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(Securities Code: 4743)

June 3, 2024

(Date of commencement of electronic provision measures: May 29, 2024)

Tsunenori Sato
President and Representative Director
ITFOR Inc.
21 Ichibancho, Chiyoda-ku, Tokyo, Japan

NOTICE OF THE 65th ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially notified that the 65th Annual General Meeting of Shareholders of ITFOR Inc. (the “Company”) will be held for the purposes as described below.

Additionally, when convening this general meeting of shareholders, the Company has taken measures for providing information in electronic format (the “electronic provision measures”) and has posted matters subject to the electronic provision measures on the following website.

The Company’s website: <https://ir.itfor.co.jp/english/>

In addition to the website shown above, the Company also has posted this information on the following website on the Internet.

Tokyo Stock Exchange (TSE) website (Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the TSE website above, enter the Company’s name in the “Issue name (company name)” field or our stock exchange code “4743” in the “Code” field, and click on “Search” to find search results. Then, click on “Basic information” and “Documents for public inspection/PR information” in this order to view the information.

Instead of the attendance, you can exercise your voting rights in writing or via the Internet.

Please review the attached Reference Documents for the General Meeting of Shareholders posted on page 3 through 9 and exercise your voting rights no later than 5:00 p.m. on Thursday, June 20, 2024, Japan time.

- 1. Date and Time:** Friday, June 21, 2024 at 10:00 a.m. Japan time
Reception starts: 9:00 a.m. Japan time
- 2. Place:** 12F, Ichibancho Tokyu Building
21 Ichibancho, Chiyoda-ku, Tokyo, Japan
(Please refer to the venue guide map at the end of the Japanese version of this document.)

3. Meeting Agenda:

Matters to be reported: The Business Report, Non-consolidated and Consolidated Financial Statements for the Company's 65th Fiscal Year (April 1, 2023 - March 31, 2024) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements

Proposals to be resolved:

Proposal: Election of 6 Directors (Excluding Directors and Audit & Supervisory Board Members)

- On the day of the meeting, please submit the enclosed Voting Rights Exercise Form at the reception of the meeting venue.
- For the method of exercising voting rights in writing or via the Internet, please refer to the following page.
- The documents sent to shareholders who have requested the delivery of written documents do not contain the following matters in accordance with laws and regulations and Article 16 of the Articles of Incorporation of the Company. Therefore, this document is part of the documents audited by the Audit & Supervisory Board when preparing the Audit Report.
 - (1) In the Business Report, "Status of Shares," "Stock Acquisition Rights, etc.," "Status of Accounting Auditor," "Outline of Resolution of Establishment of a System to Ensure the Appropriateness of Business Activities," "Outline of the Operating Status of the System to Ensure the Appropriateness of Business Activities," and "Matters concerning the Basic Policy on Control of the Company"
 - (2) Consolidated Financial Statements
 - (3) Non-consolidated Financial Statements
 - (4) Audit Reports
- If any amendments are made to matters subject to the electronic provision measures, such amendments will be posted on the respective websites where the matters are posted.

Reference Documents for the General Meeting of Shareholders


Proposal and References


Proposal: Election of 6 Directors (Excluding Directors and Audit & Supervisory Board Members)


The terms of office of all five incumbent Directors (excluding Directors and Audit & Supervisory Board Members) will expire at the close of this General Meeting of Shareholders. However, the Company will increase the number of Directors (excluding Directors and Audit & Supervisory Board Members) by one to further strengthen the management structure and proposes the election of such Directors.


Regarding this proposal, the voluntary Nomination and Remuneration Committee deliberated on the selection of candidates for Director, and election of Directors was determined by the Board of Directors based on the results of such deliberations. The Company has received the opinion from the Audit & Supervisory Board that all candidates for Director are qualified.


The candidates for Director are as follows:


