

Matters to be Disclosed via the Internet in the Notice of
Convocation of the 11th Annual General Meeting of
Shareholders

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In accordance with laws and regulations and Article 15 of the Company's
Articles of Incorporation, the above matters are provided to shareholders by
posting them on the Company's website on the Internet
(<https://corp.retty.me/ir/stock/>).

Retty Inc.

Present situation of the Company

(1) Assets and profit and loss for the previous three fiscal years.

Category	8th Annual General Meeting of Shareholders	9th Annual General Meeting of Shareholders	10th Annual General Meeting of Shareholders	11th Annual General Meeting of Shareholders (Current fiscal year)
	Fiscal year ending September 30, 2018	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Net sales (Thousands of yen)	1,690,541	2,268,123	2,215,551	1,938,488
Ordinary profit or loss (Δ) (Thousands of yen)	(221,021)	99,899	(274,055)	(356,299)
Current net profit or loss (Δ) (Thousands of yen)	(230,421)	155,849	(324,030)	(358,590)
Current net profit/loss (Δ) per share (Yen)	(197.29)	133.44	(33.23)	(31.28)
Total assets (Thousands of yen)	779,789	1,055,457	1,533,832	1,727,887
Net assets (Thousands of yen)	536,905	692,754	429,529	1,114,136
Net assets per share (Yen)	(1,101.19)	(967.75)	40.45	95.80

(Note) 1. Current net income (loss) per share is calculated based on the average number of shares outstanding during the period, and net assets per share is calculated based on the number of shares outstanding at the end of the period.

2. Retty Inc. conducted an 8-for-1 share split of common share on March 10, 2020. Basic earnings per share have been calculated on the assumption that the said share split was conducted in the fiscal year ended September 30, 2020

(2) Main business activities (As of September 30, 2021)

Operation of the real-name gourmet platform "Retty"

(3) Main offices (As of September 30, 2021)

Head office	Minato ward, Tokyo
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(4) Employees (As of September 30, 2021)

No. of employees	Change from the end of the previous fiscal year	Average age	Average number of years of attendance
136 (88) persons	+5 persons (+ 30 persons)	31.3 years old	3.4 years

(Note) 1. The number of employees is the number of full-time employees, and the average number of temporary employees for the year is shown in parentheses.

2. The average number of years of service is rounded down to the nearest first decimal place.

3. As the Company operates in a single business segment, segment information is not provided.

(5) Main lenders (As of September 30, 2021)

Lender	Amount borrowed
Shoko Chukin Bank, Ltd.	275,340,000 yen
Kiraboshi Bank, Ltd.	73,328,000 yen
Resona Bank, Ltd.	30 million yen

(6) Other important matters concerning the current status of the company

As of October 30, 2020, our company's stock was listed on the Mothers section of the Tokyo Stock Exchange.

Situation of shares (As of September 30, 2021)

- (1) Total number of shares authorized to be issued. 40,000,000 shares
(2) Total number of shares issued 11,627,804 shares
(3) Number of shareholders 4,425 persons
(4) Major shareholders

Shareholder name	Number of shares held	Shareholding ratio
Kazuya Takeda, CEO	3,360,000 shares	28.89%
YJ2 Investment Business Partnership	1,588,376	13.66
NORTHERN TRUST CO. (AVFC) RE UKDU UCITS CLIENTS NON LENDING 10 PCT TREATY ACCOUNT	802,400	6.90
Z Holdings Corporation	402,200	3.45
Tetsuya Natsuka	336,000	2.88
(Trust Account 9) Custody Bank of Japan, Ltd.	334,700	2.87
Shoei Hayashi	288,760	2.48
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	264,100	2.27
GOLDMAN SACHS INTERNATIONAL	254,400	2.18
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	221,400	1.90

(Note) The shareholding ratio is calculated excluding treasury stock (121 shares).

- (5) Situation of shares issued to the Company's officers as compensation for the execution of their duties during the concerned fiscal year

Not applicable

- (6) Other important matters concerning other shares

- a. The total number of issued shares increased by 200,000 due to the public offering with a payment date of October 29, 2020.
- b. The total number of issued shares has increased by 722,700 due to the issuance of new shares by way of third-party allotment in connection with the secondary offering by way of over-allotment with a payment date of December 2, 2020.
- c. As a result of the exercise of stock acquisition rights, the total number of shares issued increased by 92,600 shares.

Stock acquisition rights, etc.

