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(Securities Code: 4743)
June 1, 2022

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

NOTICE OF THE 63rd 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 63rd Annual General Meeting of Shareholders of ITFOR Inc. (the “Company”) will be held for the purposes as described below.

Additionally, in light of the situation regarding COVID-19 pandemic, we have decided to hold this General Meeting of Shareholders after implementing appropriate measures to prevent infections.

From the perspective of preventing further spread of COVID-19, we strongly request our shareholders to exercise their voting rights in advance in writing or via the Internet wherever possible and refrain from attending the meeting in person regardless of their health conditions. We will stream the meeting live on the Internet to our shareholders (details are provided on page 5).

Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by following the instructions (pages 3 through 4), no later than 5:00 p.m. on Thursday, June 16, 2022, Japan time.

- 1. Date and Time:** Friday, June 17, 2022 at 10:00 a.m. Japan time
Reception start time: 9:00 a.m. Japan time
- 2. Place:** 10F, 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:**
 1. The Business Report, Consolidated Financial Statements for the Company’s 63rd Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 63rd Fiscal Year (April 1, 2021 - March 31, 2022)
 - Proposals to be resolved:**
 - Proposal 1:** Partial Amendments to the Articles of Incorporation
 - Proposal 2:** Election of 5 Directors (Excluding Directors and Audit & Supervisory Board Members)

1. No souvenirs will be provided to shareholders attending the meeting in person.
2. On the day of the meeting, please submit the enclosed Voting Rights Exercise Form at the reception of the meeting venue.
3. Should there be any revisions in the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements, revised information will be provided on the Company's website on the Internet (<https://ir.itfor.co.jp/>) .
4. Pursuant to laws, regulations, and Article 16 of the Company's Articles of Incorporation, of the documents to be provided, following matters are disclosed on the Company's website and therefore not included in the documents attached to this notice.
 - 1) Outline of Resolution of Establishment of a System to Ensure the Appropriateness of Business Activities
 - 2) Outline of the Operating Status of the System to Ensure the Appropriateness of Business Activities
 - 3) Notes to the Consolidated Financial Statements
 - 4) Notes to the Non-consolidated Financial StatementsAdditionally, the Accounting Auditor and the Audit & Supervisory Board audited documents subject to audit including the items posted on the Company's website.

Measures to Prevent COVID-19

<Measures to be taken by the Company>

In the venue of the General Meeting of Shareholders, depending on the circumstances of the day of the meeting, the Company will take preventive measures such as wearing of face masks by the operational staff of the meeting.

<Request to shareholders>

In order to prevent risk of infection, we recommend that shareholders refrain from coming to the venue in person and that exercise voting rights in writing or via the Internet this year.

<Request to our shareholders who will be coming to the venue>

For shareholders who will be coming to the venue, we kindly ask for your cooperation to take preventive measures, which include checking the condition of your health and wearing a face mask at the venue.

Guide to Exercising Voting Rights

Please be reminded that the online voting website and phone inquiry services are available only in Japanese.

Voting rights at the General Meeting of shareholders are important for all shareholders. Please refer to the Reference Documents for the General Meeting of Shareholders to be described later (from pages 6 through 15) and exercise your voting rights.

Voting rights can be exercised in the following three options.

In case that you are attending the meeting in person:

Please submit the enclosed Voting Rights Exercise Form at the reception of the venue.

Date and time: Friday, June 17, 2022 at 10:00 a.m. Japan time
Place: 10F, 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.)

If you have a proxy to attend the Meeting on your behalf:

Please designate one proxy who has the voting rights for the Company. You are required to submit to the Company a written instrument evidencing the proxy's power of representation in advance of the General Meeting of Shareholders.

In case that you are exercising your voting rights in writing (by mail):

Please return the enclosed Voting Rights Exercise Form upon clearly indicating your approval or disapproval of each proposal.

Deadline for exercising voting rights: Your vote must reach the Company no later than 5:00 p.m. on Thursday, June 16, 2022, Japan time

If you are exercising your voting rights via the Internet:

Please indicate your approval or disapproval of each proposal in the form on the voting rights exercise site and transmit your indication.

Deadline for exercising voting rights: Your vote must be entered no later than 5:00 p.m. on Thursday, June 16, 2022 Japan time

How to fill out the Voting Rights Exercise Form

Please indicate your approval or disapproval of each proposal here.

If you approve all candidates
If you disapprove all candidates

Circle "Approval"
Circle "Disapproval"

If you indicate disapproval for certain candidates

Circle "Approval" for the candidate(s) you approve and indicate the number(s) of the candidate(s) you disapprove, or circle "Disapproval" for the candidate(s) you disapprove and indicate the number(s) of the candidate(s) you approve.

Handling of your voting rights

If you do not indicate "Approval" or "Disapproval" on the form, we consider that you agree with the proposal.

Guide to Exercising Voting Rights via the Internet and by Other Electronic Means

How to read the QR code using a smartphone, “Smart Exercise”

You can sign in the website for voting without entering the login ID and password.

1. Please read the QR code printed on the lower right of the Voting Rights Exercise Form.

* The QR code is a registered trademark of DENSO WAVE INCORPORATED.

2. Please follow the instructions on the screen.

You can exercise your voting right once for each proposal by “Smart Exercise”

If you want to change the voting content, please access the PC site and sign in by inputting the voting rights exercise code and the password written on the Voting Rights Exercise Form to exercise voting rights again.

*When reading the QR code again, you will be guided to the PC site.

How to input the vote exercising code and the password

Website for voting rights exercise <https://www.web54.net>

1. Please access the voting rights exercise website.

Click “Next”.

2. Enter the voting rights exercise code written on the Voting Rights Exercise Form.

Enter the voting rights exercise code

Click “Log in”.

3. Enter the password written on the Voting Rights Exercise Form.

Enter the password

Click “Next”

4. Please follow the instructions on the screen.

Contact for inquiries related to exercising voting rights via the Internet, such as how to operate your PC or Smartphone

Stock Transfer Agency website helpdesk
Sumitomo Mitsui Trust Bank, Limited
Special Number: 0120-652-031 (Toll-free number)
Business hours: 9:00 a.m. - 9:00 p.m. Japan time

* If you exercise your voting rights in duplicate by mail and via the Internet, the exercised votes which arrive lastly will be treated as valid. If your exercised votes via the Internet and Voting Rights Exercise Form in writing arrive on the same day, the former will be treated as valid.

* If you exercise your voting rights via the Internet in duplicate, or exercise your voting rights in duplicate on PC and Smartphone, the lastly exercised voting rights will be treated as valid.

To institutional investors:

In addition to the exercise of voting rights via the Internet stated above, only when the advance application is made, institutional investors may use the Electronic Voting System Platform operated by ICJ, Inc.