No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	 Tsunenori Sato (December 14, 1964) Reappointment	March 1998 Joined the Company June 2008 Executive Officer, Deputy General Manager of Solution Systems Division October 2009 Executive Officer, General Manager of Solution Systems Division June 2011 Director and Executive Officer, General Manager of Solution Systems Division April 2013 Director and Executive Officer, General Manager of Financial Systems Division I June 2016 Director and Managing Executive Officer, General Manager of Financial Systems Department May 2017 Director and Managing Executive Officer, General Manager of Financial Systems Division June 2017 Representative Managing Director and Executive Officer, General Manager of Financial Systems Division April 2018 Representative Managing Director and Executive Officer, General Manager of Corporate Strategy Department and Financial Systems Division June 2018 Representative Senior Managing Director and Executive Officer, General Manager of Corporate Strategy Department and Financial Systems Division April 2019 President and Representative Director, General Manager of Corporate Strategy Department April 2021 President and Representative Director (to present) (Significant concurrent positions) Director, ICR Co., Ltd. Director, CVC Co., Ltd. Director, Syddy Inc.	63,100
[Reason for nomination as candidate for Director] Mr. Tsunenori Sato has made significant contributions to the development and sales of systems for financial institutions such as regional banks in the systems business for financial institutions, which is a core business of the Company. Based on such abundant achievements and experience, he assumed office of President and Representative Director of the Company in April 2019. In the expectation that he will make important management decisions and appropriately fulfill supervisory functions in business execution, the Company has judged that he will contribute to achieve sustainable growth of the Company and enhance corporate value over the medium to long term, and is an appropriate person to be renominated as Director.			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	 Koji Sakata (January 26, 1966) <u>Reappointment</u>	April 1987 Joined the Company June 2008 Executive Officer, General Manager of Software Systems Division I October 2008 Executive Officer, General Manager of Software Development Department June 2013 Director and Executive Officer, General Manager of Technical Support Division June 2014 Director and Managing Executive Officer, General Manager of Technology Development Department and Technical Support Division October 2015 Director and Managing Executive Officer, General Manager of Technology Development Department August 2018 Director and Managing Executive Officer, General Manager of Public Systems Division and responsible for Technology Development Department April 2019 Director and Representative Senior Managing Director, General Manager of Public Systems Division and Software Systems Division IV June 2019 Director and Representative Senior Managing Director, General Manager of Public Systems Division and Software Systems Division III April 2020 Director and Representative Senior Managing Director, General Manager of Technology Development Department and Software Systems Division II October 2020 Representative Senior Managing Director and Executive Officer, General Manager of Technology Development Department and Software Systems Division II April 2023 Representative Senior Managing Director and Executive Officer, General Manager of Technology Development Department and Software Systems Division I April 2024 Representative Senior Managing Director and Executive Officer, General Manager of Technology Development Department (to present) (Significant concurrent positions) Director, ICR Co., Ltd. Director, EeB Corporation Director, AISEL Corporation Director, ALPHA & SHIN-YO Corporation	140,400
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Koji Sakata has leveraged his abundant experience as a system engineer and has contributed to the improvement of the quality of the Company's packaged software and increased customer satisfaction in the customer support business. He assumed office of Representative Senior Managing Director and Executive Officer in October 2020, and has made contributions to accelerating execution of business in the technical division and strengthening the management system and functions accompanying business expansion. The Company has judged that he will make use of his experience and knowledge in management, and is an appropriate person to be renominated as Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	 Hirotaka Oeda (July 23, 1957) <u>Reappointment</u>	April 1981 Joined the Company June 2004 Executive Officer, General Manager of Osaka Office April 2005 Executive Officer, General Manager of Solution Systems Division June 2006 Director and Executive Officer, General Manager of Solution Systems Division June 2007 Director and Managing Executive Officer, General Manager of Solution Systems Division October 2009 Director and Managing Executive Officer, General Manager of Corporate Strategy Department April 2015 Director and Managing Executive Officer, General Manager of Financial Systems Division II June 2016 Director and Executive Officer, General Manager of Financial Systems Division II of Financial Systems Department May 2017 Director and Executive Officer, General Manager of CTI & Infrastructure Systems Division December 2018 Director and Executive Officer, General Manager of CTI & Communications Systems Division April 2020 Director and Executive Officer, General Manager of Communications & Enterprise Systems Division April 2021 Director and Executive Officer, General Manager of Corporate Strategy Department and Retail EC Systems Division (to present) (Significant concurrent position) Director, CVC Co., Ltd.	183,200
<p>[Reason for nomination as candidate for Director] Mr. Hirotaka Oeda has made significant contributions to the development of systems for servicers and non-banks in the systems business for financial institutions, which is a core business of the Company, as well as business expansion. He has fulfilled his duties appropriately based on such achievements and his experience and insight cultivated through striving for the supervision of the entire business as Director and Executive Officer, General Manager of Corporate Strategy Department. The Company has continued to judge that he is an appropriate person to be renominated as Director with expectation that he will drive further business expansion of the Group.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	 Katsuo Nakayama (May 9, 1965) <u>Reappointment</u>	October 1991 Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) June 2003 Outside Corporate Auditor, the Company June 2010 Director and Executive Officer, General Manager of Administration Department (to present) (Significant concurrent positions) Representative Director, ICR Co., Ltd. Corporate Auditor, CVC Co., Ltd. Corporate Auditor, EeB Corporation Director, Syddy Inc.	78,300
<p>[Reason for nomination as candidate for Director] Mr. Katsuo Nakayama has leveraged his experience of serving as Outside Corporate Auditor of the Company as a certified public accountant, and has supported the timely disclosure system and supervised Internal Auditing Division as General Manager of Administration Department of the Company since June 2010. In addition to such achievements, taking into consideration his experience and insight in promoting the expansion of the BPO business for local government and risk management as a responsible person of the subsidiaries, the Company has judged that he is an appropriate person to be renominated as Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	 Kazunori Kono (December 12, 1972) <div style="border: 1px solid black; padding: 2px; display: inline-block;">New Candidate</div>	April 1996 Joined the Company October 2010 General Manager of Network Solution Division June 2011 Executive Officer, General Manager of Network Solution Division April 2014 Executive Officer, Deputy General Manager of Corporate Strategy Department April 2022 Executive Officer, General Manager of Payment Business Division April 2023 Executive Officer, General Manager of Payment Business Division (to present) (Significant concurrent position) Director, Syddy Inc.	22,000
<p>[Reason for nomination as candidate for Director] Since joining the Company, Mr. Kazunori Kono has accumulated a wealth of knowledge mainly in the Network Solution Division and has served as Deputy General Manager of the Corporate Strategy Department and General Manager of the Payment Business Division. He has a wide range of experience in business, technology, and sales. Based on his achievements and experience, the Company has judged that he is an appropriate person as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	 Waka Abe (June 15, 1972) <div style="border: 1px solid black; padding: 2px; width: fit-content;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Outside Director</div>	March 2004 Joined SK-Electronics Co., Ltd. April 2013 Deputy General Manager, Corporate Strategy Office April 2014 Joined SHASHIN KAGAKU Co., Ltd. June 2014 Director, SHASHIN KAGAKU Co., Ltd. December 2019 Director, in charge of Business Development Office, SK-Electronics Co., Ltd. June 2021 Outside Director, the Company (to present) April 2022 Director, in charge of New Business Creation Division and Solution Business Department, SK-Electronics Co., Ltd. (to present) (Significant concurrent position) Director, SK-Electronics Co., Ltd.	2,000
<p>[Reason for nomination as candidate for Outside Director and outline of expected roles]</p> <p>Ms. Waka Abe has experience and insight in launching new businesses overseas and serving as Director of a business corporation. Accordingly, the Company expects that she will contribute to strengthening a function of supervising the Company's management by, for example, making strict and fair judgement about appropriateness of decision-making by the Board of Directors. The Company has therefore judged that she is an appropriate person to be renominated as Outside Director.</p>			

(Notes)

1. No special interest exists between the Company and each candidate.
2. The Audit & Supervisory Board of the Company has judged that it is appropriate to nominate candidates for Director based on their knowledge, experience, capacity, contribution to improving business performance, etc.
3. Election of candidates for Director was determined by the Board of Directors based on the results of deliberations by the voluntary Nomination and Remuneration Committee.
4. Ms. Waka Abe is a candidate for Outside Director and she will have served as such for three years at the close of the General Meeting of Shareholders.
5. The Company has registered Ms. Waka Abe as independent director with the Tokyo Stock Exchange, Inc.
6. In accordance with Article 427, Paragraph 1 of the Companies Act, the Company stipulates that it may enter into a liability limitation agreement to limit liability for damages to the amount stipulated by laws and regulations as provided in Article 423, Paragraph 1 of the same Act, and has entered into such liability limitation agreement with all Non-Executive Directors of the Company. The amount of liability under the agreement will be up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act. If Ms. Waka Abe is appointed, the Company plans to sustain such liability limitation agreement.
7. The Company has entered into a directors and officers liability insurance contract, of which premiums are fully borne by the Company, with an insurance company. The insurance contract insures all Directors of the Company, and covers damages such as compensation for damages and litigation expenses that may result from acts committed by the insured in his or her capacity as such. The current contract will expire in August 2024, and the Company plans to renew such contract with the same contents.

<Reference>

The following table shows the structure and skills matrix of the Board of Directors in the Proposal when the candidates are approved as originally proposed.

Skills Matrix

Name	Position	Management Experience	ESG/Sustainability	Marketing and Business Strategy	IT and infrastructure technology	Industry knowledge	Internationalism and diversity	Legal and Risk Management	Financial Accounting/M&A
Tsunenori Sato	President and Representative Director	○	○	○	○		○		
Koji Sakata	Representative Senior Managing Director and Executive Officer, General Manager of Technology Development Department	○		○	○	○			○
Hiroataka Oeda	Director and Executive Officer, General Manager of Corporate Strategy Department and Retail EC Systems Division	○	○	○		○		○	
Katsuo Nakayama	Director and Executive Officer, General Manager of Administration Department	○	○			○		○	○
Kazunori Kono	Director and Executive Officer, General Manager of Payment Business Division		○	○	○	○	○		
Waka Abe	Outside Director	○	○	○			○		
Masahito Motoyama	Director and Full-Time Audit & Supervisory Board Member	○		○		○		○	
Makoto Sato	Director and Audit & Supervisory Board Member		○			○		○	○
Daisuke Koizumi	Director and Audit & Supervisory Board Member	○	○				○	○	

Up to five areas of focus or expertise are listed as those particularly expected of Directors. The list does not represent all of the knowledge and experience possessed by each director.

