



## FY 2022/12 Consolidated Financial Results [Japanese GAAP]

February 14, 2023

Company name: Nomura System Corporation Listed stock exchanges Tokyo

Stock code 3940 URL <https://www.nomura-system.co.jp>

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Scheduled date of ordinary general meeting of shareholders March 24, 2023 Scheduled date of commencement of dividend payment March 27, 2023

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Preparation of supplementary materials for financial results : Yes

Holding of financial results briefing : Yes (For institutional investors and securities analysts )

(Amounts are rounded to the nearest million yen)

Results for the fiscal year ended December 1, 2022 (January 1, 2022 to December 31, 2022)

## (1) Operating Results

(Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2022/12	2,696	△3.4	352	△26.0	371	△24.8	256	△26.8
Year ended December 31, 2021	2,791	9.9	476	27.4	493	26.3	349	29.6

  

	Per share Net income	Fully diluted Per share Net income	Shareholders' equity Net income margin	Total assets Ordinary income ratio	Net sales Operating income margin
	Yen	Yen	%	%	%
FY 2022/12	5.53	5.50	9.3	12.2	13.1
Year ended December 31, 2021	7.57	7.51	13.9	17.5	17.0

(Referenc e) Equity in earnings of affiliates FY 2022/12 —Millions of yen Year ended December 31, 2021 —Millions of yen

(NOTE) We conducted a 2-for-1 stock split on July 1, 2022. Net income per share and diluted net income per share are calculated based on the assumption that the stock split was executed at the beginning of the fiscal year ended December 2021.

## (2) Financial Position

	Total assets	Net assets	Equity Ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2022/12	3,143	2,836	90.2	61.11
Year ended December 31, 2021	2,960	2,647	89.4	57.34

(Referenc e) Shareholders' equity FY 2022/12 2,836Millions of yen Year ended December 31, 2021 2,647Millions of yen

(NOTE) We conducted a 2-for-1 stock split on July 1, 2022. Net assets per share are calculated based on the assumption that the stock split occurred at the beginning of the year ended December 31, 2021.

## (3) Cash Flow

	From operating activities Cash Flows	From investing activities Cash Flows	From financing activities Cash Flows	Cash and cash equivalents Balance at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2022/12	446	△77	△148	2,069
Year ended December 31, 2021	160	△9	△150	1,848

## 2.Dividends

	Dividend per share					Total dividend amount (Total)	Dividend payout ratio	Net assets Dividend rate
	End of first quarter	End of second quarter	End of the third quarter	Term end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2021	-	0.00	-	6.50	6.50	150	42.9	5.9

FY 2022/12	-	0.00	-	3.25	3.25	151	58.8	5.5
FY 2023 (Forecast)	-	0.00	-	3.25	3.25		-	

(NOTE)We conducted a 2-for-1 stock split on July 1, 2022. For the year ended December 31, 2021, the amount of actual dividends before the stock split is presented.

## Forecasts for the Fiscal Year Ending December 3, 2023 (January 1, 2023 to December 31, 2023)

(Percentages represent year-on-year changes for the full fiscal year and year-on-year changes for the quarter.)

	Net sales		Operating income		Ordinary income		Net income		Per share Net income
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter (cumulative)	1,297	△0.7	88	△44.0	88	△47.2	60	△47.8	1.30
Full year	2,750	2.0	275	△21.9	275	△25.9	187	△26.7	4.04

(NOTE)(Appendix) Please refer to "1. Overview of Operating Results, etc., (4) Future Outlook" on page 3.

## ※ Notes

## (1) Changes in accounting policies and changes or restatement of accounting estimates

- 1 Changes in accounting policies caused by revision of accounting standards : Yes
- 2 Changes in accounting policies other than (i) : None
- 3 Changes in accounting estimates : None
- 4 Restatement of revisions : None

## (2) Number of shares outstanding (common shares)

1 Number of shares outstanding at the end of the period (including treasury stock)	FY 2022/12	46,444,800	Shares	Year ended December 31, 2021	46,380,000	Shares
2 Number of treasury stock at the end of the period	FY 2022/12	39,484	Shares	Year ended December 31, 2021	219,484	Shares
3 Average number of shares during the period	FY 2022/12	46,279,651	Shares	Year ended December 31, 2021	46,125,630	Shares

(NOTE) We conducted a 2-for-1 stock split on July 1, 2022. The number of issued shares (common shares) is calculated based on the assumption that the stock split was executed at the beginning of the fiscal year ended December 2021.