Guidance for Live Streaming and Acceptance of Advance Questions

The 63rd Annual General Meeting of Shareholders will be live streamed via the Internet. Questions are accepted in advance of the meeting via the Internet. Please take advantage of these opportunities.

Live streaming information

Instead of attending the meeting in person, you will be able to watch the meeting via the Internet from your home.

As exercising voting rights are not allowed on the live streaming, shareholders planning to watch the live streaming are kindly invited to exercise the voting rights beforehand in writing or via the Internet (Smartphone or PC).

Date and time of streaming From 10:00 a.m. on Friday, June 17, 2022, Japan Time
*You will be able to watch the meeting from 9:45 a.m.
How to watch Access the following website and enter your ID and password.

Acceptance of advance questions

Your questions for the Company's management are received on the dedicated website prior to the 63rd Annual General Meeting of Shareholders.

Any matters of high interest to shareholders will be covered at the meeting.

Period of acceptance From 9:00 a.m. on Wednesday, June 1 to 5:00 p.m. on Monday, June 13,
2022, Japan time
How to submit a question Access the following website and enter your ID and password.
Describe your comment or question on the site.

Please access here for reception of live streaming and advance questions. <https://s.srdb.jp.4743>

ID Your shareholder number written on the enclosed Voting Rights Exercise
Form (nine (9)-digit number)
Password Your zip code of your registered address (as of the end of March, 2022)
(seven (7)-digit number)
*Input your shareholder number of 7-digit number with a leading zero (0) and your zip code without a
hyphen.

For inquiries, please contact:

TAKARA PRINTING CO., LTD.
0120-220-195
How to View the live Business hours 9:00 a.m. to the end of the live streaming on Friday
streaming June 17, 2022, the day of the General Meeting of
Shareholders

Notes

Live streaming

- When filming the place of the General Meeting of Shareholders for the live streaming, the Company will limit it to the image on the screen and the area where the Chairperson and Directors sit, in consideration of shareholders' privacy. However, shareholders in attendance may be photographed or filmed when unavoidable.
- Watching the live streaming is not recognized as formally participating in the General Shareholders Meeting under the Companies Act. Therefore, asking questions, exercising voting rights, and proposing a motion on the date of the meeting are not permitted.
- The following acts are strictly prohibited: Sharing the website URL for the live streaming with any third party; photographing, video recording, sound recording, storing, uploading on SNSs the live streaming, or other similar acts.
- Please note that the live streaming may not be provided or not be interrupted depending on the Internet environment, equipment and system troubles and other factors.
- The equipment you use or the Internet connection environment may cause deficiencies in movies and sound.
- Any fees to watch the live streaming, such as communication charges shall be borne by shareholders.
- Please note that the Company may not be able to provide the live streaming due to unavoidable circumstances. In such case, the Company will make an announcement on its website.

Acceptance of advance questions

- Any matters of high interest to shareholders will be covered at the General Meeting of Shareholders. However, we do not guarantee that all the questions will be answered.
- We will use for our future guidance advance questions unanswered at the General Meeting of Shareholders.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Partial Amendments to the Articles of Incorporation

The Company makes a proposal to amend the Company's Articles of Incorporation as follows.

1. Purpose of Partial Amendments

- (1) On July 16, 2021, the Act on Partial Amendment of the Act Strengthening Industrial Competitiveness, etc. came into force. The Act stipulates that listed companies may convene general shareholders' meetings without a designated location (so called the virtual-only general meeting of shareholders) under certain conditions in accordance with provisions of the Articles of Incorporation. In response to this situation, the Company newly establishes Article 13, Paragraph 2 in the current Articles of Incorporation, which enables convening the general meeting of shareholders without a designated location.

The virtual-only general meeting of shareholders enables many shareholders including shareholders having difficulties in their attendances in the current general meetings of shareholders due to their residence in distant areas to attend the meeting, leading to revitalized, efficient and smooth operation of the general meetings of shareholders. Also, in light of measures against large-scale disasters such as infectious diseases and natural disasters and digitization of the entire society, the Company expands the selectable options for the methods by which the general meetings of shareholders are held, providing greater benefits to shareholders.

This amendment to the current Articles of Incorporation will become effective on the condition that this amendment is resolved at this General Meeting of Shareholders, and that the Minister of Economy, Trade and Industry and the Minister of Justice confirm that this amendment falls under the requirements stipulated in the Ordinance of the Ministry of Economy, Trade and Industry and the Ordinance of the Ministry of Justice in cases where this amendment contributes to strengthening industrial competitiveness while giving consideration to securing the interests of shareholders. With response to the condition, supplementary provisions are to be established.

- (2) The system for electronic provision of materials for general meetings of shareholders stipulated in the proviso of Article 1 of the supplementary provisions of the "Act Partially Amending the Companies Act" (Act No. 70 of 2019) was enforced on September 1, 2022. Accordingly, Article 16 is to be amended. The purpose of the proposed Article 16 is to provide the information contained in the reference documents for the general meeting of shareholders electronically and to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it. The current provision of "Disclosure via the Internet and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc." will become unnecessary and be deleted. Accordingly, the supplementary provisions relating to the effective date of this amendment and its relevant matters are to be established.
- (3) The Company, at the 47th Annual General Meeting of Shareholders of the Company held on June 23, 2006, resolved to adopt the measures against acts of large-scale acquisitions of the Company's shares (hereinafter referred to as "anti-takeover measures") to ensure the corporate value of the Company and interests of shareholders and introduced the anti-takeover measures. After that, the latest partial amendment to the content of the anti-takeover measures (hereinafter referred to as "the Plan") was approved at the 60th Annual General Meeting of Shareholders held on June 21, 2019. The effective period of the Plan will end at the close of this General Meeting of Shareholders.

Since the introduction of the Plan in 2006, the Company has proactively worked on enhancing its corporate value, enriching shareholder returns and strengthening its corporate governance. For the coming expiration of the term of the Plan, the Company had carefully considered handling of the Plan in light of opinions of shareholders including domestic and overseas institutional investors, changes in management environments surrounding the Company and the recent trend of anti-takeover measures. As a result, the Board of Directors held on May 12, 2022 resolved the discontinuation and abolition of the Plan.

Accordingly, the current Article 17 (Matters for Resolution, etc.) in the current Articles of Incorporation is to be deleted. Also, each of the subsequent Articles from Article 18 are to be moved up by one.