(Appendix)

Business Report

(April 1, 2023 - March 31, 2024)

1. Overview of the Corporate Group

(1) Business Progress and Results

The Japanese economy during the current consolidated fiscal year (April 1, 2023 - March 31, 2024) saw a gradual recovery evidenced by moderate year-on-year GDP growth, with COVID-19 reclassified to a Class 5 infectious disease under the Infectious Diseases Control Law and socio-economic activities returning to normalcy in the wake of the pandemic. On the other hand, the outlook remains uncertain due to fluctuations in exchange rates and resource and energy prices, and concerns about a slowdown in private consumption stemming from inflation.

In these circumstances, the Company Group established the Medium-Term Management Plan for FY2021 through FY2023 and has promoted business activities, aiming at realizing sustainable growth with the “ability to be close to customers,” leveraging the three pillars of reinforcing the management base, enhancing profitability and advancing ESG management.

In the domestic IT service industry that surrounds the Company Group, the need for digitalization that realizes “non-contact” and “non-face-to-face” has been on the rise, and the willingness of companies to invest is continuously high, mainly in DX (digital transformation) that transforms business processes and business models by utilizing technologies including AI and blockchain.

For our operating activities, mainly from financial institutions, orders were stably received for our flagship non-performing loan management system, and in addition, sales and functional addition of the combination of the personal loan operation support system “SCOPE” and the web reception system of loan application “WELCOME” that realizes non-face-to-face operations have remained solid on the back of high competitiveness in the market. These systems contribute to shortening the amount of time taken on screening operations, while reducing the number of application sheets and digitalizing contract documents as part of our efforts for the environment. Also, sales of “Robotic Call” that automates operations for demand of non-performing loans performed well, winning more customers. In addition, orders for business process outsourcing (BPO) services for the public sector were strong. Accordingly, orders received were ¥21,952 million (118.2% on a year-on-year basis) and backlog orders were ¥16,599 million (108.5% on a year-on-year basis), both of which significantly increased year-on-year. We achieved an increase in sales due to increased sales to financial institutions, as well as increased sales of communications systems used in societal infrastructure and payment terminals.

In terms of the financial results, we succeeded in reducing cost of sales including outsourcing processing fees through promotion of in-house development as an initiative for improving gross margins. Selling, general and administrative expenses increased to ¥4,015 million (114.2% on a year-on-year basis) as a result of focusing on human resources investments such as increases in personnel expenses along with a wage revision in April 2023 and increases in hiring and training expenses. Meanwhile, we have made corporate efforts to absorb the increase in expenses by strengthening of our business activities aimed at increasing orders and sales.

Under such business conditions, for the business results in the current consolidated fiscal year, sales were ¥20,652 million (112.7% on a year-on-year basis), operating income was ¥3,737 million (116.2% on a year-on-year basis), ordinary income was ¥3,846 million (117.3% on a year-on-year basis), and net income attributable to owners of the parent was ¥2,770 million (120.9% on a year-on-year basis). Accordingly, both revenues and profit increased for the seventh consecutive year.

Financial results by reporting segment are as follows:

(System Development and Sales)

Sales have been solid through our core businesses of software development for financial institutions, particularly for the personal loan operation support system, and expansion of new transactions, such as for the renewal of infrastructure equipment. In addition, sales of multi-payment terminals “iRITSpay Payment Terminal” also remained strong. Furthermore, sales of communications systems for use in societal infrastructure also increased. As a result, orders received were ¥11,927 million (106.8% on a year-on-year basis), sales were ¥12,117 million (114.2% on a year-on-year basis), and segment income was ¥1,994 million (112.2% on a year-on-year basis).

(Recurring)

In addition to maintenance services that are a stable source of revenue, BPO services for the public sector, mainly for ordinance-designated cities and core cities, have continued to be strong with sales from new customers recorded as well as additional orders from existing contract customers. As a result, orders received were ¥10,024 million (135.5% on a year-on-year basis), sales were ¥8,534 million (110.7% on a year-on-year basis), and segment income was ¥1,743 million (121.1% on a year-on-year basis).

[Sales Breakdown]

The sales composition by segment is as follows:

Segment	Amount	Composition ratio
System Development and Sales	¥12,117 million	58.7%
Recurring	¥8,534 million	41.3%
Total	¥20,652 million	100.0%

(Note) Sales by segment represent sales to external customers.

<Social Contribution Activities>

The Company donates to the Japan Association for the World Food Programme and the Japan Committee for UNICEF to fulfill its corporate social responsibility.

In midst of addressing actively the important topics (materiality), “Contributing to society through regional revitalization,” the Company supported “Tour de Kyushu 2023,” a cycling road race held in the Kyushu region to help activities for SDG achievement there. Also, the Company made a donation under a hometown tax donation system of a corporate version to Aomori and Kumamoto Prefectures, which advocate “Town, People, Job Creation Comprehensive Strategy,” and to Ishikawa Prefecture for “projects for supporting recovery, and reconstruction for victims of the 2024 Noto Peninsula Earthquake.”

In addition, the Company is also promoting efforts to support IT human resources who are expected to play an active role in the future through sponsorship of work experience programs for junior high school students in Chiyoda Ward and the National Programming Competition for Elementary School Students.

(2) Status of Capital Investments

Total capital investments for the current consolidated fiscal year were ¥489 million. Major capital investments were as follows:

Purchase of facilities attached to buildings	¥60 million
Purchase of machinery and equipment	¥17 million
Purchase of tools, furniture and fixtures	¥168 million
Purchase of software for internal use	¥130 million

(3) Status of Fund Procurement

The funds required for capital investments for the current consolidated fiscal year were covered entirely by internal funds.

In addition, the Company has entered into a commitment line agreement (specified commitment line agreement) for a total of ¥1.5 billion with a main bank to procure funds efficiently. However, there were no outstanding borrowings based on this agreement at the end of the current consolidated fiscal year.

(4) Status of Business Transfers, Absorption-type Splits, Incorporation-type Splits, and Business Transfers from Other Companies

No material items to report.

(5) Status of Acquisition or Disposal of Shares or Other Equity of Other Companies or Stock Acquisition Rights

No material items to report.

- (6) Status of Succession of Rights and Obligations Related to Another Company's Business Due to an Absorption-type Merger or Absorption-type Split
Not applicable.

- (7) Issues to Be Addressed

The Company Group has established a long-term vision for the next 10 years, "HIGH FIVE 2033," to promote initiatives for sustainable growth. We will implement these initiatives based on the reinforcement of the management base, enhancement of profitability, and advancement of the ESG management established in the 3rd Medium-Term Management Plan. As a corporate group engaged in the creation of businesses that return to the local community, we will leverage our current business base, expand into new areas, and realize businesses that circulate the economy within the community, thereby realizing the Company Group's vision of contributing to the creation of affluent time for people.

Under the FY2033 vision, "HIGH FIVE 2033," we will promote corporate activities based on the following three basic policies.

[Dramatic business growth]

The Company Group aims to achieve sales of ¥70.0 billion and an operating income of ¥12.6 billion and expand corporate value in the capital market.

[Empowerment of human resources]

The Company Group aims to foster a culture in which diverse human resources can play an active role and contribute to creating more affluent time for employees.

[Expansion of social influence]

The Company Group aims to solve social issues and improve its value as a corporate group.

To realize the FY2033 vision, "HIGH FIVE 2033," the Company Group has launched the 4th Medium-Term Management Plan, "FLY ON 2026," covering the three years from FY2024 to FY2026. Under the theme of strongly developing existing businesses and achieving dramatic growth through new businesses, we will focus on the following three strategies.