(1) Situation of stock acquisition rights issued as compensation for the execution of duties held by the Company's officers as of the end of the current fiscal year

		3rd share acquisition right	11th share acquisition rights
Date of resolution to issue		May 22, 2013	March 23, 2017
Number of share acquisition rights		3	825
Type and number of shares to be issued upon exercise of stock acquisition rights (Note) 1.2.		Common stock 24,000 shares (8,000 shares per share acquisition right)	Common stock 6,600 shares (8 shares per share acquisition right)
(Amount to be paid for stock acquisition rights)		No payment is required in exchange for share acquisition rights	No payment is required in exchange for share acquisition rights
Amount of assets to be contributed upon exercise of share acquisition rights (Note) 1.2.		Per share 89 Yen	Per share 960 Yen
Period for exercising rights		From June 1, 2015 to May 22, 2023	From May 19, 2019 to April 18, 2027
Conditions for exercise		(Note) 3	(Note) 4
Ownership situation of executives	Director (Excluding Audit and Supervisory Board members, outside directors)	Number of share acquisition rights 3 Number of shares to be issued 24,000 shares Number of owners 1 person	Number of share acquisition rights 1 rights Number of shares to be issued 1 share Number of owners 1 person
	Outside director (Excluding Audit and Supervisory Board members)	Number of share acquisition rights 1 rights Number of shares to be issued 1 share Number of owners 1 person	Number of share acquisition rights 1 rights Number of shares to be issued 1 share Number of owners 1 person
	Director (Audit and Supervisory Board members)	Number of share acquisition rights 1 rights Number of shares to be issued 1 share Number of owners 1 person	Number of share acquisition rights 825 Number of shares to be issued 6,600 shares Number of owners 1 person

		15th share acquisition rights	16th share acquisition rights
Date of resolution to issue		September 27, 2018	September 27, 2019
Number of share acquisition rights		700	400
Type and number of shares to be issued upon exercise of stock acquisition rights (Note) 2.		Common stock 5,600 shares (8 shares per share acquisition right)	Common stock 3,200 shares (8 shares per share acquisition right)
(Amount to be paid for stock acquisition rights)		No payment is required in exchange for share acquisition rights	No payment is required in exchange for share acquisition rights
Amount of assets to be contributed upon exercise of share acquisition rights (Note) 2.		Per share 2,223 Yen	Per share 2,223 Yen
Period for exercising rights		From September 29, 2020 to August 28, 2028	From September 29, 2021 to August 28, 2029
Conditions for exercise		(Note) 4	(Note) 4
Ownership situation of executives	Director (Excluding Audit and Supervisory Board members, outside directors)	Number of share acquisition rights 1 rights Number of shares to be issued 1 share Number of owners 1 person	Number of share acquisition rights 1 rights Number of shares to be issued 1 share Number of owners 1 person
	Outside director (Excluding Audit and Supervisory Board members)	Number of share acquisition rights 1 rights Number of shares to be issued 1 share Number of owners 1 person	Number of share acquisition rights 400 Number of shares to be issued 3,200 shares Number of owners 1 person
	Director (Audit and Supervisory Board members)	Number of share acquisition rights 700 Number of shares to be issued 5,600 shares Number of owners 2 persons	Number of share acquisition rights 1 rights Number of shares to be issued 1 share Number of owners 1 person

- (Note) 1. The "Type and number of shares to be issued upon exercise of stock acquisition rights" and "Amount of assets to be contributed upon exercise of stock acquisition rights" have been adjusted due to the 1,000-for-1 stock split conducted on April 30, 2015.
2. The "Type and number of shares to be issued upon exercise of stock acquisition rights" and "Amount of assets to be contributed upon exercise of stock acquisition rights" have been adjusted due to the 8-for-1 stock split conducted on March 10, 2020.
3. The conditions for the exercise of stock acquisition rights are as follows.
- a. Those who have received an allotment of stock acquisition rights as a director or employee of the Company may exercise the rights if they still hold the position of either director or employee of the Company or its subsidiaries at the time of exercise. However, they may be exercised in cases of resignation due to expiration of the term of office, mandatory retirement, or other cases where the Representative Director deems there is a justifiable reason. In addition, those who have been allocated as company collaborators may exercise their rights if they still hold the status of company collaborator at the time of exercise. However, it may be exercised when the Representative Director recognizes that there is a justifiable reason.
 - b. The stock acquisition rights may not be exercised until the day on which the shares underlying the stock acquisition rights are listed on a financial instruments exchange and trading commences.
4. The conditions for the exercise of stock acquisition rights are as follows.
- a. Those receiving an allotment of stock acquisition rights (hereinafter referred to as "stock acquisition right holders") must hold the position of director, corporate auditor or employee of the Company or its subsidiaries at the time of exercising the rights. However, this shall not apply in cases where the stock acquisition right holder retires due to expiration of his/her term of office or mandatory retirement age, or where the Board of Directors recognizes that there is a justifiable reason.
 - b. The stock acquisition rights may not be exercised until the day on which the shares underlying the stock acquisition rights are listed on a financial instruments exchange and trading commences.
 - c. In the event of the death of a stock acquisition right holder, the exercise of stock acquisition rights by his/her heirs shall not be permitted.