2. Details of Amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>Chapter 3. General Meeting of Shareholders (Convocation)</p> <p>Article 13. The annual general meeting of shareholders of the Company shall be convened within three (3) months of the day following the last day of each fiscal year, and an extraordinary general meeting of shareholders shall be convened whenever necessary.</p> <p style="text-align: center;">(Newly established)</p> <p>Articles 14 to 15 (Texts Omitted) (<u>Disclosure via the Internet and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.</u>)</p> <p>Article 16 <u>Upon convocation of a general meeting of shareholders, the Company shall be deemed to have provided the shareholders with the information with respect to the matters to be stated or indicated in the reference documents for the general meeting of shareholders, the business reports, the non-consolidated financial statements and the consolidated financial statements, by disclosing such information via the Internet in accordance with the Ordinance of the Ministry of Justice.</u></p> <p style="text-align: center;">(Newly established)</p>	<p>Chapter 3. General Meeting of Shareholders (Convocation)</p> <p>Article 13. <u>1. The annual general meeting of shareholders of the Company shall be convened within three (3) months of the day following the last day of each fiscal year, and an extraordinary general meeting of shareholders shall be convened whenever necessary.</u> <u>2. The Company may convene the general meeting of shareholders without a designated location.</u></p> <p>Articles 14 to 15 (Unchanged) (Deleted)</p> <p>(<u>Measures for the Electronic Provision of Information, etc.</u>)</p> <p>Article 16. <u>1. The Company shall, when convening the general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders and other relevant information electronically.</u> <u>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>


Current Articles of Incorporation	Proposed Amendments
<p data-bbox="178 215 459 241"><u>(Matters for Resolution, etc.)</u></p> <p data-bbox="178 241 785 1281"><u>Article 17</u> 1. The Company may, at the general meeting of shareholders, adopt resolutions with respect to, <u>the introduction, modification, continuation and abolition of anti-takeover measures, in addition to matters specified in laws and regulations and these Articles of Incorporation. In this article, “anti-takeover measures” refers to measures that make it difficult to acquire the Company, such as by issuing or allotment of new shares or stock acquisition rights not for business purposes such as financing but for the purpose of securing and improving the Company’s corporate value and the common interests of shareholders.</u></p> <p data-bbox="293 613 785 824">2. <u>As part of anti-takeover measures, the Company may determine matters with respect to allotment of stock acquisition rights without contribution by resolution of the Board of Directors, resolution of the general meeting of shareholders, or resolution of the Board of Directors based on delegation by resolution of the general meeting of shareholders.</u></p> <p data-bbox="293 824 785 1281">3. <u>In the event that the Company determines matters with respect to allotment of stock acquisition rights without contribution pursuant to the preceding paragraph, the Company may specify the following matters as content of the stock acquisition rights:</u> <u>(1) Those certain persons specified in the anti-takeover measures (hereinafter referred to as “non-qualified persons”) may not exercise the stock acquisition rights; and</u> <u>(2) That when acquiring stock acquisition rights, the Company may deal differently with non-qualified persons and persons other than non-qualified persons with respect to whether consideration is to be delivered in exchange for the stock acquisition rights and the content thereof.</u></p> <p data-bbox="185 1339 520 1366">Articles <u>18</u> to <u>40</u> (Texts omitted)</p> <p data-bbox="386 1402 584 1429">(Newly established)</p>	<p data-bbox="1059 215 1155 241">(Deleted)</p> <p data-bbox="807 1339 1165 1366">Articles <u>17</u> to <u>39</u> (Unchanged)</p> <p data-bbox="807 1402 1407 1482"><u>Supplementary Provisions</u> <u>(Transition measures for the general meeting of shareholders without a designated location)</u></p> <p data-bbox="807 1482 1407 1832"><u>Article 1</u> <u>The amendment to Article 13 shall become effective on the condition that the Minister of Economy, Trade and Industry and the Minister of Justice confirm that the general meeting of shareholders totally electronized by the Company in accordance with the stipulation of the Act on Partial Amendment of the Act Strengthening Industrial Competitiveness, etc. falls under the requirements stipulated in the Ordinance of the Ministry of Economy, Trade and Industry and the Ordinance of the Ministry of Justice. These supplementary provisions shall be deleted on the effective date thereof.</u></p>


Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p><u>(Transition measures for the electronic provision of information)</u></p> <p><u>Article 2. 1. The deletion of the current Article 16 (Disclosure via the Internet and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.) and the newly establishment of the proposed amended Article 16 (Measures for the Electronic Provision of Information, etc.) of the Articles of Incorporation shall take effect on September 1, 2022, the effective date of the amendment provisions prescribed in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019)</u></p> <p><u>2. Notwithstanding the preceding paragraph, the current Article 16 of the Articles of Incorporation shall remain in effect for a general meeting of shareholders held within six (6) months from September 1, 2022.</u></p> <p><u>3. These supplementary provisions shall be deleted on the date when six (6) months have elapsed from September 1, 2022 or three (3) months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever comes later.</u></p>


Proposal 2: Election of 5 Directors (Excluding Directors and Audit & Supervisory Board Members)


The terms of office of all five incumbent Directors will expire at the close of this General Meeting of Shareholders. It is proposed that five Directors be elected (excluding Directors and Audit & Supervisory Board Members).


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) <u>Reappointment</u>	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.	42,500
[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>	<p>April 1987 Joined the Company</p> <p>June 2008 Executive Officer, General Manager of Software Systems Division I</p> <p>October 2008 Executive Officer, General Manager of Software Development Department</p> <p>June 2013 Director and Executive Officer, General Manager of Technical Support Division</p> <p>June 2014 Director and Managing Executive Officer, General Manager of Technology Development Department and Technical Support Division</p> <p>October 2015 Director and Managing Executive Officer, General Manager of Technology Development Department</p> <p>August 2018 Director and Managing Executive Officer, General Manager of Public Systems Division and responsible for Technology Development Department</p> <p>April 2019 Director and Representative Senior Managing Director, General Manager of Public Systems Division and Software Systems Division IV</p> <p>June 2019 Director and Representative Senior Managing Director, General Manager of Public Systems Division and Software Systems Division III</p> <p>April 2020 Director and Representative Senior Managing Director, General Manager of Technology Development Department and Software Systems Division II</p> <p>October 2020 Representative Senior Managing Director and Executive Officer, General Manager of Technology Development Department and Software Systems Division II (to present)</p> <p>(Significant concurrent positions) Director, ICR Co., Ltd. Director, EeB Corporation Director, AISEL Corporation Director, ALPHA & SHIN-YO Corporation</p>	124,400
<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	 <p data-bbox="220 674 379 730">Hirotaka Oeda (July 23, 1957)</p> <p data-bbox="212 757 387 790">Reappointment</p>	<p data-bbox="432 275 544 297">April 1981</p> <p data-bbox="432 309 544 331">June 2004</p> <p data-bbox="432 342 544 365">April 2005</p> <p data-bbox="432 398 544 421">June 2006</p> <p data-bbox="432 454 544 477">June 2007</p> <p data-bbox="432 510 544 533">October 2009</p> <p data-bbox="432 566 544 589">April 2015</p> <p data-bbox="432 622 544 645">June 2016</p> <p data-bbox="432 678 544 701">May 2017</p> <p data-bbox="432 734 544 757">December 2018</p> <p data-bbox="432 790 544 813">April 2020</p> <p data-bbox="432 846 544 869">April 2021</p> <p data-bbox="432 902 767 1014">(Significant concurrent position) Director, CVC Co., Ltd.</p>	173,900
<p data-bbox="196 1021 707 1043">[Reason for nomination as candidate for Director]</p> <p data-bbox="196 1055 1453 1227">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) <div style="border: 1px solid black; padding: 2px; width: fit-content;">Reappointment</div>	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	65,700
<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	 Waka Abe (June 15, 1972)	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. (to present) June 2021 Outside Director, the Company (to present)	400
	<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>	(Significant concurrent position) Director, SK-Electronics Co., Ltd.	
<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 Directors based on their knowledge, experience, capacity and contribution to improving business performance, etc.
3. Ms. Waka Abe is a candidate for Outside Director and she will have served as such for one year at the close of the General Meeting of Shareholders.
4. The Company has registered Ms. Waka Abe as Independent Director to the Tokyo Stock Exchange, Inc.
5. 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.
6. 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 2022, and the Company plans to renew such contract with the same contents.