- 1) Business strategy

Based on the theme of "deep, big, and new businesses," the Company Group will expand its business portfolio and aim for sales of ¥28.0 billion, an operating income of ¥4.8 billion, and ROE and ROIC of not less than 15%. We will also aim to achieve sales of ¥2.8 billion in new businesses in FY2026.

- 2) Human resource strategy

The Company Group will focus on securing and developing human resources, respect their diversity, and make effort to enhance the growth and satisfaction of employees.

- 3) Corporate value improvement strategy

The Company Group aims to improve its corporate value by communicating its growth story and engaging in dialogue with institutional investors, while working to increase its recognition and maintain a high level of shareholder returns. In addition, active promotion of ROIC-based management and shareholder returns is also an important element. Through this strategy, we aim to achieve sustainable corporate growth and maximize shareholder value.

In this way, the Company Group will actively implement the strategies to flexibly respond to changes in the business environment and realize sustainable growth while maintaining a long-term perspective.

(8) Trends in Assets and Income

(In millions of yen, unless otherwise specified)

Item	The 62nd consolidated fiscal year ended March 31, 2021	The 63rd consolidated fiscal year ended March 31, 2022	The 64th consolidated fiscal year ended March 31, 2023	The 65th consolidated fiscal year ended March 31, 2024 (Current year)
Sales	16,289	17,021	18,322	20,652
Ordinary income	2,317	3,106	3,278	3,846
Net income attributable to owners of the parent	1,683	2,112	2,291	2,770
Earnings per share (yen)	61.56	76.84	82.96	101.77
Total assets	18,690	20,010	21,667	23,996
Net assets	14,101	15,606	17,167	18,836
Net assets per share (yen)	512.48	565.00	618.80	695.75

(Note) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the “Revenue Recognition Accounting Standard”), etc. has been applied since the beginning of the 63rd consolidated fiscal year. The management indicators from the 63rd consolidated fiscal year and on are those after applying the Revenue Recognition Accounting Standard, etc.

(9) Material Parent Company and Subsidiaries

1) Relationship with the parent company
Not applicable.

2) Material subsidiaries

Company name	Capital stock	Percentage of voting rights held by the Company	Major lines of businesses
ICR Co., Ltd.	¥100,000 thousand	100.0%	Commissioned by local governments to provide notices and assist in the collection of insurance fees for the national health insurance system, etc.
CVC Co., Ltd.	¥100,000 thousand	100.0%	Visiting survey services
EeB Corporation	¥14,500 thousand	100.0%	Development of software
Syddy Inc.	¥92,500 thousand	100.0%	Digital service business, payment agency business

3) Progress and results of business combinations

There are four consolidated subsidiaries: ICR Co., Ltd., CVC Co., Ltd., EeB Corporation and Syddy Inc., and one affiliate accounted for using the equity method, AISEL Corporation.

The business results of the corporate group of the Company group for the current consolidated fiscal year are as stated in “(1) Business Progress and Results.”

(10) Principal Business Segments

The Company Group is composed of segments classified based on the business characteristics of its products and services, and adopts the two businesses of “System Development and Sales” and “Recurring” as the reportable segments.

Business segment	Major products and services
System Development and Sales	Mainly engaging in sales of system equipment, and providing integrated services from design/development to introduction/installation of software and system infrastructure networks
Recurring	Mainly providing software maintenance, hardware maintenance/operation, cloud, and BPO services

(11) Principal Business Locations (as of March 31, 2024)

Head office	21 Ichibancho, Chiyoda-ku, Tokyo
Branch offices	Tokorozawa Office (Tokorozawa), West Japan Office (Osaka), Chubu Office (Nagoya), Kyushu Office (Fukuoka), Okinawa Sales Office (Naha) ICR Co., Ltd. (Aichi) CVC Co., Ltd. (Fukuoka) EeB Corporation (Ishikawa) Syddy Inc. (Tokyo)
Service stations and others	Chubu Satellite Office

(12) Employees (as of March 31, 2024)

(The Group)

Number of Employees	Change from the end of the previous year
592 [1,006]	Increase of 24 [increase of 119]

(Note) The number of employees is the number of active employees, excluding the number of temporary employees shown in brackets as an annual average. The number of temporary employees includes part-time employees.

(The Company)

Number of employees	Change from the end of the previous year	Average age	Average years of service
494 [471]	Increase of 37 [increase of 29]	41.2 years old	12.1 years

(Note) The number of employees is the number of active employees, excluding the number of temporary employees shown in brackets as an annual average. The number of temporary employees represents that of part-time employees.

(13) Principal Lenders (as of March 31, 2024)

Not applicable.

(14) Policy on the Exercise of Authority When the Articles of Incorporation Stipulate that the Board of Directors Shall Decide on the Distribution of Surplus, etc.

The Company recognizes that shareholder returns is one of the important management tasks. The Company's basic policy is to pay stable and continuous dividends annually with a target consolidated payout ratio of 50%, while taking into account performance trends and financial conditions. The Company expects the total return ratio of 70% or more.

The Board of Directors resolved at its meeting held on May 9, 2024, to pay a dividend of ¥40 per share.

(15) Other Important Matters concerning the Current Status of the Corporate Group

Not applicable.

2. Status of Shares (as of March 31, 2024)

- (1) Total Number of Shares Authorized to be Issued 110,000,000 shares
- (2) Total Number of Shares Outstanding 28,611,900 shares
(including 1,411,207 shares of treasury stock)
- (3) Number of Shareholders 11,719 persons

(4) Major Shareholders

Shareholders' name	Number of shares held (Shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	4,232,000	15.56
Custody Bank of Japan, Ltd. (Trust account)	1,871,596	6.88
Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank Retrust Portion/BROTHER INDUSTRIES, LTD. Retirement Benefit Trust Account)	1,420,000	5.22
ITFOR Employee Shareholding Association	985,100	3.62
KIA FUND 136	684,000	2.51
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	589,033	2.17
Meiji Yasuda Life Insurance Company	551,400	2.03
Tomohiro Yoshida	536,700	1.97
The Bank of Yokohama, Ltd.	500,000	1.84
Eishi Murakami	361,000	1.33

- (Notes) 1. The shares held by Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank Retrust Portion/BROTHER INDUSTRIES, LTD. Retirement Benefit Trust Account) refer to the Company's shares that were held by BROTHER INDUSTRIES, LTD. and entrusted to Sumitomo Mitsui Trust Bank, Limited, which were then re-trusted to Custody Bank of Japan, Ltd., and related voting rights are retained by BROTHER INDUSTRIES, LTD.
2. The Company holds 1,411,207 shares of treasury stock, which is excluded from the above list of major shareholders. Company shares of 123,796 shares held by Custody Bank of Japan, Ltd. as trust property for the stock remuneration plan are not included in treasury stock.
3. The shareholding ratio is calculated upon excluding treasury stock.

(5) Other Important Matters concerning Shares

No material items to report.

3. Stock Acquisition Rights, etc.

- (1) Stock Acquisition Rights Issued to the Officers of the Company as Compensation for the Execution of Their Duties

Date of resolution at the Annual General Meeting of Shareholders	June 21, 2017
Date of resolution for issuance	September 13, 2017
Number of stock acquisition rights	60 units
Number of holders	4 Directors of the Company (excluding Directors and Audit & Supervisory Board Members)
Class of shares underlying the stock acquisition rights	Common stock
Number of shares underlying the stock acquisition rights	6,000 shares
Amount to be paid in for the stock acquisition rights	No payment
Amount of assets to be contributed for the exercise of stock acquisition rights	642 yen per share
Exercise period of stock acquisition rights	From September 16, 2019 to September 15, 2024

- (2) Stock Acquisition Rights Issued to Employees and Subsidiaries' Officers and Employees as Compensation for the Execution of Their Duties during the Current Fiscal Year
Not applicable.