※ The financial results are outside the scope of audits by a certified public accountant or an auditing firm.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable, and do not constitute guarantees by the Company of future performance. Actual results may differ materially from the forecast depending on a range of factors. Please refer to "1. Overview of Operating Results, etc., (4) Future Outlook" on page 3 for the preconditions for the forecasts and notes on the use of the forecasts.

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## 1. Overview of Operating Results

### (1) Overview of Operating Results for the Fiscal Year under Review

In the current fiscal year, the Japanese economy is showing a recovery trend due to the easing of the restriction on the behavior of new-type coronavirus infectious diseases. However, the situation remains uncertain due to geopolitical risks caused by the deterioration of the situation in Russia and Ukraine, soaring prices, and the impact of the yen's depreciation.

In the operating environment surrounding us, the spread of telework in conjunction with the spread of the new coronavirus infectious disease has led to the continued increasing pace of corporate IT spending, including the introduction of online conferencing systems and cloud-based systems, as well as digital transformation (DX) initiatives.

Under these business conditions, we have promoted sales activities centered on our strength of personnel solutions in order to win more orders for prime (prime contractor projects) for the introduction of SAP ERP packaging. At the same time, the Group aggressively conducted sales of FIS (\*) and RPA to stabilize orders and expand its client base.

In addition, we relocated our Tokyo headquarters for a further leap forward in consulting services. The consulting services we provide are all "people." By expanding and enhancing our training facilities, we have expanded the scope of recruitment for new graduates and improved and improved our internal training to strengthen our organization.

As a result, for the fiscal year under review, net sales decreased 3.4% year on year to ¥2695794000, operating income decreased 26.0% to ¥351880000, ordinary income decreased 24.8% to ¥370915000, and net income decreased 26.8% to ¥255713000.

Since we are only a single segment of ERP Solutions Business, we have not presented this information by segment.

#### (※)FIS(Function Implement Service)

In SAP introduction project, client requirements are analyzed from business design and system design, and technical support is provided for design of SAP realization functions and add-on (built-in) design.

### (2) Overview of Financial Position for the Fiscal Year under Review

#### Assets

Total assets at the end of the fiscal year under review increased 182890000 yen from the end of the previous fiscal year to 3143237000 yen. This was mainly due to decreases of ¥195526000 in accounts receivable and contract assets, and increases of ¥220780000 in cash and deposits, ¥46277000 in property, plant and equipment, ¥89525000 in investment securities, and ¥33,001 thousand in other (security deposits).

#### Liabilities

Liabilities at the end of the fiscal year under review decreased by ¥6339000 from the end of the previous fiscal year to ¥307155000. This was mainly due to increases of 29842000 yen in accounts payable-trade and 12914000 yen in asset retirement obligations, and a decrease of 43273000 yen in income taxes payable.

#### (Net assets)

Net assets at the end of the fiscal year under review increased by ¥189229000 from the end of the previous fiscal year to ¥2836082000. This was mainly due to an increase in retained earnings of ¥255713000 due to the recording of net income, a decrease of ¥150022000 due to the payment of dividends, and the disposal of treasury stock of ¥26025000 and an increase of ¥62113000 in valuation difference on available-for-sale securities.

### (3) Overview of cash flows for the fiscal year under review

The balance of cash and cash equivalents (hereinafter referred to as "cash") at the end of the current fiscal year increased by 220780000 yen from the end of the previous fiscal year to 2068810000 yen.

The status of each cash flow for the current fiscal year is as follows.

