

April 28, 2022

# Consolidated Financial Statements for the Fiscal Year Ended March 31, 2022 [Japanese standard]



## INES Corporation

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## 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

### (1) Consolidated Operating Results

(Million yen, figures in percentages denote year-on-year changes.)

|                                  | Net sales |        | Operating profit |         | Ordinary profit |         | Profit attributable to owners of parent |         |
|----------------------------------|-----------|--------|------------------|---------|-----------------|---------|---|---------|
| Fiscal year ended March 31, 2022 | 40,033    | (3.7%) | 1,963            | (29.5%) | 2,060           | (29.6%) | 1,300                                   | (9.2)%  |
| Fiscal year ended March 31, 2021 | 41,573    | (1.7%) | 2,786            | (4.0%)  | 2,925           | (1.1%)  | 1,432                                   | (30.6)% |

(Note) Comprehensive income Fiscal Year Ended March 31, 2022: ¥1,415 million (-23.9%)  
 Fiscal Year Ended March 31, 2021: ¥1,860 million (-7.0%)

|                                  | Profit per share (Yen) | Fully diluted profit per share (Yen) | Profit/Shareholders' equity | Ordinary profit/Total assets | Operating profit/Net sales |
|----------------------------------|------------------------|--------------------------------------|-----------------------------|------------------------------|----------------------------|
| Fiscal year ended March 31, 2022 | 57.23                  | —                                    | 3.5%                        | 4.2%                         | 4.9%                       |
| Fiscal year ended March 31, 2021 | 60.16                  | —                                    | 3.7%                        | 5.6%                         | 6.7%                       |

(Reference) Equity in earnings of affiliates Fiscal Year Ended March 31, 2022: ¥— million  
 Fiscal Year Ended March 31, 2021: ¥— million

(Note) The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), effective from beginning of the fiscal year under review and the figures for the year ended March 31, 2022 are figures after application of the standard and guidance.

### (2) Consolidated Financial Position

(Million yen)

|                      | Total assets | Net assets | Equity ratio (%) | Net assets per share (Yen) |
|----------------------|--------------|------------|------------------|----------------------------|
| As of March 31, 2022 | 46,827       | 34,620     | 73.9             | 1,665.00                   |
| As of March 31, 2021 | 51,261       | 38,795     | 75.7             | 1,629.73                   |

(Reference) Shareholders' equity As of March 31, 2022: ¥34,620 million  
 As of March 31, 2021: ¥38,795 million

(Note) The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), effective from beginning of the fiscal year under review and the figures for the year ended March 31, 2022 are figures after application of the standard and guidance.

### (3) Consolidated Cash Flow Situation

(Million yen)

|                                  | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Fiscal year ended March 31, 2022 | 6,427                                | (1,422)                              | (5,641)                              | 9,731                                      |
| Fiscal year ended March 31, 2021 | 1,917                                | (11,592)                             | (971)                                | 10,368                                     |

## 2. Dividends

|  | Dividends per share (Yen) |           |           |                 |        | Total dividends (annual) (million yen) | Dividend payout ratio (consolidated) (%) | Dividends/Net assets (consolidated) (%) |
|--|---------------------------|-----------|-----------|-----------------|--------|--|--|---|
|  | End of Q1                 | End of Q2 | End of Q3 | Fiscal year end | Annual |  |  |   |
| Fiscal year ended March 31, 2021             | —                         | 15.00     | —         | 25.00           | 40.00  | 952                                    | 66.5                                     | 2.5                                     |
| Fiscal year ended March 31, 2022             | —                         | 20.00     | —         | 20.00           | 40.00  | 876                                    | 69.9                                     | 2.4                                     |
| Fiscal year ending March 31, 2023 (Forecast) | —                         | 20.00     | —         | 20.00           | 40.00  |  | —  |   |

### 3. Forecasts for Consolidated Financial Results for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(Million yen, figures in percentages denote year-on-year changes.)

|           | Net sales |     | Operating profit |      | Ordinary profit |      | Profit attributable to owners of parent |      | Profit per share (Yen) |
|-----------|-----------|-----|------------------|------|-----------------|------|---|------|------------------------|
| Full year | 43,000    | 7.4 | 3,300            | 68.1 | 3,300           | 60.2 | 2,000                                   | 53.8 | 96.19                  |