<Reference>

The following table shows the skill matrix of the Board of Directors when the candidates are elected as originally proposed.

Skills Matrix

Name	Position	Management Experience	ESG / Sustainability	Marketing and Business Strategy	IT and Infrastructure Technology	Industry Knowledge	International-ism 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	○	○	○		○		○	
Katsuo Nakayama	Director and Executive Officer, General Manager of Administration Department	○	○			○		○	○
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.

Business Report

(April 1, 2021 - March 31, 2022)

1. Overview of the Corporate Group

(1) Business Progress and Results

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.

The Japanese economy during the current consolidated fiscal year (April 1, 2021 - March 31, 2022), showed signs of a recovery in its business activities thanks to efforts in vaccinations amid the prolonged impact of the pandemic due to the resurgence of various COVID-19 variants. On the other hand, the economic outlook has remained uncertain due to a shortage of semiconductors, confusion in logistics networks and soaring crude oil prices worldwide. The Russia/Ukraine situation and the global pressure toward inflation has added to the uncertainty.

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 on a recovery trend, mainly in DX (digital transformation) that transforms business processes and business models by utilizing technologies including AI and blockchain. On the other hand, some industries and companies are showing signs of restraint or postponement of IT investment due to the prolonged effects of COVID-19 infections, and therefore, we continue to pay close attention to any revision in their investment plans.

For our operating activities, mainly from financial institutions, stable orders were received for our flagship non-performing loan management system, and in addition, sales have continued to progress favorably, such as sales 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. While reducing the number of application sheets and digitalizing contract documents as part of our efforts for the environment, we are contributing to streamlining screening operations. Also, sales of “Robotic Call” that automates operations for demand of non-performing loans performed well, winning new customers, mainly non-banks. On the other hand, orders dropped in the field of BPO (business process outsourcing) services for the public sector, as a reaction to the orders received for large-scale projects under multi-year contracts in the previous year. In addition, some industries including the distribution and retail businesses curbed capital investments due to the effects of COVID-19. Accordingly, orders received were ¥17,548 million (¥18,459 million in the previous year) and backlog orders were ¥15,055 million (¥14,528 million in the previous year).

Under such business conditions, for the business results in the current consolidated fiscal year, sales and income reached record highs. Sales were ¥17,021 million (¥16,289 million in the previous year) in spite of the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the “Revenue Recognition Accounting Standard”), etc., from the beginning of the current year, due to the high level of backlog orders at the end of the previous year. Operating income was ¥3,031 million (¥2,186 million in the previous year), ordinary income was ¥3,106 million (¥2,317 million in the previous year), and net income attributable to owners of the parent was ¥2,112 million (¥1,683 million in the previous year). These results were due to reduction in expenses through promoting new work styles and reviewing operation procedures under the COVID-19 crisis, in addition to increased income as a result of higher revenue.

In this regard, from the current year, the Company has changed the business segments to be stated as reportable segments and comparison and analysis of the current consolidated fiscal year are based on the categories after the change.

(System Development and Sales)

Sales have continued to maintain the level of the previous year due to our core businesses of development of software for financial institutions, renewal of infrastructure equipment and introduction of “Robotic Call” that automates operations for making demands for non-performing loans, etc. Also, sales of multi-payment terminal “iRITSpay Payment Terminal” have progressed favorably due to the promotion of cashless payments for non-face-to-face operations. Orders received were ¥10,962 million (¥10,886 million in the previous year) as a result of sales activities

including large-scale renewals of existing call recording systems and new orders from local department stores planning to renew their mission-critical systems.

Under such circumstances, in spite of the high-level of backlog orders at the end of the previous year contributing to sales, due to the effect from application of the Revenue Recognition Accounting Standard, etc., sales were ¥9,855 million yen (¥10,064 million in the previous year). On the other hand, due to efficient use of some expenses including expenses from operating activities, income increased. Segment income was ¥1,501 million (¥1,434 million in the previous year), resulting in a decrease in revenue and an increase in income, compared to the previous fiscal year.

(Recurring)

In addition to maintenance services that are a stable source of revenue, BPO (business process outsourcing) services for the public sector, mainly for ordinance-designated cities and core cities, have continued to perform well. New contracts, as well as recurring orders from existing customers were acquired.

During the current consolidated fiscal year, due to fewer bids of BPO services as a result of the effects from the spread of COVID-19 infections, etc., and the impact from the reaction to the orders received for multi-year projects in the previous year, etc., orders received were ¥6,585 million (¥7,572 million in the previous year), which showed a decrease compared to the previous year. On the other hand, due to the high level of backlog orders at the end of the previous year contributing to sales, and increased income as a result of the increase in revenue, sales were ¥7,166 million (¥6,225 million in the previous year) and segment income was ¥1,529 million (¥752 million in the previous year), a significant increase in revenues and income compared to the previous year.

[Sales Breakdown]

The sales composition by segment is as follows:

Segment	Amount	Composition ratio
System Development and Sales	¥9,855 million	57.9%
Recurring	¥7,166 million	42.1%
Total	¥17,021 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.

(2) Status of Capital Investments

Total capital investments for the current consolidated fiscal year were ¥368 million. Major capital investments were as follows:

Purchase of software for internal use	¥86 million
Purchase of tools, furniture and fixtures	¥42 million
Development of software for sales on the market	¥40 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

Future management circumstances are clouded by concerns over the impact of the persisting spread of COVID-19 infections worldwide. Although it is uncertain when the pandemic will be brought under control, the domestic economy is expected to recover autonomously due to the promotion of vaccinations and other infection countermeasures as well as various policies taken by the national and local governments. On the other hand, heightened geopolitical risks have caused many destabilizing factors such as soaring commodity markets including price hikes of crude oil and raw materials, depreciation of the yen and confused financial markets. The unpredictable situation is expected to continue.