#### Cash flows from operating activities

Net cash provided by operating activities during the fiscal year under review was ¥445841000, compared with net cash provided by operating activities of ¥159651000 in the previous fiscal year. This was mainly due to ¥370915000 in income before income taxes, ¥195526000 in changes in notes and accounts receivable-trade, and ¥162930000 in income taxes paid.

#### Cash flows from investing activities

Net cash used in investing activities during the fiscal year under review was ¥77359000, compared with net cash used in investing activities of ¥8968000 in the

previous fiscal year. This was mainly due to purchase of property, plant and equipment of ¥36618000 and payments for lease and guarantee deposits of ¥47271000.

#### Cash flows from financing activities

Net cash used in financing activities during the fiscal year under review was ¥147702000, compared with net cash used in financing activities of ¥150014000 in the previous fiscal year. Cash dividends of 149,763,000 were the principal component of cash flow.

#### (Reference) Trends in cash flow indicators

	FY12/18	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2021	FY 2022/12
Shareholders' equity ratio (%)	88.8	89.2	89.3	89.4	90.2
Equity ratio based on market value (%)	162.1	255.5	313.9	215.2	171.3
Interest-bearing cash flow Debt ratio	—	—	—	—	—
Interest coverage • Ratio	—	—	—	—	—

Equity ratio : Equity capital/Total assets

Shareholders' equity ratio based on market capitalization: Market capitalization/Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/Operating cash flow

Instant Coverage Ratio: Operating Cash Flow/Interest Payments

(NOTE) 1. Market capitalization is calculated by multiplying the closing share price at the end of the period by the total number of shares outstanding at the end of the period (excluding treasury stock).

2. Interest-bearing debt to cash flow ratio and interest coverage ratio are not stated because interest-bearing debt does not exist in any of the above periods.

#### (4)Future Outlook

Looking ahead, corporate IT investment is expected to remain firm against the backdrop of demand for switching corporate core systems from systems developed in-house to ERP packaging and growing demand for cloud-based ERP packaging.

Against this backdrop, we will continue to focus on prime in the human resources field, further expand prime, develop new customers in other fields, such as the accounting field, and provide high-value-added services in FIS to secure stable earnings. We also established /PMO Consulting Division in the Strategic Planning Department of PMO(\*) as a new organizational unit. DX and corporate transformation are progressing in a wide range of companies, and they are specialized in consulting. These organizations provide services to enable companies to realize these goals as planned. We will continue to provide new services, such as cloud computing and big data analysis, with the aim of continuously acquiring projects.

In addition, the Medium-Term Management Plan (from December 2022 to December 2026) announced in March 2022 aims to achieve a EPS20 or higher (132% or higher compared to EPS15.15 in December 2021) and a PER50 double or higher in the fiscal year ended December 2026, the final year. Under the medium-term management plan, we moved our head office in September 2022 to expand and enhance our training facilities, which had been the upper limit of the number of employees, in order to gradually increase sales to ¥3.5 billion and to raise PER levels by improving sales and earnings growth rates. We plan to continue to develop in-house solutions aimed at increasing prime orders, increase the number of recruits, and make the necessary investments in our medium-term management plan.

For this reason, we are currently forecasting net sales of ¥2750010000, operating income of ¥274757000, ordinary income of ¥274757000, and net income of ¥187390000 for the next fiscal year.

#### (※)PMO(Project Management Office)

A management structure that standardizes the governance processes associated with a project and facilitates the sharing of resources, methodologies, tools and techniques.

(5) Significant Events Related to the Going Concern Assumption

Not applicable.

2. Basic Approach to Selection of Accounting Standards

Many of our stakeholders are domestic shareholders, creditors, business partners, etc., and there is little need to procure funds from overseas. Accordingly, the accounting standard has been applied to Japanese GAAP.