\* Notes

**(1) Significant changes in subsidiaries during this fiscal year under review (changes in subsidiaries causing a change in the scope of consolidation): No**

**(2) Changes in accounting policies and changes or restatement of accounting estimates**

1. Changes in accounting policies associated with the revision of accounting standards, etc.: Yes
2. Changes in accounting policies other than 1.: No
3. Changes in accounting estimates: No
4. Restatement: No

**(3) Number of shares outstanding (common shares)**

1. Number of shares outstanding at the term end (including treasury shares)
 

|                                   |                   |
|-----------------------------------|-------------------|
| Fiscal year ended March 31, 2022: | 23,900,000 shares |
| Fiscal year ended March 31, 2021: | 23,900,000 shares |
2. Number of treasury shares at the term end
 

|                                   |                  |
|-----------------------------------|------------------|
| Fiscal year ended March 31, 2022: | 3,107,001 shares |
| Fiscal year ended March 2021:     | 94,870 shares    |
3. Average number of shares outstanding
 

|                                   |                   |
|-----------------------------------|-------------------|
| Fiscal year ended March 31, 2022: | 22,723,039 shares |
| Fiscal year ended March 2021:     | 23,806,425 shares |

**\* These financial statements are not subject to audit procedures performed by certified public accountants or audit corporations.**

**\* Explanation regarding the proper use of results forecasts and other important notes**

Forward-looking statements such as results forecasts provided in this document are prepared based on currently available information and assumptions that are deemed reasonable, but the Company does not intend to guarantee their achievement. Moreover, actual results may differ significantly from the above forecasts for a variety of reasons, such as the impact on the world economy of Russian invasion into Ukraine and the spread of COVID-19 infections. For conditions regarding the assumptions for results forecasts and notes on the use of results forecasts, etc., please refer to page 5 of the accompanying materials "1. Outline of Operating Results, (3) Future Outlook."

# 1. Outline of Operating Results

## (1) Outline of Operating Results for the Fiscal Year ended March 31, 2022

### (i) External environment in the fiscal year ended March 31, 2022

During the fiscal year under review, the Japanese economy faced an inevitable slowdown, mainly in tourism, transportation, restaurants, and other non-manufacturing activities, following the declaration of a state of emergency and the issuance of the quasi-emergency coronavirus measures in response to the unceasing spread of COVID-19. Unstable social and economic conditions persisted throughout the fiscal year, with increases in some areas in the number of newly infected persons, despite an overall downward trend attributable to progress with vaccinations. Overseas, the supply chain disruption triggered by COVID-19 caused a global semiconductor shortage, while there were marked price rises around the world, primarily in energy-related areas. From February onwards, uncertainty about the future of the global economy has been deepening following the Russian invasion of Ukraine, with a deterioration in the political, economic, and social situation around the world.

### (ii) Initiatives in the fiscal year under review

Despite these circumstances, the Company established a new organization in April 2021 dedicated to strongly promoting digital transformation (DX) and accelerating a shift to a new business portfolio, as it heralds the era of full-scale DX. It also undertook a major shift of personnel in existing business divisions and proactively moved forward with marketing and sales activities, research and development and the development of human resources. The Company delivered solutions using AI to multiple local governments and other organizations in cooperation with the Mitsubishi Research Institute Inc. (“MRI”) Group. This is one part of the results the Company has produced based on the business and capital tie-up agreement with the MRI Group concluded in May 2018.

Moreover, looking ahead at the new normal era, the Company has been taking preventive measures against the risks of infection for customers, business partners, and employees by reducing face-to-face sales activities and by promoting teleworking and staggered working hours, as well as teleconferencing, social-distancing in the workplace, and satellite offices. It also continued to promote a reform of work practices that takes into account employees’ work-life balance, aiming to realize sustainable management over the medium and long terms.

On the financial front, the Company acquired treasury shares amounting to a total of ¥4.6 billion during the period between August 2021 and March 2022 for the purpose of achieving an ROE of 7%, the target set out in the medium-term management plan, and strengthening shareholder returns. Moreover, the Company made a transition in April 2022 to the Prime Market, a new market segment under the newly restructured market segments of the Tokyo Stock Exchange.