(2) Status of stock acquisition rights issued to employees, etc. as compensation for the execution of duties during the concerned fiscal year

Not applicable

Accounting auditors

(1) Name

Ernst & Young ShinNihon LLC

(2) Amount of remuneration, etc.

	Amount of remuneration, etc.
Amount of remuneration paid to the accounting auditor for the current fiscal year	20,500,000 yen
Total amount of money and other financial benefits to be paid by the Company to the accounting auditor	22,000

(Note) The Audit and Supervisory Board reached a decision to approve the remuneration, etc., of the accounting auditor after conducting the necessary verification of the appropriateness of the content of the audit plan, the performance of the duties of the accounting audit, and the basis for calculating the remuneration estimate.

(3) Details of non-audit service

The Company pays remuneration to the accounting auditor for comfort letter preparation services, which are services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act.

(4) Policy on dismissal or non-reappointment of the accounting auditor

The Audit and Supervisory Board will dismiss the accounting auditor with the unanimous consent of all Board members in the event that the accounting auditor is found to fall under any of the items of Article 340, Paragraph 1 of the Companies Act. In addition to the above cases, the Audit and Supervisory Board will decide the details of the agenda regarding the dismissal or non-reappointment of the accounting auditor when it is deemed difficult to carry out an appropriate audit due to reasons that undermine the eligibility and independence of the accounting auditor.

Systems for ensuring the appropriateness of operations and operation of such systems

(1) System to ensure the appropriateness of operations

The Company has adopted a resolution at the Board of Directors meeting regarding the "System for ensuring the appropriateness of business operations" as stipulated in the Companies Act and the Enforcement Regulations of the Companies Act. This is outlined below.

a. Systems to ensure that the execution of duties by directors and employees of the Company complies with laws and regulations and the Articles of Incorporation

i. The Company shall establish "Compliance Regulations" to ensure compliance with laws, regulations, the Articles of Incorporation and social norms and promote necessary awareness and educational activities for Directors and employees.

ii. The Company has established an internal reporting system with multiple internal and external contact points for the prevention and early detection of improper acts.

- iii. The internal audit staff shall, in accordance with the "Internal Audit Regulations," investigate the actual status of business operations and property management, and confirm that the execution of duties by Directors and employees is in compliance with laws and regulations and the Articles of Incorporation. In addition, the internal audit staff shall report the results of the audit to the President.
 - iv. The basic stance of the Company towards any anti-social forces shall be not to provide monetary or other economic benefits under any circumstances, and this stance shall be known and clearly defined within the Company.
- b. System for the storage and management of information related to the execution of duties by directors
- i. The Directors shall appropriately record information related to the execution of Directors' duties in documents or electromagnetic media in accordance with the "Document Management Regulations".
 - ii. The Company shall establish a system that enables Directors to promptly inspect such documents or electromagnetic media as necessary.
 - iii. In accordance with the "Confidential Information Management Rules" and the "Personal Information Protection Rules," the Company shall strive to establish a system to protect confidential information and personal information.
- c. Rules and other systems for managing the risk of loss of the Company
- In order to deal with the risk of loss, the Company shall establish "Crisis Management Regulations" and review them as necessary. In addition, the Corporate Division, as the department in charge, shall share information with each department and hold regular meetings to detect and prevent risks at an early stage. In the event of an unforeseen event, the President shall be appointed as the person in overall charge to consider company-wide countermeasures.
- d. Systems to ensure the efficient execution of duties by the Company's directors
- i. The Board of Directors shall, in accordance with the "Regulations of the Board of Directors," pass resolutions on statutory matters, make decisions on important management matters, and supervise the execution of business. Regular meetings of the Board of Directors shall be held once a month, and extraordinary meetings of the Board of Directors shall be held as necessary to ensure prompt and accurate decision-making.
 - ii. Each division shall ensure promptness and efficiency by delegating authority and clarifying responsibilities in accordance with the "Rules on Administrative Authority" and the "Rules on Division of Duties".
- e. Matters concerning directors and employees who are to assist the Audit and Supervisory Board in its duties
- i. The Audit and Supervisory Board shall assign employees to assist the Board in its duties in accordance with the Rules of the Audit and Supervisory Board and may request the independence of these employees from Directors (excluding Directors who are Audit & Supervisory Board Members). No Director shall be assigned to assist the Board in its duties.