- (3) Other Important Matters concerning Stock Acquisition Rights, etc.
Not applicable.

4. Company Officers

(1) Names and Other Relevant Information of Directors (as of March 31, 2024)

Position	Name	Responsibilities and significant concurrent positions
President and Representative Director	Tsunenori Sato	Director, ICR Co., Ltd. Director, CVC Co., Ltd. Director, Syddy Inc.
Representative Senior Managing Director and Executive Officer	Koji Sakata	General Manager of Technology Development Department General Manager of Software Systems Division I Director, ICR Co., Ltd. Director, EeB Corporation Director, AISEL Corporation Director, ALPHA & SHIN-YO Corporation
Director and Executive Officer	Hiroataka Oeda	General Manager of Corporate Strategy Department General Manager of Retail EC Systems Division Director, CVC Co., Ltd.
Director and Executive Officer	Katsuo Nakayama	General Manager of Administration Department Representative Director, ICR Co., Ltd. Corporate Auditor, CVC Co., Ltd. Corporate Auditor, EeB Corporation Director, Syddy Inc.
Outside Director	Waka Abe	Director, SK-Electronics Co., Ltd.
Director (Director and Audit & Supervisory Board Member)	Masahito Motoyama	Corporate Auditor, ICR Co., Ltd.
Outside Director (Director and Audit & Supervisory Board Member)	Makoto Sato	Certified public accountant Corporate Auditor, Syddy Inc. Outside Director, HOSOYA PYRO-ENGINEERING CO., LTD.
Outside Director (Director and Audit & Supervisory Board Member)	Daisuke Koizumi	Certified public accountant Representative Director, Owner's Brain Co., Ltd.

- (Notes)
1. Outside Directors, Messrs. Makoto Sato and Daisuke Koizumi are qualified as certified public accountants and have considerable knowledge in finance and accounting.
 2. Syddy Inc., at which Outside Director Mr. Makoto Sato has a concurrent position, is a consolidated subsidiary of the Company. There are no significant relationships between the Company and the other companies at which Outside Directors, Ms. Waka Abe, and Messrs. Makoto Sato and Daisuke Koizumi have concurrent positions.
 3. The Company has registered Outside Directors, Ms. Waka Abe and Messrs. Makoto Sato and Daisuke Koizumi as independent directors with the Tokyo Stock Exchange.
 4. To reinforce the audit and supervisory functions of the Audit & Supervisory Board, the Company has elected Mr. Masahito Motoyama as a full-time Director and Audit & Supervisory Board Member to enable the gathering of information from Directors (excluding Directors and Audit & Supervisory Board Members) and the sharing of information at important internal meetings, as well as full cooperation between the internal audit department and the Audit & Supervisory Board.

(2) Outline of the Content of the Liability Limitation Agreement

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company and each Outside Director have entered into an agreement to limit their liability for damages as provided in Article 423, Paragraph 1 of the same Act. The liability of the Company's Outside Directors under Article 423, Paragraph 1 of the Companies Act is limited to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act.

(3) Outline of the Content of the Directors and Officers Liability Insurance Contract

The Company has entered into a directors and officers liability insurance contract as provided in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The scope of the insured under the insurance contract is the Company's Directors (including Directors and Audit & Supervisory Board Members) and executive officers. The insurance covers liability in the event of a claim for damages against the insured during the insurance period due to an act (including inaction) that the insured conducted in the course of his/her duties as an officer of the Company. The premiums are fully borne by the Company.

(4) Remuneration, etc. of Directors for the Current Fiscal Year

1) Matters pertaining the policies for the amount of remuneration, etc. of Directors and its calculation method

a. Basic policy

The aim of the remuneration of officers of the Company is to secure, retain, and motivate outstanding talent in management in order to achieve sustainable growth and the medium- to long-term increase of corporate value of the Company and the Company Group. To that end, the basic policy is to determine remuneration through a transparent and objective process that maintains an appropriate link with performance and functions as a sound incentive.

The Board of Directors determined that the individual amounts of remuneration, etc. of the Directors of the Company for the current fiscal year comply with the basic policy due to the following reasons. The Nomination and Remuneration Committee has also confirmed that the content is in line with the determination policy. Based on the recommendation from the Committee to that extent, the individual amounts of remuneration, etc. were determined at the Board of Directors meeting held on June 21, 2023.

b. Remuneration system

The remuneration of the officers of the Company consists of basic remuneration and performance-linked remuneration, which are deliberated and determined by the Board of Directors based on comparisons with peers or with other companies of comparable size, as well as the Company's financial situation and the individual's degree of contribution. Given that variable remuneration such as performance-linked remuneration is not suitable for Outside Directors and Directors and Audit & Supervisory Board Members, only the "basic remuneration" is paid to them.

2) Matters concerning provisions regarding remuneration, etc. for Directors and provisions by resolutions of the General Meeting of Shareholders

The maximum amount of remuneration to officers of the Company has been resolved at the 56th Annual General Meeting of Shareholders held on June 19, 2015, to be no more than ¥300 million per year for Directors (excluding Directors and Audit & Supervisory Board Members) and no more than ¥35 million per year for Directors and Audit & Supervisory Board Members. As of the close of the 56th Annual General Meeting of Shareholders, the number of Directors (excluding Directors and Audit & Supervisory Board Members) was eight, and the number of Directors and Audit & Supervisory Board Members was three (including two Outside Directors).

The introduction of the tax-qualified stock option as medium- to long-term incentive remuneration (non-monetary remuneration, etc.) was resolved at the 58th Annual General Meeting of Shareholders held on June 21, 2017. As of the close of the 58th Annual General Meeting of Shareholders, the number of Directors (excluding Directors and Audit & Supervisory Board Members) was eight, and the number of Directors and Audit & Supervisory Board Members was three (including two Outside Directors).

The introduction of a share delivery trust (non-monetary remuneration, etc.) as performance-linked remuneration for Directors (excluding Directors and Audit & Supervisory Board Members) was

resolved at the 62nd Annual General Meeting of Shareholders held on June 18, 2021. As of the close of the 62nd Annual General Meeting of Shareholders, the number of Directors (excluding Directors and Audit & Supervisory Board Members) was five (including one Outside Director), and the number of Directors and Audit & Supervisory Board Members was three (including two Outside Directors).

3) Matters concerning performance-linked remuneration, etc.

Performance-linked remuneration comprises monthly remuneration, which is incentive remuneration that varies depending on short-term performance, tax-qualified stock options (non-monetary remuneration, etc.), which are medium- to long-term incentive remuneration, and the share delivery trust (non-monetary remuneration, etc.) which is performance-linked. Monthly remuneration is paid at an amount calculated according to the degree of achievement of the targets for net income attributable to owners of the parent for each fiscal year.

i. Monthly remuneration as short-term incentive remuneration

From the standpoint of determining whether the Company Group's growth is steadily generating profit, the indicator used for performance-linked remuneration is net income attributable to owners of the parent. In FY2023, the target amount was ¥ 2,370 million, and the actual amount was ¥ 2,770 million.

$$\text{Total amount of performance-linked remuneration} = \text{Net income attributable to owners of the parent} \times \text{8.0\% (upper limit)} \times \text{Company-wide performance evaluation coefficient}$$

However, if a net loss attributable to owners of the parent is reported, the amount will be ¥0.