In business related to local governments, the Company’s core business area, specifications for the standardization of governmental services systems planned for fiscal year 2025 based on the Local Government Digital Transformation (DX) Promotion Plan formulated by the Ministry of Internal Affairs and Communications were announced in August 2021 for part of the said services. Moreover, specifications for the standardization of all the 20 core municipal operations are planned to be announced in August 2022. Viewing changes such as the standardization of local government service systems and digitalization of existing administrative proceedings and processes as a major business opportunity, the Company will continue to review existing development and marketing strategies, run trial experiments with forward-thinking municipalities to support local government DX promotion initiatives, provide diverse solutions and form alliances with other companies.

In the private sector, the Company will work to improve business efficiency through responses to client companies’ continually growing needs for DX and internal Group restructuring of operating business. (Details have been separately announced today.)

### (iii) Operating results of the fiscal year under review

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the “New Standard”) from the beginning of the fiscal year under review. For the previous fiscal year and the periods before that, results before the application of the new standard are presented.

Consolidated net sales for the fiscal year under review declined 3.7% year on year, to ¥40,033 million due mainly to declines in revenues in the Financial sector and at Group companies. Consolidated net sales on a sector-by-sector basis are as shown in the table below.

Net sales in the Public sector remained at a high level on a par with that of the preceding fiscal year, at ¥16,668 million (down 2.5% year on year), reflecting business process outsourcing (BPO) projects related to COVID-19 vaccination and welfare benefits.

Net sales in the Financial sector declined 4.8% year on year, to ¥11,419 million, due to the absence of information processing equipment sales recorded in the preceding fiscal year, which partly offset continued recovery trends in customers' stances on investment in system development since the second preceding fiscal year when the impact of COVID-19 was the hardest.

Net sales in the General Industry sector increased 2.5% year on year, to ¥6,942 million, attributable to recovery in IT investment demand mainly in the retailing industry.

At Group companies (posted under "Other" in the "Consolidated net sales by sector" section), net sales declined 12.3% year on year, to ¥5,003 million in the fiscal year under review, mainly due to the reduction of the scale of major bidding projects that had been contributing to sales growth in the previous year.

Looking at sales by product and service category, sales from operations increased, reflecting the expansion of BPO projects in the Public sector.

On the profit side, operating profit fell 29.5% year on year, to ¥1,963 million, and ordinary profit declined 29.6%, to ¥2,060 million, largely reflecting a review of software investment strategy in anticipation of the national government's move toward standardizing local government systems as described above, a one-off increase in costs, including infrastructure development costs in response to the new normal era, as well as rising research and development expenses for the DX of local governments, in addition to lower sales at Group companies. Profit attributable to owners of parent fell 9.2% year on year, to ¥1,300 million.

#### Consolidated net sales by sector

(Million yen)

| Category/ Term   | Previous consolidated fiscal year<br>From April 1, 2020<br>until March 31, 2021 |                          | Consolidated fiscal year<br>under review<br>From April 1, 2021<br>until March 31, 2022 |                          | Year-on-year change<br>(%) |
|------------------|---|--------------------------|--|--------------------------|----------------------------|
|                  | Amount  | Composition ratio<br>(%) | Amount   | Composition ratio<br>(%) |                            |
| Public           | 17,095  | 41.1                     | 16,668   | 41.6                     | (2.5)                      |
| Financial        | 11,999  | 28.9                     | 11,419   | 28.6                     | (4.8)                      |
| General industry | 6,772   | 16.3                     | 6,942  | 17.3                     | 2.5                        |
| Other            | 5,706   | 13.7                     | 5,003  | 12.5                     | (12.3)                     |
| Total            | 41,573  | 100.0                    | 40,033   | 100.0                    | (3.7)                      |

#### Consolidated net sales by product/service

(Million yen)

| Category/ Term                 | Previous consolidated fiscal year<br>From April 1, 2020<br>until March 31, 2021 |                          | Consolidated fiscal year<br>under review<br>From April 1, 2021<br>until March 31, 2022 |                          | Year-on-year change<br>(%) |
|--------------------------------|---|--------------------------|--|--------------------------|----------------------------|
|                                | Amount  | Composition ratio<br>(%) | Amount   | Composition ratio<br>(%) |                            |
| System development             | 16,489  | 39.7                     | 15,560   | 38.9                     | (5.6)                      |
| System operation               | 12,642  | 30.4                     | 14,029   | 35.0                     | 11.0                       |
| System maintenance             | 5,084   | 12.2                     | 5,030  | 12.6                     | (1.0)                      |
| Sales of information equipment | 2,237   | 5.4                      | 1,126  | 2.8                      | (49.7)                     |
| Other                          | 5,119   | 12.3                     | 4,285  | 10.7                     | (16.3)                     |
| Total                          | 41,573  | 100.0                    | 40,033   | 100.0                    | (3.7)                      |