Under such circumstances, the Company Group announced in FY2021 its Medium-Term Management Plan, "NEXT STAGE 2023 - HENCA SINCA SOZO -" for the three-year period from FY2021 to FY2023. In addition, the Company Group has revised its corporate philosophy and newly established its Purpose to present its meaning of existence in society on the occasion of the 50th anniversary of its founding coming up in December 2022.

Corporate Philosophy

Generating excitement and smiles with "A Spirit To Be Close" to people

Purpose

Through social contribution by regional revitalization, we will contribute to the development of a sustainable future by providing surprises to all peoples and businesses

Needs from society and customers are diversifying in line with changes in the social environment. Under the Medium-Term Management Plan, the Company Group aims for sales of ¥21.0 billion, an operating income of ¥3.2 billion, and ROE and ROIC of not less than 13% as financial targets for FY2023. Under the following basic policies, the Company Group will resolve its issues to date and accelerate its initiatives to achieve sustainable growth.

1) Reinforcing management base

In order to aim for the sustainable improvement of corporate value and continuing business growth, we believe that building a strong management foundation is essential. Accordingly, we will promote the strengthening of governance, internal infrastructure, the development organization and quality. Also, we will secure diverse human resources that will support future growth and reinforce them in terms of both quality and number.

2) Enhancing profitability

The Medium-Term Management Plan has set the corporate ROIC target at 13% and aims to enhance profitability through the company-wide adoption of ROIC based management to achieve the target. Specifically, we will make efforts to exit from unprofitable businesses, further pursue synergies among division, and proactively invest in growing businesses and new businesses to develop them.

3) Advancing ESG management

In addition to the pursuit of profit and efficiency, companies need to practice ESG management for future growth. At the Company Group, the President himself will be in charge of promoting sustainability to firmly infuse the concept of ESG inside the Company. In addition, we hope to contribute to DX in regional areas and the revitalization of regional economies by leveraging our strengths and providing various solutions.

(8) Trends in Assets and Income

(In millions of yen, unless otherwise specified)

Item	The 60th consolidated fiscal year ended March 31, 2019	The 61st consolidated fiscal year ended March 31, 2020	The 62nd consolidated fiscal year ended March 31, 2021	The 63rd consolidated fiscal year ended March 31, 2022 (Current year)
Sales	12,554	15,239	16,289	17,021
Ordinary income	1,709	1,839	2,317	3,106
Net income attributable to owners of the parent	1,148	1,232	1,683	2,112
Earnings per share (yen)	41.75	44.98	61.56	76.84
Total assets	15,878	16,294	18,690	20,010
Net assets	12,367	12,564	14,101	15,606
Net assets per share (yen)	449.42	458.83	512.48	565.00

(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 for the 63rd consolidated fiscal year 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

3) Progress and results of business combinations

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

A former consolidated subsidiary at the end of the previous consolidated fiscal year, GRASSROOTS Inc. was excluded from the scope of consolidation due to the transfer of all shares held by the Company during the current consolidated fiscal year.

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, 2022)

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

(12) Employees (as of March 31, 2022)
(The Group)

Number of Employees	Change from the end of the previous year
603 [885]	Decrease of 32 [increase of 364]

(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
488 [397]	Decrease of 28 [increase of 167]	41.7 years old	11.5 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, 2022)
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 30% or more, while taking into account performance trends and financial conditions.

As the Company marks its 50th anniversary in December 2022, the Board of Directors resolved at its meeting held on May 12, 2022, to pay a dividend of ¥30 per share, comprising a commemorative dividend of ¥5 per share to show its gratitude to the support from shareholders and a dividend of ¥25 reflecting a payout increase of ¥2 per share to further promote return of profits to shareholders in accordance with the upward revision of the performance forecast.

(15) Other Important Matters concerning the Current Status of the Corporate Group
Not applicable.

2. Status of Shares (as of March 31, 2022)

- (1) Total Number of Shares Authorized to be Issued 110,000,000 shares
- (2) Total Number of Shares Outstanding 29,430,000 shares
(including 1,719,913 shares of treasury stock)
- (3) Number of Shareholders 9,676 persons

(4) Major Shareholders

Shareholders' name	Number of shares held (Shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	3,771,400	13.61
Custody Bank of Japan, Ltd. (Trust account)	1,696,096	6.12
Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank Re-trust Portion/BROTHER INDUSTRIES, LTD. Retirement Benefit Trust Account)	1,420,000	5.12
ITFOR Employee Shareholding Association	968,200	3.49
KIA FUND 136	611,300	2.21
Meiji Yasuda Life Insurance Company	551,400	1.99
The Bank of Yokohama, Ltd.	500,000	1.80
RBC ISB LUX NON RES/DOM RATE-UCITS CLIENTS ACCOUNT-MIG	395,800	1.43
Kiyoshi Higashikawa	366,400	1.32
Eishi Murakami	361,000	1.30

- (Notes)
1. The shares held by Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank Re-trust 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 1,719,913 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	750 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	75,000 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, 2022)

Position	Name	Responsibilities and significant concurrent positions
President and Representative Director	Tsunenori Sato	Director, ICR Co., Ltd. Director, CVC Co., Ltd.
Representative Senior Managing Director and Executive Officer	Koji Sakata	General Manager of Technology Development Department General Manager of Software Systems Division II 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
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 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. Directors, Messrs. Kiyoshi Higashikawa, Toshiaki Kodama and Koichi Hara retired from their positions due to expiration of their terms of office at the close of the 62nd Annual General Meeting of Shareholders held on June 18, 2021.
 2. Outside Directors, Messrs. Makoto Sato and Daisuke Koizumi are qualified as certified public accountants and have considerable knowledge in finance and accounting.
 3. 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.
 4. The Company has registered Outside Directors, Ms. Waka Abe and Messrs. Makoto Sato and Daisuke Koizumi as independent directors with the Tokyo Stock Exchange.
 5. 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

The Company stipulates in its Articles of Incorporation that it may enter into a liability limitation agreement with Directors (excluding executive directors, etc.), in accordance with Article 427, Paragraph 1 of the Companies Act, to limit their liability for damages to the amount stipulated by laws and regulations as provided in Article 423, Paragraph 1 of the same Act, so that they may fully perform their expected roles. Currently, the Company has entered into such liability limitation agreements with all of its non-executive directors of the Company.

(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. In the event that a claim for damages is brought by a shareholder, third party or other party, the insurance contract covers liability such as compensation for damages and litigation expenses that shall be borne by the insured. The insured under the insurance contract is Directors of the Company, and the premiums are fully borne by the Company.

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

1) Details and the determination method of the amount of remuneration, etc. of Directors and its calculation method

a. Determination policy and determination process

The Board of Directors resolved the policy for determining the content of remuneration of individual Directors (excluding Directors and Audit & Supervisory Board Members). The following is an overview of the 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 the basic policy due to the following reasons. The Nomination and Compensation 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 18, 2021.

b. Remuneration system

The remuneration of the officers of the Company combines basic remuneration, performance-linked remuneration and stock remuneration as non-monetary 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 FY2021, the target amount was ¥1,580 million, and the actual amount was ¥2,112 million.