Calculation method of individual payment amounts

$$= \frac{\text{Total amount of performance-linked remuneration} \times \text{Points per position}}{\text{Points per position} \times \text{Sum of individual performance payment coefficients*}} \times \text{Individual performance evaluation coefficient*}$$

* Individual performance evaluation coefficient is determined within a range from 0% to 150% depending on the results and the degree of contribution against each Director's individual performance indicators. The results and degree of contribution against each Director's individual performance indicators are based on comprehensive evaluation by the Nomination and Remuneration Committee.

Monthly remuneration = Individual payment amount / 12

Points by position

Position	Points
Chairman	120
President	120
Vice President	80
Senior Managing Director	50
Managing Director	40
Director	10

ii. Tax-qualified stock options as medium- to long-term incentive remuneration

The Company's stock options were resolved at the 58th Annual General Meeting of Shareholders held on June 21, 2017, and a given number of stock options are granted according to individual positions.

After a waiting period of approximately two (2) years, up to 20% of the number of stock options granted in a year may be exercised, and the exercise period is five (5) years.

iii. Composition ratios of remuneration

Position	Basic remuneration	Performance-linked remuneration	Total
Chairman	58%	42%	100%
President	58%	42%	
Vice President	58-60%	40-42%	
Senior Managing Director	60-62%	38-40%	
Managing Director	62-65%	35-38%	
Director	68-72%	28-32%	

- (Notes)
1. Basic remuneration is the median value for the position concerned, and the values for performance-linked remuneration indicate percentages in models where the achievement rate is 100%.
 2. The composition ratios of individual remuneration may differ even for persons in the same position.
 3. The percentages for Directors include the employee portion of salaries and bonuses.

iv. Persons authorized to determine the policy for determining the amount and calculation method of officer remuneration

The President and Representative Director comprehensively considers the Director's positions, segregation of duties and degree of contribution to the performance of the Company, and drafts the remuneration amounts for individual Directors. The Board of Directors submits the draft to the Nomination and Remuneration Committee, which is a voluntary advisory body. The Board of Directors determines the remuneration amounts of individual Directors based on a recommendation from the committee. The voluntary Nomination and Remuneration Committee is chaired by an Outside Director and comprises five Directors, three of which are Outside Directors and two of which are Representative Directors.

v. Share delivery trust

The Company has established a stock-based remuneration plan based on the resolution of the 62nd Annual General Meeting of Shareholders held on June 18, 2021, to have its Directors share the perspectives of shareholders and bear the risk of declines in stock prices as well as the benefits of rising stock prices.

A trust established by the Company acquires the Company's shares and delivers the Company's shares to the eligible Director. The trust shall grant points to the Director in accordance with the Stock Grant Rules determined by the Board of Directors of the Company, based on criteria such as position and the degree of achievement of performance targets on the date of grant specified in the Stock Grant Rules during the trust period. The aggregated number of points to be granted to the Director shall be limited to a total of 150,000 points for the three (3) fiscal years of the Applicable Period. At the point the Director resigns, the Company's shares shall be delivered to the Director in accordance with the number of granted points. The number of the Company's shares to be delivered are the number of points granted multiplied by one (1).

Furthermore, by a resolution of the Board of Directors of the Company, the Applicable Period may be extended for a period of not less than three (3) fiscal years and not more than five (5) fiscal years, and the trust period of the Trust may be extended accordingly (including effectively extending the trust period by transferring the trust assets of the Trust to a trust with the same purpose as the Trust established by the Company) to effect the renewal of the Plan. In such instances, the Company shall make an additional contribution to the Trust during the Applicable Period of such extension, up to the amount calculated by multiplying the number of fiscal years of the extended Applicable Period by ¥33 million, as funds for the additional acquisition of the Company's shares necessary for the grant of the Company's shares to Directors under the Plan, and continue the granting of points and the grant of the Company's shares.

(i)	Persons eligible for the Plan	Directors of the Company (excluding Directors and Audit & Supervisory Board Members and Outside Directors)
(ii)	Applicable Period	From the fiscal year ended March 31, 2022 to the fiscal year ended March 31, 2024
(iii)	Maximum amount of cash to be contributed by the Company as funds for the acquisition of the Company's shares necessary for the grant to the eligible persons in (i), during the Applicable Period in (ii) (three (3) fiscal years)	¥99 million in total
(iv)	Method of acquiring the Company's shares	Disposal of treasury stock or acquisition from the stock exchange (including after-hour trading)
(v)	Maximum total number of points to be granted to the eligible persons in (i)	150,000 points in total for the three (3) fiscal years of the Applicable Period
(vi)	Criteria for granting points	Points will be granted in accordance with criteria such as position and the degree of achievement of performance targets
(vii)	Timing of granting of the Company's shares to the eligible persons in (i)	At the time of resignation, in principle

4) Total amounts of remuneration, etc. for Directors

Officer category	Total (Thousand yen)	Amount by type of remuneration, etc. (Thousand yen)				Number of recipients
		Fixed remuneration	Performance-linked remuneration	Stock option	Retirement benefits	
Directors (excluding Directors and Audit & Supervisory Board Members, and Outside Directors)	200,994	83,400	117,594	-	-	4
Outside Directors (excluding Directors and Audit & Supervisory Board Members)	4,800	4,800	-	-	-	1
Directors and Audit & Supervisory Board Members (excluding Outside Directors)	15,156	15,156	-	-	-	1
Outside Directors (Directors and Audit & Supervisory Board Members)	9,840	9,840	-	-	-	2

(Note) The total amount of remuneration by individual is omitted, as no Director received ¥100 million or more.

(5) Outside Directors

Position	Name	Status of attendance	Statements made
Outside Director	Waka Abe	21 out of 21 meetings of the Board of Directors	She mainly provides comments based on her extensive and advanced experience as a corporate manager.
Outside Director (Director and Audit & Supervisory Board Member)	Makoto Sato	21 out of 21 meetings of the Board of Directors 17 out of 17 meetings of the Audit & Supervisory Board	He mainly provides comments from his professional perspective as a certified public accountant.
Outside Director (Director and Audit & Supervisory Board Member)	Daisuke Koizumi	21 out of 21 meetings of the Board of Directors 17 out of 17 meetings of the Audit & Supervisory Board	He mainly provides comments based on his extensive experience as a manager and a certified public accountant.

5. Status of Accounting Auditor

(1) Name of the Accounting Auditor
Ernst & Young ShinNihon LLC

(2) Accounting Auditor's Remuneration, etc. for the Current Fiscal Year

Amount of remuneration, etc. for the Accounting Auditor (Note)	¥37,500 thousand
Total amount of cash and other financial benefits payable by the Company and its subsidiaries	¥37,500 thousand

(Notes) 1. The audit contract between the Company and the Accounting Auditor does not distinguish remuneration amounts for the audit under the Companies Act and that under the Financial Instruments and Exchange Act, and it is practically not possible to distinguish them. Accordingly, the remuneration represents the total amount of these audits.