## (2) Outline of Financial Position for the Fiscal Year Ended March 31, 2022

### (i) Situation of assets, liabilities and net assets

Looking at the financial position at the end of the fiscal year under review, total assets stood at ¥46,827 million, a decrease of ¥4,433 million from the end of the previous fiscal year.

Current assets stood at ¥22,323 million, a decrease of ¥2,899 million, mainly as a result of spending for the acquisition treasury shares. Non-current assets decreased ¥1,533 million, to ¥24,504 million, primarily due to the depreciation of software.

Current liabilities at the end of the fiscal year amounted to ¥6,117 million, an increase of ¥233 million from the end of previous fiscal year, due mainly to income taxes payable. Non-current liabilities decreased ¥490 million from the end of the previous fiscal year, to ¥6,089 million.

Net assets declined ¥4,175 million, to ¥34,620 million, mainly as a result of acquisition of treasury shares.

(ii) Cash flow situation

At the end of the fiscal year under review, cash and cash equivalents (“Cash”) decreased ¥636 million from the end of the previous fiscal year, to ¥9,731 million.

The status of each cash flow segment and contributing factors for the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities increased 235.2% year on year, to ¥6,427 million. This was mainly due to the posting of profit before income taxes of ¥1,926 million and a decrease in accounts receivable of ¥1,482 million.

(Cash flows from investing activities)

Net cash used in investing activities decreased 87.7 % year on year, to ¥1,422 million This was mainly attributable to purchase of intangible assets of ¥896 million and purchase of property, plant and equipment of ¥740 million.

(Cash flows from financing activities)

Net cash used in financing activities increased 480.8% year on year, to ¥5,641 million. This mainly reflected the purchase of treasury shares of ¥4,569 million and dividends paid of ¥1,053 million.

### (3) Future Outlook

Although political, social and economic conditions in Japan and overseas remain unpredictable, given a bottoming out of the number of persons newly infected with COVID-19 and the Russian invasion of Ukraine, among other factors, the Company expects that economic and social activities in Japan will undergo a gradual recovery, mainly attributable to progress in vaccinations. Taking these factors into consideration, the Company forecasts that consolidated financial results for the fiscal year ending March 31, 2023 will be as follows.

| [Forecasts for consolidated financial results for the fiscal year ending March 31, 2023] |           |                  |                 | (Million yen)                           |
|--|-----------|------------------|-----------------|---|
|  | Net sales | Operating profit | Ordinary profit | Profit attributable to owners of parent |
| (i) Full year  | 43,000    | 3,300            | 3,300           | 2,000                                   |
| (ii) Year ended March 31, 2022   | 40,033    | 1,963            | 2,060           | 1,300                                   |
| (iii) (Reference) ((i)/(ii) - 1(%))  | 7.4       | 68.1             | 60.2            | 53.8                                    |

The Company expects that dividends will be as follows.

|                                       | Dividends per share (Yen) |                 |        |
|---------------------------------------|---------------------------|-----------------|--------|
|                                       | End of Q2                 | Fiscal year end | Annual |
| Year ending March 31, 2023 (Forecast) | 20.00                     | 20.00           | 40.00  |
| Year ended March 31, 2022             | 20.00                     | 20.00           | 40.00  |
| Increase/decrease                     | —                         | —               | —      |

(Caution on future forecast information)

Forward-looking statements such as results forecasts provided in this document are prepared based on currently available information and assumptions that are deemed reasonable, but the Company does not intend to guarantee their achievement. Actual results, etc. may be subject to significant change for a variety of reasons, such as the impact on the world economy of the Russian invasion into Ukraine and the spread of COVID-19.

## 2. Basic Stance regarding Selection of Accounting Principles

In consideration of comparability with industry peers in Japan, the INES Group has the policy to prepare consolidated financial statements according to the Japanese accounting standards in the foreseeable future.

