,300</b>
<b>Total liabilities and net assets</b>	<b>86,224</b>

## Consolidated Statement of Income

(millions of yen)

Account item	41st fiscal year (From April 1, 2021 to March 31, 2022)	
<b>Net sales</b>		<b>41,676</b>
<b>Cost of sales</b>		<b>9,799</b>
<b>Gross profit</b>		<b>31,877</b>
<b>Selling, general and administrative expenses</b>		<b>14,711</b>
<b>Operating profit</b>		<b>17,166</b>
<b>Non-operating income</b>		<b>167</b>
Interest income	22	
Foreign exchange gains	80	
Rental income	45	
Other	18	
<b>Non-operating expenses</b>		<b>16</b>
Rental expenses	3	
Other	12	
<b>Ordinary profit</b>		<b>17,316</b>
<b>Extraordinary income</b>		<b>2</b>
Gain on sale of investment securities	2	
<b>Profit before income taxes</b>		<b>17,319</b>
Income taxes - current		4,720
Income taxes - deferred		433
<b>Profit</b>		<b>12,165</b>
<b>Profit attributable to owners of parent</b>		<b>12,165</b>



## Consolidated Statement of Changes in Equity

41st fiscal year (From April 1, 2021 to March 31, 2022)

(millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,146	12,293	38,736	(1)	61,175
Cumulative effects of changes in accounting policies			(885)		(885)
Restated balance	10,146	12,293	37,851	(1)	60,290
Changes during period					
Dividends of surplus			(1,027)		(1,027)
Profit attributable to owners of parent			12,165		12,165
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	11,137	(0)	11,137
Balance at end of period	10,146	12,293	48,989	(1)	71,427

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	8	(102)	(6)	(100)	61,074
Cumulative effects of changes in accounting policies					(885)
Restated balance	8	(102)	(6)	(100)	60,189
Changes during period					
Dividends of surplus					(1,027)
Profit attributable to owners of parent					12,165
Purchase of treasury shares					(0)
Net changes in items other than shareholders' equity	(2)	(21)	(2)	(27)	(27)
Total changes during period	(2)	(21)	(2)	(27)	11,110
Balance at end of period	5	(123)	(9)	(127)	71,300

## Non-consolidated Financial Statements

### Non-consolidated Balance Sheet

(millions of yen)

Account item	41st fiscal year (As of March 31, 2022)
<b>Assets</b>	
<b>Current assets</b>	<b>76,168</b>
Cash and deposits	62,041
Notes receivable - trade	1
Accounts receivable - trade	2,507
Securities	5,000
Merchandise and finished goods	738
Raw materials and supplies	2,430
Prepaid expenses	2,766
Accounts receivable	563
Advance payments - other	138
Other	17
Allowance for doubtful accounts	(36)
<b>Non-current assets</b>	<b>10,068</b>
<b>Property, plant and equipment</b>	<b>6,028</b>
Buildings	2,289
Structures	74
Tools, furniture and fixtures	96
Land	3,569
<b>Intangible assets</b>	<b>2,949</b>
Software	2,640
Software in progress	308
<b>Investments and other assets</b>	<b>1,090</b>
Investment securities	25
Shares of subsidiaries and associates	0
Long-term loans receivable from subsidiaries and associates	214
Long-term prepaid expenses	32
Guarantee deposits	205
Deferred tax assets	601
Other	200
Allowance for doubtful accounts	(190)
<b>Total assets</b>	<b>86,237</b>

(millions of yen)

Account item	41st fiscal year (As of March 31, 2022)
<b>Liabilities</b>	
<b>Current liabilities</b>	<b>14,694</b>
Accounts payable - trade	619
Accounts payable - other	1,748
Income taxes payable	2,843
Unearned revenue	8,242
Provision for bonuses	572
Other	668
<b>Non-current liabilities</b>	<b>326</b>
Provision for retirement benefits	104
Provision for loss on business of subsidiaries and associates	210
Other	11
<b>Total liabilities</b>	<b>15,020</b>
<b>Net assets</b>	
<b>Shareholders' equity</b>	<b>71,210</b>
<b>Share capital</b>	<b>10,146</b>
<b>Capital surplus</b>	<b>12,293</b>
Legal capital surplus	5,355
Other capital surplus	6,938
<b>Retained earnings</b>	<b>48,772</b>
Legal retained earnings	19
Other retained earnings	48,753
Retained earnings brought forward	48,753
<b>Treasury shares</b>	<b>(1)</b>
<b>Valuation and translation adjustments</b>	<b>5</b>
Valuation difference on available-for-sale securities	5
<b>Total net assets</b>	<b>71,216</b>
<b>Total liabilities and net assets</b>	<b>86,237</b>

## Non-consolidated Statement of Income

(millions of yen)

Account item	41st fiscal year (From April 1, 2021 to March 31, 2022)	
<b>Net sales</b>		<b>41,462</b>
<b>Cost of sales</b>		<b>9,747</b>
<b>Gross profit</b>		<b>31,715</b>
<b>Selling, general and administrative expenses</b>		<b>14,645</b>
<b>Operating profit</b>		<b>17,070</b>
<b>Non-operating income</b>		<b>173</b>
Interest and dividend income	23	
Foreign exchange gains	85	
Rental income	45	
Other	17	
<b>Non-operating expenses</b>		<b>16</b>
Rental expenses	3	
Other	12	
<b>Ordinary profit</b>		<b>17,226</b>
<b>Extraordinary income</b>		<b>52</b>
Reversal of provision for loss on business of subsidiaries and associates	50	
Gain on sale of investment securities	2	
<b>Profit before income taxes</b>		<b>17,279</b>
Income taxes - current		4,720
Income taxes - deferred		433
<b>Profit</b>		<b>12,125</b>

## Non-consolidated Statement of Changes in Equity

41st fiscal year (From April 1, 2021 to March 31, 2022)

(millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus		Retained earnings	
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings
					Retained earnings brought forward
Balance at beginning of period	10,146	5,355	6,938	19	38,540
Cumulative effects of changes in accounting policies					(885)
Restated balance	10,146	5,355	6,938	19	37,654
Changes during period					
Dividends of surplus					(1,027)
Profit					12,125
Purchase of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	-	-	-	-	11,098
Balance at end of period	10,146	5,355	6,938	19	48,753

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance at beginning of period	(1)	60,998	8	61,006
Cumulative effects of changes in accounting policies		(885)		(885)
Restated balance	(1)	60,113	8	60,121
Changes during period				
Dividends of surplus		(1,027)		(1,027)
Profit		12,125		12,125
Purchase of treasury shares	(0)	(0)		(0)
Net changes in items other than shareholders' equity			(2)	(2)
Total changes during period	(0)	11,097	(2)	11,094
Balance at end of period	(1)	71,210	5	71,216