2. The Audit & Supervisory Board of the Company consented to the amount of remuneration, etc. for the Accounting Auditor, after fully examining the details explained by the Accounting Auditor such as the number of days, allocation of personnel and audit details, etc., in the audit plan for the current fiscal year, the verification and evaluation of the results of audits for the previous fiscal year, the appropriateness of the execution of audits by the Accounting Auditor, and the grounds for calculated estimates forming the basis for the remuneration.

(3) Policy on Decisions of Dismissal or Non-Reappointment of the Accounting Auditor

The Audit & Supervisory Board of the Company shall, upon the consent of all the Audit & Supervisory Board Members, dismiss the Accounting Auditor if it recognizes a circumstance that falls under any of the items set forth in Article 340, Paragraph 1 of the Companies Act. In such a case, an Audit & Supervisory Board Member appointed by the Audit & Supervisory Board will report dismissal of the Accounting Auditor and the reasons therefor at the first general meeting of shareholders convened after such dismissal.

In addition, if the Audit & Supervisory Board of the Company determines that the Accounting Auditor has difficulty in appropriately executing duties or otherwise finds that the Accounting Auditor needs to be changed, the Audit & Supervisory Board shall decide the content of the proposal for the dismissal or non-reappointment of the Accounting Auditor to be submitted to a general meeting of shareholders and request the Board of Directors to hold a general meeting of shareholders for that purpose.

6. Matters concerning the Basic Policy on Control of the Company

(1) Details of the Basic Policy

The Company believes that the individuals who control the decision-making over the financial and business policies of the Company should be those who ensure and improve the Company's corporate value, including the trust and technical capabilities that have been consistently accumulated over the long term, and by extension the common interests of the shareholders over the medium to long term.

Nevertheless, we believe that since the Company, as a public corporation, reasonably allows the unrestricted trading of the Company's shares. Also, the Company believes that the final decision on whether to accept sales of the Company's shares with response to a large-scale acquisition proposal by a specific person or group should be left to the will of the shareholders who owns the Company's shares. However, when the large-scale acquisition is judged to be detrimental to corporate value and the common interests of the shareholders, the Company believes that it is imperative that the Company's corporate value over the medium to long term, and by extension the common interest of the shareholders, are ensured through the implementation of necessary and reasonable measures.

(2) Details of Efforts to Realize the Basic Policy

1) Revision of the Company's corporate philosophy and establishment of its purpose

The Company started adopting its new corporate philosophy and purpose from the 49th foundation anniversary of December 2, 2021, on the occasion of the 50th anniversary of its founding coming up in December 2022. The corporate philosophy is "Generating excitement and smiles with 'A Sprit To Be Close' to people," while the purpose is "Through social contribution by regional revitalization, we will contribute to the development of a sustainable future by providing surprises to all peoples and businesses." We promote our business activities, aiming at keeping its widely fruitful existence in society through know-hows for systems (IT) and businesses (BPO) which we have accumulated.

2) Execution of the Medium-Term Management Plan, "FLY ON 2026"

The 4th Medium-Term Management Plan, "FLY ON 2026," covering the three years from FY2024 to FY2026, has been launched. Under the theme of strongly developing existing businesses and achieving dramatic growth through new businesses, the Company Group will aim for sales of ¥28.0 billion, an operating income of ¥4.8 billion, and ROE and ROIC of not less than 15%.

3) Strengthening of corporate governance

The Company recognizes that the basis of corporate governance is to create transparent and fair management systems and promote efficient business execution based on prompt and decisive decision-making, while providing timely and appropriate information disclosure. By doing these, the Company believes that meeting satisfaction of stakeholders and improving the corporate value of the Company Group in an enduring manner are indispensable as keystones of our corporate management.

(3) Efforts to Prevent the Determination of Financial and Business Policies of the Company from Being Controlled by an Inappropriate Person in Light of the Basic Policies

At the Company's 47th Annual General Meeting of Shareholders held on June 23, 2006, the Company introduced "Countermeasures to Large-Scale Purchase of the Company's Shares (takeover defense measures)," based on the above-mentioned policy. From then on, the Company continued with the measures by revising them as necessary, but in accordance with the decision of the Company's Board of Directors meeting held on May 12, 2022, the takeover defense measures were discontinued and abolished as of the end of the 63rd Annual General Meeting of Shareholders.

Even after abolition of the takeover defense measures, the Company will take appropriate measures within the allowable range of the Financial Instruments and Exchange Act, the Companies Act, and other related laws and regulations, to parties which seek to make a large-scale acquisition of the Company's shares, demanding necessary and sufficient provision of information for shareholders to make an appropriate decision on the advisability of the large-scale acquisition, disclosing the opinions, etc., of the Board of Directors and securing time and information for shareholders' review.

(4) The Decision of the Board of Directors of the Company on the Above Initiatives

The Board of Directors of the Company believes that these initiatives in (2) and (3) are those for securing and enhancing the Company's corporate value and common interests of shareholders, and in line with the basic policy in (1). Also, the purpose is not to maintain the position of Directors.

Amounts in the business report are rounded down to the nearest presented unit.
Percentages, ratios etc., are rounded off to the nearest whole number.

Consolidated Balance Sheet

(As of March 31, 2024)

(Unit: thousand yen)

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets	19,498,389	Current liabilities	4,878,791
Cash and deposits	4,356,350	Accounts payable	1,187,216
Notes and accounts receivable and contract assets	4,539,168	Corporate income tax and other taxes payable	748,346
Securities	9,599,513	Reserve for bonuses	640,650
Inventories	686,100	Contract liabilities	1,017,321
Other	317,256	Other	1,285,257
Fixed assets	4,497,973	Fixed liabilities	280,906
Tangible fixed assets	832,927	Net defined benefit liabilities	209,214
Buildings and structures	371,674	Reserve for stock benefit	67,414
Machinery, equipment and delivery equipment	16,891	Long-term accrued amount	4,278
Land	149,565		
Construction in progress	25,156	Total liabilities	5,159,698
Other	269,640		
Intangible fixed assets	430,950	Net assets	
Goodwill	7,437	Shareholders' equity	17,882,902
Other	423,513	Capital stock	1,124,669
Investments and other assets	3,234,095	Capital surplus	1,221,189
Investment securities	2,479,046	Retained earnings	16,798,657
Deferred tax assets	99,833	Treasury stock	△1,261,612
Other	655,215	Accumulated other comprehensive income	947,139
		Valuation difference on other securities	952,183
		Deferred hedge profit or loss	2
		Accumulated adjustment for retirement benefits	△5,046
		Stock acquisition rights	6,622
		Total net assets	18,836,664
Total assets	23,996,362	Total liabilities and net assets	23,996,362

(Note) Figures presented in the financial statements are rounded down to the nearest thousand yen.

Consolidated Profit and Loss Statement

(From April 1, 2023 to March 31, 2024)

(Unit: thousand yen)

Description	Amount	
Sales		20,652,793
Cost of goods sold		12,899,218
Gross profit on sales		7,753,575
Selling, general and administrative expenses		4,015,893
Operating income		3,737,681
Non-operating income		
Interest income	3,616	
Dividend income	58,964	
Investment profit by equity method	20,970	
Miscellaneous income	39,194	122,746
Non-operating expenses		
Commissions paid	7,619	
Retirement loss on fixed assets	2,699	
Miscellaneous loss	3,618	13,937
Ordinary income		3,846,490
Extraordinary income		
Profit on reversal of share acquisition rights	2,750	2,750
Net income before taxes		3,849,240
Corporate income tax, resident tax and business tax	1,114,790	
Adjustment of corporate income tax and other taxes	△36,203	1,078,587
Net income		2,770,652
Net income attributable to owners of the parent		2,770,652

(Note) Figures presented in the financial statements are rounded down to the nearest thousand yen.