Going forward, the Group will examine the possibility of applying international accounting standards in light of trends and other factors in the application among Japanese companies.

## Consolidated Balance Sheets

As of March 31, 2021 and March 31, 2022

(Million yen)

|  | FY2020<br>(As of March 31, 2021) | FY2021<br>(As of March 31, 2022) |
|--|----------------------------------|----------------------------------|
| <b>ASSETS</b>  |                                  |                                  |
| <b>Current assets</b>                                      |                                  |                                  |
| Cash and deposits  | 10,602                           | 9,945                            |
| Notes and accounts receivable - trade                      | 10,522                           | -                                |
| Notes and accounts receivable - trade, and contract assets | -                                | 9,323                            |
| Securities   | 2,300                            | 2,300                            |
| Work in process  | *2 760                           | *2 210                           |
| Raw materials and supplies                                 | 73                               | 78                               |
| Prepaid expenses   | 400                              | 436                              |
| Other  | 578                              | 41                               |
| Allowance for doubtful accounts                            | (15)                             | (13)                             |
| <b>Total current assets</b>                                | <b>25,222</b>                    | <b>22,323</b>                    |
| <b>Non-current assets</b>                                  |                                  |                                  |
| <b>Property, plant and equipment</b>                       |                                  |                                  |
| Buildings and structures                                   | 3,548                            | 3,630                            |
| Accumulated depreciation                                   | (2,814)                          | (3,003)                          |
| Buildings and structures, net                              | 733                              | 626                              |
| Tools, furniture and fixtures                              | 4,260                            | 4,676                            |
| Accumulated depreciation                                   | (3,083)                          | (3,427)                          |
| Tools, furniture and fixtures, net                         | 1,177                            | 1,248                            |
| Land   | 3                                | 3                                |
| <b>Total property, plant and equipment</b>                 | <b>1,914</b>                     | <b>1,878</b>                     |
| <b>Intangible assets</b>                                   |                                  |                                  |
| Software   | 3,595                            | 2,656                            |
| Other  | 24                               | 24                               |
| <b>Total intangible assets</b>                             | <b>3,620</b>                     | <b>2,680</b>                     |
| <b>Investments and other assets</b>                        |                                  |                                  |
| Investment securities                                      | *1 13,947                        | *1 13,586                        |
| Long-term prepaid expenses                                 | 878                              | 750                              |
| Deferred tax assets  | 4,513                            | 4,493                            |
| Other  | 1,164                            | 1,114                            |
| Allowance for doubtful accounts                            | (0)                              | -                                |
| <b>Total investments and other assets</b>                  | <b>20,503</b>                    | <b>19,945</b>                    |
| <b>Total non-current assets</b>                            | <b>26,038</b>                    | <b>24,504</b>                    |
| <b>Total assets</b>  | <b>51,261</b>                    | <b>46,827</b>                    |

## Consolidated Balance Sheets

As of March 31, 2021 and March 31, 2022

(Million yen)