## 3. Financial Statements and Major Notes

## (1) Balance Sheet

(Thousands of yen)

	Prior taxable year As of December 31, 2021	Current fiscal year As of December 31, 2022
Assets		
Current assets		
Cash and deposits	1,848,030	2,068,810
Accounts receivable	649,783	-
Accounts receivable and contract assets	-	454,257
Work in process	7,173	2,704
Prepaid expenses	12,413	19,065
Others	2,117	2,275
Total current assets	2,519,516	2,547,111
Fixed assets		
Property, plant and equipment		
Buildings	12,788	48,477
Accumulated depreciation	△12,084	△3,755
Buildings, net	703	44,722
Automotive equipment	11,670	11,670
Accumulated depreciation	△3,886	△6,478
Vehicles, net	7,784	5,192
Tools, furniture and fixtures	11,196	13,274
Accumulated depreciation	△10,206	△7,435
Tools, furniture, and fixtures, net	990	5,840
Total property, plant and equipment	9,477	55,754
Intangible assets		
Others	218	218
Total intangible assets	218	218
Investments and other assets		
Investment securities	334,077	423,602
Long-term prepaid expenses	19,262	27,870
Deferred tax assets	53,510	31,393
Others	24,287	57,288
Total investments and other assets	431,135	540,153
Total noncurrent assets	440,831	596,125
Total assets	2,960,346	3,143,237



(Thousands of yen)

	Prior taxable year As of December 31, 2021	Current fiscal year As of December 31, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable	129,288	159,130
Accounts payable-other	27,672	30,752
Income taxes payable	96,284	53,010
Deposits received	17,993	19,511
Others	38,667	28,248
Total current liabilities	309,904	290,651
Long-term liabilities		
Asset retirement obligations	3,590	16,504
Total noncurrent liabilities	3,590	16,504
Total liabilities	313,494	307,155
<b>Net assets</b>		
Shareholders' equity		
Common stock	322,841	323,871
Capital surplus		
Legal capital surplus	279,341	280,371
Other capital surplus	2,639	-
Total capital surplus	281,980	280,371
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,141,192	2,242,861
Total retained earnings	2,141,192	2,242,861
Treasury stock	△31,671	△5,646
Total shareholders' equity	2,714,341	2,841,457
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	△67,559	△5,446
Total valuation and translation adjustments	△67,559	△5,446
Stock acquisition right	71	71
Total net assets	2,646,853	2,836,082
Total liabilities and net assets	2,960,346	3,143,237

## (2)Income Statement

	(Thousands of yen)	
	Prior taxable year (January 1, 2021 To December 31, 2021)	Current fiscal year (January 1, 2022 To December 31, 2022)
Net sales	2,790,775	2,695,794
Cost of sales	2,048,478	2,028,928
Gross profit	742,297	666,865
Selling, general and administrative expenses	266,760	314,986
Operating income	475,537	351,880
Non-operating income		
Dividends income	17,655	18,794
Others	212	242
Total non-operating income	17,866	19,035
Ordinary income	493,403	370,915
Extraordinary income		
Gain on sales of noncurrent assets	1,196	-
Total extraordinary income	1,196	-
Income before income taxes	494,599	370,915
Income taxes	147,332	120,498
Income taxes-deferred	△2,055	△5,296
Total income taxes	145,277	115,202
Net income	349,322	255,713

## (3)Statement of Changes in Shareholders' Equity

Previous fiscal year (from January 1, 2021 to December 31, 2021)

(Thousands of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
Opening balance	319,988	276,488	-	276,488	1,918,419	1,918,419	△27,423	2,487,471
Change during the year								
Issuance of new shares (exercise of subscription rights to shares)	2,853	2,853		2,853				5,705
Dividend of surplus					△126,549	△126,549		△126,549
Net income					349,322	349,322		349,322
Purchase of treasury stock							△29,000	△29,000
Disposal of treasury stock			2,639	2,639			24,752	27,391
Transfer of loss on disposal of treasury stock								-
Items other than shareholders' equity Net change in the year								
Total changes in current term	2,853	2,853	2,639	5,492	222,773	222,773	△4,248	226,870
Closing balance	322,841	279,341	2,639	281,980	2,141,192	2,141,192	△31,671	2,714,341

