

# Capital Policy

## Financial Position and Capital Strategy

As of June 30, 2022, total assets were ¥16.6 billion, an increase of ¥2.6 billion from the end of the previous fiscal year. This was mainly due to an increase of ¥2.2 billion in cash and deposits, an increase of ¥0.4 billion in notes and accounts receivable-trade and contract assets, an increase of ¥0.1 billion in deferred tax assets and a decrease of ¥0.2 billion in shares of subsidiaries and associates.

Total liabilities increased by ¥0.8 billion to ¥6.0 billion. This was mainly due to an increase of ¥0.2 billion in notes and accounts payable-trade, an increase of ¥0.1 billion in income taxes payable and an increase of ¥0.2 billion in provision for bonuses.

Total net assets increased by ¥1.8 billion from the end of the previous fiscal year to ¥10.5 billion due to the recording of ¥2.0 billion in net income attributable to owners of parent, an increase of ¥71 million in retained earnings brought forward in accordance with the application of the Revenue Recognition Accounting Standard, and the payment of ¥0.4 billion in dividends from retained earnings. As a result, the equity ratio was 63.8%, an increase of 0.8 percentage points over the previous fiscal year, and we believe that we are maintaining a highly stable financial balance with little interest-bearing debt.

There were no outstanding borrowings as of the end of June 2022. We have ¥9.4 billion in cash and deposits and assuming a working capital requirement of approximately twice our monthly sales, approximately ¥6 billion to ¥7 billion in capital for future investments. In the future, we will consider acquiring important business assets, including small investments through M&A and joint ventures.

As for our capital strategy, as a guide for effective use of capital, we will maintain our current Medium-Term Management Plan target of average ROE of 20% or higher into the next Medium-Term Management Plan.

### Financial Position

As of June 30, 2022



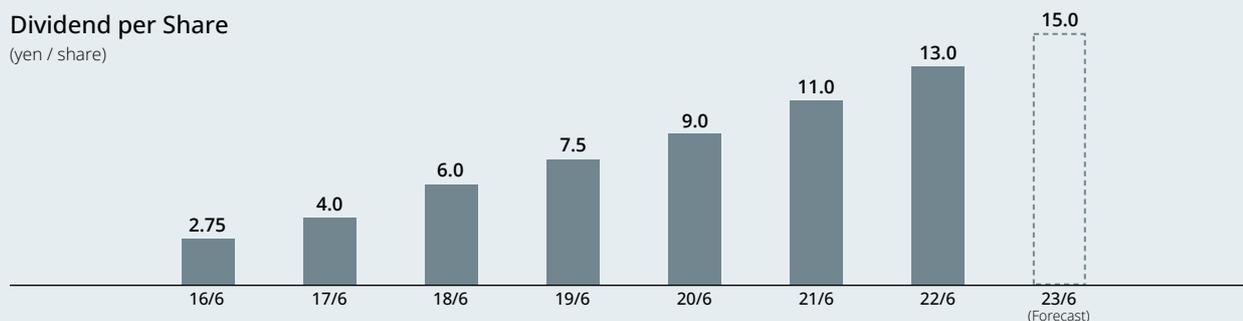
## Shareholder Return Policy

We recognize dividends as an important part of our policy to return profits to shareholders. While keeping in mind the dividend to net assets ratio, we intend to raise the dividend per share in a stable manner without being swayed by the results of each fiscal year.

For the fiscal year ending June 30, 2023, in line with the target for the final year of the current Medium-Term Management Plan we plan to pay a dividend of ¥15 per share, an increase of ¥2 from the previous fiscal year.

### Dividend per Share

(yen / share)



Stock splits were carried out on 1 December 2016, 1 November 2017 and 1 December 2019. Dividends per share following the splits are shown on the assumption that the stock splits were carried out at the beginning of each year.