|  | FY2020<br>(As of March 31, 2021) | FY2021<br>(As of March 31, 2022) |
|--|----------------------------------|----------------------------------|
| <b>LIABILITIES</b>   |                                  |                                  |
| <b>Current liabilities</b>   |                                  |                                  |
| Accounts payable - trade   | 2,343                            | 2,153                            |
| Accrued expenses   | 790                              | 1,170                            |
| Income taxes payable   | 107                              | 593                              |
| Accrued consumption taxes  | 301                              | 135                              |
| Advances received  | 231                              | 284                              |
| Provision for bonuses  | 1,136                            | 1,047                            |
| Provision for bonuses for directors (and other officers)             | 69                               | 66                               |
| Provision for losses on orders received                              | *2<br>350                        | *2<br>137                        |
| Other  | 552                              | 527                              |
| <b>Total current liabilities</b>                                     | <b>5,884</b>                     | <b>6,117</b>                     |
| <b>Non-current liabilities</b>                                       |                                  |                                  |
| Provision for retirement benefits for directors (and other officers) | 129                              | 112                              |
| Net defined benefit liability  | 6,168                            | 5,690                            |
| Asset retirement obligations   | 252                              | 267                              |
| Other  | 30                               | 19                               |
| <b>Total non-current liabilities</b>                                 | <b>6,580</b>                     | <b>6,089</b>                     |
| <b>Total liabilities</b>   | <b>12,465</b>                    | <b>12,207</b>                    |
| <b>NET ASSETS</b>  |                                  |                                  |
| <b>Shareholders' equity</b>  |                                  |                                  |
| Capital stock  | 15,000                           | 15,000                           |
| Capital surplus  | 14,582                           | 14,592                           |
| Retained earnings  | 9,725                            | 9,973                            |
| Treasury shares  | (102)                            | (4,651)                          |
| <b>Total shareholders' equity</b>                                    | <b>39,204</b>                    | <b>34,913</b>                    |
| <b>Accumulated other comprehensive income</b>                        |                                  |                                  |
| Valuation difference on available-for-sale securities                | (10)                             | 32                               |
| Remeasurements of defined benefit plans                              | (398)                            | (326)                            |
| <b>Total accumulated other comprehensive income</b>                  | <b>(408)</b>                     | <b>(293)</b>                     |
| <b>Total net assets</b>  | <b>38,795</b>                    | <b>34,620</b>                    |
| <b>Total net assets and liabilities</b>                              | <b>51,261</b>                    | <b>46,827</b>                    |

## Consolidated Statement of Income

For the fiscal year ended March 31, 2021 and 2022

(Million yen)

|  | FY2020<br>(April 1, 2020 to<br>March 31, 2021) | FY2021<br>(April 1, 2021 to<br>March 31, 2022) |
|--|--|--|
| <b>Net sales</b>                               | 41,573   | 40,033   |
| Cost of sales                                  | *5 32,995                                      | *5 31,556                                      |
| <b>Gross profit</b>                            | 8,578  | 8,477  |
| Selling, general and administrative expenses   | *1, *2 5,791                                   | *1, *2 6,514                                   |
| <b>Operating profit</b>                        | 2,786  | 1,963  |
| <b>Non-operating income</b>                    |  |  |
| Interest income                                | 23   | 55   |
| Dividends income                               | 11   | 11   |
| Real estate rent                               | 22   | -  |
| Dividend income of insurance                   | 23   | 24   |
| Gain on investments in investment partnerships | 64   | 2  |
| Other  | 18   | 27   |
| <b>Total non-operating income</b>              | 164  | 121  |
| <b>Non-operating expenses</b>                  |  |  |
| Interest expenses                              | 0  | 0  |
| Rent expenses on real estate                   | 19   | -  |
| Commission for purchase of treasury shares     | -  | 18   |
| Other  | 5  | 5  |
| <b>Total non-operating expenses</b>            | 25   | 23   |
| <b>Ordinary profit</b>                         | 2,925  | 2,060  |
| <b>Extraordinary income</b>                    |  |  |
| Gain on sales of investment securities         | -  | 6  |
| <b>Total extraordinary income</b>              | -  | 6  |
| <b>Extraordinary losses</b>                    |  |  |
| Loss on sales of non-current assets            | 2  | -  |
| Loss on retirement of non-current assets       | *3 6   | *3 2   |
| Loss on sale of investment securities          | -  | 7  |
| Loss on valuation of investment securities     | -  | 71   |
| Impairment loss                                | *4 765   | *4 5   |
| Contract cancellation fees                     | -  | 52   |
| <b>Total extraordinary losses</b>              | 774  | 140  |
| <b>Profit before income taxes</b>              | 2,150  | 1,926  |
| <b>Income tax and others</b>                   | 344  | 643  |
| <b>Adjustment of corporate taxes</b>           | 373  | (16)   |
| <b>Total income taxes</b>                      | 718  | 626  |
| <b>Profit</b>                                  | 1,432  | 1,300  |
| <b>Profit attributable to owners of parent</b> | 1,432  | 1,300  |



## Consolidated Statement of Comprehensive Income

For the fiscal year ended March 31, 2021 and 2022

(Million yen)

|   | FY2020<br>(April 1, 2020 to<br>March 31, 2021) | FY2021<br>(April 1, 2021 to<br>March 31, 2022) |
|---|--|--|
| <b>Profit</b>   | 1,432  | 1,300  |
| <b>Other comprehensive income</b>                     |  |  |
| Valuation difference on available-for-sale securities | (3)  | 43   |
| Remeasurements of defined benefit plans, net of tax   | 431  | 72   |
| <b>Total other comprehensive income</b>               | *  | *  |
|   | 428  | 115  |
| <b>Comprehensive income</b>                           | 1,860  | 1,415  |
| Comprehensive income attributable                     |  |  |
| Comprehensive income attributable to owners of parent | 1,860  | 1,415  |