	Valuation and translation adjustments		Stock acquisition right	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Opening balance	△92,135	△92,135	212	2,395,548
Change during the year				
Issuance of new shares (exercise of subscription rights to shares)				5,705
Dividend of surplus				△126,549
Net income				349,322
Purchase of treasury stock				△29,000
Disposal of treasury stock				27,391
Transfer of loss on disposal of treasury stock				-
Items other than shareholders' equity	24,576	24,576	△141	24,435
Net change in the year				
Total changes in current term	24,576	24,576	△141	251,305
Closing balance	△67,559	△67,559	71	2,646,853

Current fiscal year (from January 1, 2022 to December 31, 2022)

(Thousands of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Opening balance	322,841	279,341	2,639	281,980	2,141,192	2,141,192	□31,671	2,714,341
Change during the year								
Issuance of new shares (exercise of subscription rights to shares)	1,031	1,031		1,031				2,062
Dividend of surplus					△150,022	△150,022		△150,022
Net income					255,713	255,713		255,713
Purchase of treasury stock			△19	△19			△274	△293
Disposal of treasury stock			△6,643	△6,643			26,299	19,656
Transfer of loss on disposal of treasury stock			4,023	4,023	□4,023	□4,023		-
Items other than shareholders' equity Net change in the year								
Total changes in current term	1,031	1,031	△2,639	△1,608	101,668	101,668	26,025	127,116
Closing balance	323,871	280,371	-	280,371	2,242,861	2,242,861	△5,646	2,841,457

	Valuation and translation adjustments		Stock acquisition right	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Opening balance	△67,559	△67,559	71	2,646,853
Change during the year				
Issuance of new shares (exercise of subscription rights to shares)				2,062
Dividend of surplus				△150,022
Net income				255,713
Purchase of treasury stock				△293
Disposal of treasury stock				19,656
Transfer of loss on disposal of treasury stock				-
Items other than shareholders' equity Net change in the year	62,113	62,113		62,113
Total changes in current term	62,113	62,113	-	189,229
Closing balance	△5,446	△5,446	71	2,836,082

## (4)Cash flow statement

	(Thousands of yen)	
	Prior taxable year (January 1, 2021 To December 31, 2021)	Current fiscal year (January 1, 2022 To December 31, 2022)
Net cash provided by operating activities		
Income before income taxes	494,599	370,915
Depreciation and amortization	4,940	10,984
Gain on sales of noncurrent assets	△1,196	-
Charges for stock compensation	3,196	7,683
Dividends income	△17,655	△18,794
Decrease (increase) in notes and accounts receivable-trade (increase in □)	△235,195	195,526
Decrease (increase) in inventories (increase in □)	16,025	4,469
Increase (decrease) in notes and accounts payable-trade (decrease in □)	△6,472	29,842
Increase (decrease) in accrued consumption taxes (□: decrease)	1,650	△25,511
Others	4,540	14,863
Subtotal	264,432	589,977
Dividend received	17,655	18,794
Income taxes paid	△122,436	△162,930
Net cash provided by operating activities	159,651	445,841
Cash flow from investing activities		
Purchase of property, plant and equipment	△11,670	△36,618
Proceeds from sales of property, plant and equipment	2,701	-
Payments for lease and guarantee deposits	-	△47,271
Proceeds from refund of lease and guarantee deposits	-	14,270
Payments for asset retirement obligations	-	△7,740
Cash flow from investing activities	△8,968	△77,359
Cash flow from financing activities		
Proceeds from issuance of shares upon exercise of subscription rights to shares	5,564	2,062
Purchase of treasury stock	△29,000	-
Cash dividends paid	△126,578	△149,763
Cash flow from financing activities	△150,014	△147,702
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	668	220,780
Cash and cash equivalents at beginning of period	1,847,362	1,848,030
Cash and cash equivalents at end of term	1,848,030	2,068,810

## (5)Notes to Financial Statements

### (Notes on the Going Concern Assumption)

Not applicable.