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

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 Compensation 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, 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 Compensation 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 ending 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)	189,409	83,070	71,910	2,921	31,508	6
Outside Directors (excluding Directors and Audit & Supervisory Board Members)	3,600	3,600	–	–	–	1
Directors and Audit & Supervisory Board Members (excluding Outside Directors)	13,680	13,680	–	–	–	2
Outside Directors (Directors and Audit & Supervisory Board Members)	9,480	9,480	–	–	–	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	20 out of 20 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	24 out of 24 meetings of the Board of Directors 16 out of 16 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	24 out of 24 meetings of the Board of Directors 16 out of 16 meetings of the Audit & Supervisory Board	He mainly provides comments based on his extensive experience as a manager and a certified public accountant.

(Note) The status of attendance for Ms. Waka Abe has been counted since June 2021 when she assumed office as Director.

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)	¥35,000 thousand
Total amount of cash and other financial benefits payable by the Company and its subsidiaries	¥35,000 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 to the Accounting Auditor about its dismissal 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

I 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 contribute to the continuous and sustainable ensuring and enhancement of 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.

Nevertheless, the nature of the shareholders of the Company is determined by the unrestricted trading of the Company's shares on the capital markets, and the nature of the individuals controlling the Company should ultimately be determined by the will of the shareholders, as a whole. Accordingly, the Company believes that the final decision on whether to accept an acquisition proposal that would transfer control of the Company should be left to the will of the shareholders, as a whole.

The Company does not categorically deny all large-scale acquisitions of the Company's shares, especially if they contribute to the corporate value of the Company, and by extension to the common interests of the shareholders. However, it is also a fact that many large-scale acquisitions do not contribute to the corporate value and the common interests of the shareholders, such as certain acquisitions conducted for purposes that are clearly detrimental to corporate value and the common interests of the shareholders. To prevent such inappropriate large-scale acquisitions, the Company believes that it is imperative that the Company's corporate value, and by extension the common interest of the shareholders, are ensured through the implementation of necessary and reasonable countermeasures.

II Details of Efforts to Realize the Basic Policy

At the 47th Annual General Meeting of Shareholders held on June 23, 2006, the Company resolved to adopt the measures against acts of large-scale acquisitions of the Company's shares (hereinafter referred to as "takeover defense measures") to ensure the corporate value of the Company and common interests of shareholders (hereinafter, the takeover defense measures resolved at the said General Meeting of Shareholders shall be referred to as the "Previous Plan"). Since 2007, the Company has been obtaining the shareholders' approval through resolutions for the election of all Directors who endorse the Previous Plan at the annual general meetings of shareholders. However, in light of the trends of subsequent discussions on takeover defense measures, the Company determined that it would be desirable if the will of shareholders was more directly reflected through the resolutions of the general meeting of shareholders. The details of the takeover defense measures were revised upon approval at the 60th Annual General Meeting of Shareholders held on June 21, 2019 (hereinafter, the revised takeover defense measures shall be referred to as the "Plan").

The purpose of the Plan, in the event of a large-scale acquisition of the Company's shares, is to provide shareholders of the Company with the necessary information to reach an appropriate decision regarding whether to agree to a large-scale acquisition, as well as to secure opportunities for the Board of Directors of the Company to evaluate and examine the large-scale acquisition, conduct negotiations, form an opinion, and present an alternative proposal, thereby ensuring and enhancing the corporate value of the Company and ultimately, the common interests of shareholders.

To prevent arbitrary decision-making by the Board of Directors on whether or not to conduct an allotment of stock acquisition rights without contribution according to the Plan, as well as the acquisition of the stock acquisition rights and other matters, the Company shall establish a neutral third-party committee to provide objective judgments, while also ensuring that the Board of Directors exercises caution in its judgment. In addition to the above, if the requirements to invoke the Plan are met, the Company's Board of Directors shall convene a General Meeting of Shareholders to confirm the will of all shareholders regarding implementation of the allotment of stock acquisition rights without contribution. Furthermore, in order for shareholders to reach an appropriate decision, the Board of Directors will disclose the details of the large-scale acquisition and its impact on the corporate value of the Company, whether there is an alternative proposal to this large-scale acquisition, and other necessary and adequate information, thereby ensuring the transparency of these procedures.

The Plan is posted on the Company's website, available at the following URL.

<https://ir.itfor.co.jp/english//management/governance.html>

III The Decision of the Board of Directors of the Company on the Above Initiatives and the Reason Thereof

The Board of Directors of the Company believes that these initiatives are in line with the basic policy and are not detrimental to the Company's corporate value and common interests of shareholders.

Under the Plan, in the event of a large-scale acquisition, the Board of Directors of the Company will request that a third-party committee be formed and decide on whether to trigger countermeasures paying optimal respect to the recommendations of the third-party committee. The countermeasures have also been designed in a way that they will not be triggered unless a set of reasonable and objective conditions have been met. Therefore, the Company believes that the Plan ensures a system that prevents the arbitrary triggering of countermeasures by the Board of Directors and also that its purpose is not to maintain the position of Directors.

The Plan will expire at the close of the General Meeting of Shareholders of the Company to be held on June 17, 2022 (hereinafter referred to as the "General Meeting of Shareholders"). The Board of Directors of the Company held on May 12, 2022 resolved to terminate and discontinue this Plan at the close of the General Meeting of Shareholders.

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, 2022)

(Unit: thousand yen)

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets	16,264,036	Current liabilities	4,174,438
Cash and deposits	3,635,748	Accounts payable	947,003
Notes and accounts receivable and contract assets	2,589,925	Corporate income tax and other taxes payable	684,661
Securities	9,099,782	Reserve for bonuses	530,643
Inventories	671,614	Contract liabilities	808,087
Other	266,964	Other	1,204,042
Fixed assets	3,746,498	Fixed liabilities	229,166
Tangible fixed assets	619,687	Net defined benefit liabilities	201,675
Buildings	262,951	Reserve for stock benefit	15,540
Machinery, equipment and delivery equipment	0	Long-term accrued amount	4,278
Land	149,565	Other	7,673
Construction in progress	27,910	Total liabilities	4,403,605
Other	179,260	Net assets	
Intangible fixed assets	587,905	Shareholders' equity	15,156,908
Goodwill	115,717	Capital stock	1,124,669
Other	472,188	Capital surplus	1,359,266
Investments and other assets	2,538,905	Retained earnings	13,943,432
Investment securities	1,784,683	Treasury stock	△1,270,459
Deferred tax assets	180,668	Accumulated other comprehensive income	422,154
Other	573,553	Valuation difference on other securities	423,869
		Accumulated adjustment for retirement benefits	△1,715
		Stock acquisition rights	27,867
		Total net assets	15,606,930
Total assets	20,010,535	Total liabilities and net assets	20,010,535