Consolidated Statement of Changes in Shareholders' Equity and Other Net Assets

(From April 1, 2023 to March 31, 2024)

(Unit: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	1,124,669	1,367,439	15,403,603	△1,179,155	16,716,556
Changes during the period					
Dividends of surplus			△835,313		△835,313
Net income attributable to owners of the parent			2,770,652		2,770,652
Acquisition of treasury stock				△900,027	△900,027
Disposition of treasury stock		△10,785		141,820	131,035
Cancellation of treasury stock		△675,750		675,750	-
Transfer from retained earnings to capital surplus		540,285	△540,285		-
Changes in items other than shareholders' equity during the period (net)					
Total changes during the period	-	△146,250	1,395,053	△82,456	1,166,346
Balance at the end of the period	1,124,669	1,221,189	16,798,657	△1,261,612	17,882,902

	Accumulated other comprehensive income				Stock acquisition rights	Total net assets
	Valuation difference on other securities	Deferred hedge profit or loss	Accumulated adjustment for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the period	428,436	1,158	△871	428,723	22,390	17,167,670
Changes during the period						
Dividends of surplus						△835,313
Net income attributable to owners of the parent						2,770,652
Acquisition of treasury stock						△900,027
Disposition of treasury stock						131,035
Cancellation of treasury stock						-
Transfer from retained earnings to capital surplus						-
Changes in items other than shareholders' equity during the period (net)	523,747	△1,156	△4,175	518,415	△15,767	502,647
Total changes during the period	523,747	△1,156	△4,175	518,415	△15,767	1,668,994
Balance at the end of the period	952,183	2	△5,046	947,139	6,622	18,836,664

(Note) Figures presented in the financial statements are rounded down to the nearest thousand yen.

Non-consolidated Balance Sheet

(As of March 31, 2024)

(Unit: thousand yen)

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets	17,762,739	Current liabilities	4,536,181
Cash and deposits	3,176,408	Accounts payable	1,223,192
Notes receivable	74,095	Accrued amount	510,879
Accounts receivable	3,333,454	Accrued expenses	251,010
Contract assets	601,887	Corporate income tax and other taxes payable	658,728
Investments in leases	110,522	Accrued consumption taxes	256,818
Securities	9,599,513	Contract liabilities	1,017,321
Merchandise	392,528	Deposits received	39,425
Work in process	262,912	Reserve for bonuses	578,431
Supplies	15,978	Other	375
Prepaid expenses	173,979		
Other	21,458		
Fixed assets	5,398,296	Fixed liabilities	273,632
Tangible fixed assets	768,136	Reserve for retirement benefits	201,940
Buildings	352,103	Reserve for stock benefit	67,414
Structures	2,462	Long-term accrued amount	4,278
Machinery and equipment	16,891		
Tools, furniture and fixtures	222,838		
Land	149,565		
Construction in progress	24,275		
Intangible fixed assets	398,203		
Software	288,685		
Software in progress	101,937		
Other	7,579		
Investments and other assets	4,231,956		
Investment securities	2,338,309		
Stocks of affiliated companies	1,193,699		
Long-term loans receivable from affiliated companies	18,000		
Long-term prepaid expenses	109,155		
Deferred tax assets	65,088		
Leasehold and guarantee deposits	386,987		
Insurance funds	86,613		
Other	34,171		
Allowance for doubtful accounts	△68		
		Total liabilities	4,809,814
		Net assets	
		Shareholders' equity	17,394,008
		Capital stock	1,124,669
		Capital surplus	1,221,189
		Legal capital surplus	1,221,189
		Retained earnings	16,303,866
		Legal retained earnings	94,356
		Other retained earnings	16,209,510
		General reserve	5,512,500
		Retained earnings brought forward	10,697,010
		Treasury stock	△1,255,716
		Valuation and translation adjustments	950,590
		Valuation difference on other securities	950,588
		Deferred hedge profit or loss	2
		Stock acquisition rights	6,622
		Total net assets	18,351,221
Total assets	23,161,036	Total liabilities and net assets	23,161,036

(Note) Figures presented in the financial statements are rounded down to the nearest thousand yen.

Non-consolidated Profit and Loss Statement

(From April 1, 2023 to March 31, 2024)

(Unit: thousand yen)

Description	Amount	
Sales		18,796,163
Cost of goods sold		11,906,424
Gross profit on sales		6,889,738
Selling, general and administrative expenses		3,345,819
Operating income		3,543,919
Non-operating income		
Interest income	435	
Interest on securities	3,454	
Dividend income	58,834	
Miscellaneous income	37,825	100,549
Non-operating expenses		
Commissions paid	7,498	
Retirement loss on fixed assets	2,699	
Foreign exchange losses	48	
Miscellaneous loss	1,470	11,716
Ordinary income		3,632,752
Extraordinary income		
Profit on reversal of stock acquisition rights	2,750	2,750
Net income before taxes		3,635,502
Corporate income tax, resident tax and business tax	992,093	
Adjustment of corporate income tax and other taxes	505	992,599
Net income		2,642,902

(Note) Figures presented in the financial statements are rounded down to the nearest thousand yen.

Non-consolidated Statement of Changes in Shareholders' Equity and Other Net Assets

(From April 1, 2023 to March 31, 2024)

(Unit: thousand yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at the beginning of the period	1,124,669	1,221,189	121,764	1,342,953	94,356	5,512,500	9,454,192	15,061,049
Changes during the period								
Dividends of surplus							△835,313	△835,313
Net income							2,642,902	2,642,902
Acquisition of treasury stock								
Disposition of treasury stock			△10,785	△10,785				
Cancellation of treasury stock			△675,750	△675,750				
Transfer from retained earnings to capital surplus			564,771	564,771			△564,771	△564,771
Changes in items other than shareholders' equity during the period (net)								
Total changes during the period	-	-	△121,764	△121,764	-	-	1,242,817	1,242,817
Balance at the end of the period	1,124,669	1,221,189	-	1,221,189	94,356	5,512,500	10,697,010	16,303,866

	Shareholders' equity		Valuation and translation adjustments			Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on other securities	Deferred hedge profit or loss	Total valuation and translation adjustments		
Balance at the beginning of the period	△1,173,259	16,355,411	427,582	1,158	428,741	22,390	16,806,543
Changes during the period							
Dividends of surplus		△835,313					△835,313
Net income		2,642,902					2,642,902
Acquisition of treasury stock	△900,027	△900,027					△900,027
Disposition of treasury stock	141,820	131,035					131,035
Cancellation of treasury stock	675,750	-					-
Transfer from retained earnings to capital surplus		-					-
Changes in items other than shareholders' equity during the period (net)			523,005	△1,156	521,849	△15,767	506,081
Total changes during the period	△82,456	1,038,596	523,005	△1,156	521,849	△15,767	1,544,677
Balance at the end of the period	△1,255,716	17,394,008	950,588	2	950,590	6,622	18,351,221

(Note) Figures presented in the financial statements are rounded down to the nearest thousand yen.