## Consolidated Statements of Changes in Shareholders' Equity

Previous fiscal year (April 1, 2020 to March 31, 2021)

(Million yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                         | 15,000               | 14,579          | 9,245             | (119)           | 38,705                     |
| Changes during period                                  |                      |                 |                   |                 |                            |
| Dividends of surplus                                   |                      |                 | (952)             |                 | (952)                      |
| Profit attributable to owners of parent                |                      |                 | 1,432             |                 | 1,432                      |
| Purchase of treasury shares                            |                      |                 |                   | (2)             | (2)                        |
| Disposal of treasury shares                            |                      | 2               |                   | 20              | 21                         |
| Changes in items other than shareholders' equity (net) |                      |                 |                   |                 |                            |
| Total changes during period                            | –                    | 2               | 480               | 17              | 499                        |
| Balance at end of period                               | 15,000               | 14,582          | 9,725             | (102)           | 39,204                     |

|  | Accumulated other comprehensive income                |   |  | Total net assets |
|--|---|---|--|------------------|
|  | Valuation difference on available-for-sale securities | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                  |
| Balance at beginning of period                         | (7)   | (829)                                   | (836)  | 37,868           |
| Changes during period                                  |   |   |  |                  |
| Dividends of surplus                                   |   |   |  | (952)            |
| Profit attributable to owners of parent                |   |   |  | 1,432            |
| Purchase of treasury shares                            |   |   |  | (2)              |
| Disposal of treasury shares                            |   |   |  | 21               |
| Changes in items other than shareholders' equity (net) | (3)   | 431                                     | 428  | 428              |
| Total changes during period                            | (3)   | 431                                     | 428  | 927              |
| Balance at end of period                               | (10)  | (398)                                   | (408)  | 38,795           |

Fiscal year under review (April 1, 2021 to March 31, 2022)

(Million yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                         | 15,000               | 14,582          | 9,725             | (102)           | 39,204                     |
| Cumulative effects of changes in accounting policies   |                      |                 | 3                 |                 | 3                          |
| Restated balance                                       | 15,000               | 14,582          | 9,728             | (102)           | 39,207                     |
| Changes during period                                  |                      |                 |                   |                 |                            |
| Dividends of surplus                                   |                      |                 | (1,055)           |                 | (1,055)                    |
| Profit attributable to owners of parent                |                      |                 | 1,300             |                 | 1,300                      |
| Purchase of treasury shares                            |                      |                 |                   | (4,569)         | (4,569)                    |
| Disposal of treasury shares                            |                      | 9               |                   | 19              | 30                         |
| Changes in items other than shareholders' equity (net) |                      |                 |                   |                 |                            |
| Total changes during period                            | -                    | 9               | 244               | (4,548)         | (4,294)                    |
| Balance at end of period                               | 15,000               | 14,592          | 9,973             | (4,651)         | 34,913                     |

|  | Accumulated other comprehensive income                |   |  | Total net assets |
|--|---|---|--|------------------|
|  | Valuation difference on available-for-sale securities | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                  |
| Balance at beginning of period                         | (10)  | (398)                                   | (408)  | 38,795           |
| Cumulative effects of changes in accounting policies   |   |   |  | 3                |
| Restated balance                                       | (10)  | (398)                                   | (408)  | 38,799           |
| Changes during period                                  |   |   |  |                  |
| Dividends of surplus                                   |   |   |  | (1,055)          |
| Profit attributable to owners of parent                |   |   |  | 1,300            |
| Purchase of treasury shares                            |   |   |  | (4,569)          |
| Disposal of treasury shares                            |   |   |  | 30               |
| Changes in items other than shareholders' equity (net) | 43  | 72                                      | 115  | 115              |
| Total changes during period                            | 43  | 72                                      | 115  | (4,178)          |
| Balance at end of period                               | 32  | (326)                                   | (293)  | 34,620           |