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

Consolidated Profit and Loss Statement

(From April 1, 2021 to March 31, 2022)

(Unit: thousand yen)

Description	Amount	
Sales		17,021,640
Cost of goods sold		10,864,737
Gross profit on sales		6,156,902
Selling, general and administrative expenses		3,125,513
Operating income		3,031,389
Non-operating income		
Interest income	3,062	
Dividend income	50,805	
Profit on sale of investment securities	1,306	
Investment profit by equity method	10,665	
Other	40,923	106,762
Non-operating expenses		
Commissions paid	5,825	
Loss on sales of investment securities	6,502	
Miscellaneous loss	18,917	
Other	278	31,524
Ordinary income		3,106,628
Extraordinary income		
Profit on reversal of share acquisition rights	3,550	3,550
Net income before taxes		3,110,178
Corporate income tax, resident tax and business tax	1,005,565	
Adjustment of corporate income tax and other taxes	△6,911	998,653
Net income		2,111,524
Net loss attributable to non-controlling interests		△1,284
Net income attributable to owners of the parent		2,112,809

(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, 2021 to March 31, 2022)

(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	1,346,574	12,456,812	△1,357,260	13,570,796
Changes during the period					
Dividends of surplus			△631,377		△631,377
Increase/decrease in retained earnings in connection with exclusion from consolidation			5,187		5,187
Net income attributable to owners of the parent			2,112,809		2,112,809
Acquisition of treasury stock				△89,999	△89,999
Disposition of treasury stock		12,692		176,800	189,492
Changes in items other than shareholders' equity during the period (net)					
Total changes during the period	-	12,692	1,486,619	86,800	1,586,112
Balance at the end of the period	1,124,669	1,359,266	13,943,432	△1,270,459	15,156,908

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interest	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	492,760	96	△1,862	490,993	30,417	8,993	14,101,201
Changes during the period							
Dividends of surplus							△631,377
Increase/decrease in retained earnings in connection with exclusion from consolidation							5,187
Net income attributable to owners of the parent							2,112,809
Acquisition of treasury stock							△89,999
Disposition of treasury stock							189,492
Changes in items other than shareholders' equity during the period (net)	△68,890	△96	147	△68,839	△2,549	△8,993	△80,382
Total changes during the period	△68,890	△96	147	△68,839	△2,549	△8,993	1,505,729
Balance at the end of the period	423,869	-	△1,715	422,154	27,867	-	15,606,930

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

Non-consolidated Balance Sheet

(As of March 31, 2022)

(Unit: thousand yen)

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets	14,955,555	Current liabilities	3,880,463
Cash and deposits	2,580,965	Accounts payable	995,386
Notes receivable	129,200	Accrued amount	402,120
Accounts receivable	1,885,403	Accrued expenses	220,630
Contract assets	322,877	Corporate income tax and other taxes payable	610,708
Investments in leases	134,252	Accrued consumption taxes	335,797
Securities	9,099,782	Contract liabilities	808,087
Merchandise	211,745	Deposits received	30,108
Work in process	432,909	Reserve for bonuses	477,585
Supplies	20,747	Other	39
Prepaid expenses	133,116		
Other	4,555		
Fixed assets	4,438,640	Fixed liabilities	219,021
Tangible fixed assets	546,251	Reserve for retirement benefits	199,203
Buildings	245,152	Reserve for stock benefit	15,540
Machinery and equipment	0	Long-term accrued amount	4,278
Tools, furniture and fixtures	124,197		
Land	149,565	Total liabilities	4,099,484
Construction in progress	27,336		
Intangible fixed assets	464,361	Net assets	
Software	279,814	Shareholders' equity	14,843,315
Software in progress	176,967	Capital stock	1,124,669
Other	7,579	Capital surplus	1,334,780
Investments and other assets	3,428,027	Legal capital surplus	1,221,189
Investment securities	1,681,593	Other capital surplus	113,591
Stocks of affiliated companies	1,018,699	Retained earnings	13,648,429
Long-term loans receivable	8,250	Legal retained earnings	94,356
Long-term loans receivable from affiliated companies	42,000	Other retained earnings	13,554,073
Long-term prepaid expenses	47,412	General reserve	5,512,500
Deferred tax assets	154,689	Retained earnings brought forward	8,041,573
Leasehold and guarantee deposits	382,552	Treasury stock	△1,264,563
Insurance funds	48,081	Valuation and translation adjustments	423,527
Other	44,817	Valuation difference on other securities	423,527
Allowance for doubtful accounts	△68	Stock acquisition rights	27,867
Total assets	19,394,196	Total net assets	15,294,711
		Total liabilities and net assets	19,394,196

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

Non-consolidated Profit and Loss Statement

(From April 1, 2021 to March 31, 2022)

(Unit: thousand yen)

Description	Amount	
Sales		15,416,122
Cost of goods sold		9,982,353
Gross profit on sales		5,433,768
Selling, general and administrative expenses		2,556,912
Operating income		2,876,855
Non-operating income		
Interest income	944	
Interest on securities	2,442	
Dividend income	50,740	
Profit on sale of investment securities	7,613	
Miscellaneous income	23,511	85,252
Non-operating expenses		
Commissions paid	5,689	
Retirement loss on fixed assets	4	
Loss on sale of investment securities	6,502	
Foreign exchange losses	78	12,275
Ordinary income		2,949,832
Extraordinary income		
Profit on reversal of stock acquisition rights	3,550	3,550
Net income before taxes		2,953,382
Corporate income tax, resident tax and business tax	915,105	
Adjustment of corporate income tax and other taxes	△6,105	908,999
Net income		2,044,383

(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, 2021 to March 31, 2022)

(Unit: thousand yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at the beginning of the period	1,124,669	1,221,189	100,899	1,322,088	94,356	5,512,500	6,628,567	12,235,423
Changes during the period								
Dividends of surplus							△631,377	△631,377
Net income							2,044,383	2,044,383
Acquisition of treasury stock								
Disposition of treasury stock			12,692	12,692				
Changes in items other than shareholders' equity during the period (net)								
Total changes during the period	–	–	12,692	12,692	–	–	1,413,006	1,413,006
Balance at the end of the period	1,124,669	1,221,189	113,591	1,334,780	94,356	5,512,500	8,041,573	13,648,429

	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	△1,351,363	13,330,817	492,770	96	492,867	30,417	13,854,101
Changes during the period							
Dividends of surplus		△631,377					△631,377
Net income		2,044,383					2,044,383
Acquisition of treasury stock	△89,999	△89,999					△89,999
Disposition of treasury stock	176,800	189,492					189,492
Changes in items other than shareholders' equity during the period (net)			△69,242	△96	△69,339	△2,549	△71,888
Total changes during the period	86,800	1,512,498	△69,242	△96	△69,339	△2,549	1,440,610
Balance at the end of the period	△1,264,563	14,843,315	423,527	–	423,527	27,867	15,294,711

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

Independent Auditor's Report
(English Translation)

May 23, 2022

To the Board of Directors
ITFOR Inc.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Toshinari Takeno
Designated Engagement Partner
Certified Public Accountant

Toshiyuki Matsuura
Designated Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements of ITFOR Inc. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at March 31, 2022, and the consolidated profit and loss statement, the consolidated statement of changes in shareholders' equity and other net assets for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information consists of the business report and the accompanying supplementary schedules, other than the financial statements and our auditor's report thereon. Management is responsible for the other information presentation.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection to our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters relating to going concern.