### (Changes in accounting policies)

#### (Accounting standard for revenue recognition)

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, "Revenue Recognition Accounting Standard"), etc. is applied from the beginning of the current fiscal year, and revenue is recognized at the amount expected to be received in exchange for the promised goods or services when control of the promised goods or services is transferred to the customers. As a result, revenue recognition for the development of order-made software under contract was previously based on the percentage-of-completion method for contracts where there is certainty of outcome in the portion of progress, and on the completion method for other contracts. However, with the exception of very short-term contracts, revenue is recognized over a certain period of time as performance obligations are satisfied. The method of estimating the degree of progress in satisfying performance obligations is calculated as the ratio of cumulative actual costs incurred to the estimated total cost (input method) if the results of performance obligations can be reasonably measured.

The application of the Revenue Recognition Accounting Standards, etc. is in accordance with the transitional treatment stipulated in the exception of Article 84 of the Revenue Recognition Accounting Standards. However, there is no impact on the profit and loss for the current fiscal year and the beginning retained earnings.

Due to the adoption of the Revenue Recognition Accounting Standards, the Company has decided to include "Accounts receivable" which was presented as "Current assets" in the balance sheet for the previous fiscal year in "Accounts receivable and contract assets" from the current fiscal year.

#### (Accounting Standard for Calculation of Market Value)

The Company will apply the "Accounting Standard for Calculation of Market Value" (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Market Value Accounting Standard"), etc. from the beginning of the fiscal year under review, and apply the new accounting policy stipulated by the Current Value Accounting Standard in accordance with the transitional treatment stipulated in Article 19 of the Current Value Accounting Standard and Article 44-2 of the Financial Instruments Accounting Standard (ASBJ Statement No. 10, July 4, 2019). There is no impact on the financial statements.

### (Segment Information)

#### Segment Information

Disclosure is omitted because ERP Solution Business is the only single segment.

### (Equity in earnings of affiliates, etc.)

Not applicable because we do not have an affiliate.

## (Per Share Information)

	Prior taxable year (January 1, 2021 To December 31, 2021)	Current fiscal year (January 1, 2022 To December 31, 2022)
Net assets per share	57.34 yen	61.11 yen
Net income per share	7.57 yen	5.53 yen
Fully diluted Net income per share	7.51 yen	5.50 yen

(NOTE) 1. We conducted a 2-for-1 stock split on July 1, 2022. Net assets per share, net income per share and diluted net income per share have been calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

2. The basis for calculating net income per share is as follows.

Item	Prior taxable year (January 1, 2021 To December 31, 2021)	Current fiscal year (January 1, 2022 To December 31, 2022)
Net income per share		
Net income (thousand yen)	349,322	255,713
Amount not attributable to common shareholders	—	—
Net income attributable to common stock (thousand yen)	349,322	255,713
Average number of shares of common stock outstanding during the period (shares)	46,125,630	46,279,651
Diluted EPS Net income for computation		
Adjustment to net income (thousand yen)	—	—
Increase in common stock (shares)	387,986	252,874
(Stock acquisition rights (shares))	(387,986)	(252,874)
Summary of potential shares not included in the calculation of diluted net income per share because they have no dilutive effect	—	—

## (Significant subsequent events)

## (Acquisition of Treasury Stock)

At the meeting of the Board of Directors held on February 14, 2023, the Company resolved to repurchase treasury stock in accordance with the Articles of Incorporation stipulated in Article 459, Section 1 of the Companies Act, as described below, and the specific methods of repurchase.

## 1.Reason for Conducting the Share Repurchase

We were informed by Yoshimitsu Nomura, our representative director, that we have the intention to sell some of our shares. By acquiring these shares as treasury stock, we will improve our capital efficiency, enable us to implement flexible capital policies in response to changes in the business environment, including consideration of an incentive plan. We have also determined that the reduction in the shareholding ratio of the controlling shareholder will lead to improved governance and liquidity, and will lead to an increase in the value of shares per share.

## 2.Details of acquisition

(1) Class of shares to be acquired Our common stock

(2) Total number of shares to be acquired: 500,000 shares (maximum)

(1.08% of the total number of issued shares (excluding treasury stock))

(3) Total purchase price of shares: ¥59,000,000 (maximum)

(4) Acquisition date February 15, 2023

(5) Method of acquisition: Purchase through off-floor purchase transaction (ToSTNeT-3) of treasury shares on the Tokyo Stock Exchange