## Consolidated Statement of Cash Flow

For the fiscal year ended March 31, 2021 and 2022

(Million yen)

|  | FY2020<br>(April 1, 2020 to<br>March 31, 2021) | FY2021<br>(April 1, 2021 to<br>March 31, 2022) |
|--|--|--|
| <b>Cash flows from operating activities</b>  |  |  |
| Profit before income taxes   | 2,150  | 1,926  |
| Depreciation   | 2,227  | 2,949  |
| Impairment loss  | 765  | 5  |
| Increase (decrease) in provision for bonuses   | (190)  | (89)   |
| Increase (decrease) in provision for bonuses for directors<br>(and other officers)             | 21   | (2)  |
| Increase (decrease) in provision for losses on orders<br>received                              | (95)   | (212)  |
| Increase (decrease) in provision for retirement benefits for<br>directors (and other officers) | 10   | (16)   |
| Increase (decrease) in retirement benefit liability  | 358  | (373)  |
| Loss (gain) on sales of non-current assets   | 2  | -  |
| Loss on retirement of non-current assets   | 6  | 2  |
| Loss (gain) on sale of investment securities   | -  | 1  |
| Loss (gain) on valuation of investment securities  | -  | 71   |
| Contract cancellation fees   | -  | 52   |
| Decrease (increase) in trade receivables   | (1,098)  | 1,482  |
| Decrease (increase) in inventories   | 209  | 318  |
| Decrease (increase) in other assets  | (102)  | 37   |
| Increase (decrease) in trade payables  | 180  | (175)  |
| Increase (decrease) in other liabilities   | (627)  | 209  |
| Other  | (151)  | 56   |
| <b>(Subtotal)</b>  | <b>3,668</b>                                   | <b>6,244</b>                                   |
| Contract cancellation fees paid  | -  | (52)   |
| Income taxes refund  | 34   | 567  |
| Income taxes paid  | (1,785)  | (333)  |
| <b>Net cash provided by (used in) operating activities</b>                                     | <b>1,917</b>                                   | <b>6,427</b>                                   |

(Million yen)

|   | FY2020<br>(April 1, 2020 to<br>March 31, 2021) | FY2021<br>(April 1, 2021 to<br>March 31, 2022) |
|---|--|--|
| <b>Cash flows from investing activities</b>                     |  |  |
| Net decrease (increase) in time deposits                        | 801  | 19   |
| Net decrease (increase) in short-term investment securities     | (2,300)  | –  |
| Purchase of property, plant and equipment                       | (357)  | (740)  |
| Proceeds from sales of property, plant and equipment            | 1,159  | –  |
| Purchase of intangible assets                                   | (1,018)  | (896)  |
| Proceeds from sales of intangible assets                        | 1  | –  |
| Purchase of long-term prepaid expenses                          | (402)  | (167)  |
| Purchase of investment securities                               | (9,390)  | (15)   |
| Proceeds from sale of investment securities                     | –  | 303  |
| Payments for lease and guarantee deposits                       | (225)  | (60)   |
| Proceeds from refund of leasehold and guarantee deposits        | 103  | 108  |
| Payments for asset retirement obligations                       | (77)   | (5)  |
| Other   | 113  | 30   |
| <b>Net cash provided by (used in) investing activities</b>      | <b>(11,592)</b>                                | <b>(1,422)</b>                                 |
| <b>Cash flows from financing activities</b>                     |  |  |
| Repayments of lease obligations                                 | (19)   | (19)   |
| Decrease (increase) in deposits for purchase of treasury shares | 0  | –  |
| Purchase of treasury shares                                     | (2)  | (4,569)  |
| Proceeds from sale of treasury shares                           | –  | 0  |
| Cash dividends paid   | (949)  | (1,053)  |
| <b>Net cash provided by (used in) financing activities</b>      | <b>(971)</b>                                   | <b>(5,641)</b>                                 |
| <b>Net increase (decrease) in cash and cash equivalents</b>     | <b>(10,646)</b>                                | <b>(636)</b>                                   |
| <b>Beginning cash and cash equivalent balance</b>               | <b>21,014</b>                                  | <b>10,368</b>                                  |
| <b>Ending cash and cash equivalent balance</b>                  | <b>* 10,368</b>                                | <b>* 9,731</b>                                 |