The Audit & Supervisory Board is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Conflicts of Interest

We have no interest in the Group which should be disclosed in accordance with the Certified Public Accountants Act of Japan.

Independent Auditor's Report
(English Translation)

May 23, 2022

To the Board of Directors
ITFOR Inc.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Toshinari Takeno
Designated Engagement Partner
Certified Public Accountant

Toshiyuki Matsuura
Designated Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying non-consolidated financial statements of ITFOR Inc. (the "Company"), which comprise the non-consolidated balance sheet as at March 31, 2022, and the non-consolidated profit and loss statement, the non-consolidated statement of changes in shareholders' equity and other net assets for the 63rd fiscal year then ended, notes to the non-consolidated financial statements and its supplementary schedules (the "non-consolidated financial statements, etc.>").

In our opinion, the accompanying non-consolidated financial statements, etc. present fairly, in all material respects, the non-consolidated financial position of the Company as at March 31, 2022, and its non-consolidated financial performance and its non-consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information consists of the business report and the accompanying supplementary schedules, other than the financial statements and our auditor's report thereon. Management is responsible for the other information presentation.

Our opinion on the non-consolidated financial statements, etc. does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection to our audit of the non-consolidated financial statements, etc., our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements, etc. or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Board for the Non-consolidated financial

statements, etc.

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters relating to going concern.

The Audit & Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Non-consolidated Financial Statements, etc.

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements, etc..

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess Identify and assess the risks of material misstatement of the non-consolidated financial statements, etc., whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the non-consolidated financial statements, etc. is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements, etc. or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, etc., including the disclosures, and whether the non-consolidated financial statements, etc. represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Conflicts of Interest

We have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act of Japan.

Audit Report (English Translation)

The Audit & Supervisory Board has audited the directors' performance of their duties for the 63rd fiscal year from April 1, 2021 to March 31, 2022 and reports as follows in regard to the method and results of those audits.

1. Method and Contents of Audits

In regard to the content of resolutions of the board of directors regarding the matters stated in Article 399-13, paragraph (1), items (i)(b) and (i)(c) of the Companies Act, as well as the systems developed pursuant to those resolutions (i.e., internal control systems), the Audit & Supervisory Board periodically received reports from directors and employees, etc. regarding the status of the establishment and operation of those systems and as necessary requested explanations and expressed opinions in regard thereto, in addition to which the Audit & Supervisory Board conducted audits using the following methods.

- 1) Based on the standards for audits by the Audit & Supervisory Board and in accordance with the audit policies and division of duties, etc. determined by the Audit & Supervisory Board, and in cooperation with the internal control department of the company, the Audit & Supervisory Board attended important meetings, received reports from directors and employees, etc. regarding matters related to the performance of their duties, requested explanations as necessary, viewed important decision-making documents, etc., and inspected the status of operations and assets at the head office and main business locations. Additionally, in regard to subsidiaries, the Audit & Supervisory Board communicated and exchanged information with the directors and audit and supervisory board members, etc. of subsidiaries and received reports on business from subsidiaries as necessary.
- 2) In regard to the basic policies provided for in Article 118, item (iii)(a) of the Ordinance for Enforcement of the Companies Act, and the efforts provided for in item (iii)(b) of that article, each as stated in the business report, the Audit & Supervisory Board considered the contents thereof taking into account matters such as the status of deliberations at meetings of the board of directors and other deliberations.
- 3) The Audit & Supervisory Board oversaw and verified whether the accounting auditor maintained an independent position and conducted an appropriate audit, received reports from the accounting auditor on the status of the performance of its duties, and requested explanations as necessary. Additionally, the Audit & Supervisory Board received notification from the accounting auditor that, in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005), etc., it had developed systems in order to ensure that its duties are appropriately performed (i.e., notification of the matters stated in the items of Article 131 of the Ordinance on Accounting of Companies) and requested explanations as necessary.

Using the methods above, the Audit & Supervisory Board examined the business report, the supplementary schedules thereto, the accounting documents (i.e., the balance sheet, statement of income, statement of changes in net assets, and explanatory notes to accounting documents), the supplementary schedules to the accounting documents, and the consolidated accounting documents (i.e., the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and explanatory notes to consolidated accounting documents) for the fiscal year.

2. Audit Results

- (1) Results of audit of business report, etc.
 - 1) We find that the business report and the supplementary schedules thereto accurately present the status of the company in accordance with laws, regulations, and the articles of incorporation.
 - 2) We do not find any misconduct nor any material fact constituting a violation of any law, regulation, or the articles of incorporation in relation to the directors' performance of their duties.
 - 3) We find the content of the resolutions of the board of directors regarding internal control systems to be reasonable. Additionally, we do not find any matters that should be commented upon in regard to the statements in the business report or the directors' performance of their duties relating to the internal control systems.
 - 4) We find the basic policy regarding persons who control the determination of financial and business policies of the company stated in the business report to be reasonable. We find that the efforts provided for in Article 118, item (iii)(b) of the Ordinance for Enforcement of the Companies Act stated in the business report are in compliance with that basic policy and do not harm the common interests of the shareholders of the company, and that their purpose is not to maintain the positions of the directors of the company.
- (2) Results of audit of accounting documents and supplementary schedules thereto
We find the methods and results of the audit by the accounting auditor, Ernst & Young ShinNihon LLC, to be reasonable.
- (3) Results of audit of consolidated accounting documents
We find the methods and results of the audit by the accounting auditor, Ernst & Young ShinNihon LLC, to be reasonable.

May 24, 2022

Audit & Supervisory Board, ITFOR Inc.

Full-Time Director and Audit & Supervisory Board Member	Masahito Motoyama
Director and Audit & Supervisory Board Member	Makoto Sato
Director and Audit & Supervisory Board Member	Daisuke Koizumi

- (Note) Directors and Audit & Supervisory Board Members, Mr. Makoto Sato and Mr. Daisuke Koizumi are outside directors provided for in Article 2, item (xv) and Article 331, paragraph (6) of the Companies Act.