- ii. Employees assisting the Audit and Supervisory Board shall assist the Board in the exercise of its authority related to audits, in accordance with the instructions of the Board members.
- f. Matters concerning the independence of the employees set forth in the preceding item from directors (excluding directors who are members of the Audit Board) and ensuring the effectiveness of instructions to such employees
- i. The Audit and Supervisory Board shall have the right to direct and order the employees mentioned in the preceding item, and their appointment, transfer, evaluation and disciplinary action shall be made with the prior consent of the Board.
 - ii. In cases where the employee in the preceding item concurrently serves as an employee of another department, instructions to the employee regarding the duties of the Audit and Supervisory Board shall be given directly by the Board member.
 - iii. The Company shall ensure that all Directors (excluding Directors who are Audit and Supervisory Board members) and employees know that employees who are to assist the Board in its duties are subject to the direction and orders of the Board.
- g. System for reporting to the Audit and Supervisory Board by directors (excluding directors who are Audit and Supervisory Board members) and employees and other systems for reporting to the Audit and Supervisory Board
- i. The Audit and Supervisory Board members shall attend meetings of the Board of Directors and other important meetings in order to understand important decision-making processes and the status of business execution. If necessary, the members may attend meetings of the Board of Directors and other important meetings, inspect minutes of meetings of the Board of Directors, approval documents, etc. as necessary, and request explanations from Directors (excluding Directors who are members of the Board) and employees as necessary.
 - ii. In addition to the statutory matters, Directors (excluding Directors who are Audit and Supervisory Board Members) and employees shall establish a system to report to the Audit and Supervisory Board on matters that may have a significant impact on the Company's business or business performance, the status of implementation of internal audits, the status of reporting through the internal reporting system, report the details, and cooperate so that the Audit and Supervisory Board can appropriately collect and exchange information.
- h. System to ensure that a person who has made a report as described in the preceding item will not be treated disadvantageously for having made such a report.
- The Company shall prohibit the disadvantageous treatment of Directors (excluding Directors who are Audit and Supervisory Board members) and employees who have made the report to the Board as described in the preceding item, and inform all employees to that effect.
- i. Matters related to policies concerning the handling of expenses and debts arising from the execution of duties by Audit and Supervisory Board members (limited to those related to the execution of duties by the Board)

Regarding procedures for prepayment or redemption of expenses incurred in the

execution of duties by Audit and Supervisory Board members and other expenses or debts incurred in the execution of such duties, such expenses or debts shall be promptly disposed of, except in cases where it is deemed unnecessary for the execution of such duties.

j. Other systems to ensure that audits by the Audit and Supervisory Board are conducted effectively

The Audit and Supervisory Board shall collaborate with and exchange information with the internal audit staff, and may attend internal audits as necessary. In addition, the Audit and Supervisory Board may hold regular meetings with the accounting auditor to exchange information and request reports from the accounting auditor as necessary.

(2) Overview of the operation of the system to ensure the appropriateness of operations

The status of the operation of the system to ensure the appropriateness of operations during the current fiscal year is as follows.

- a. To ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation, the Company is developing and reviewing various internal regulations in a timely manner to establish a flow to eliminate antisocial forces.
- b. In order to ensure the efficient execution of duties by our directors, the Company held 12 regular meetings of the Board of Directors and 9 extraordinary meetings of the Board of Directors. In addition, we also prepare the minutes of the Board of Directors meetings as a record of the execution of duties by the Directors, and have established a system in which the Directors can view the minutes.
- c. To ensure that the Audit and Supervisory Board's audits are conducted effectively, we have been working closely with the accounting auditor and actively exchanged information. In addition, we have had repeated discussions on cooperation with the internal audit staff to make the audit more effective.

Policy on determination of dividends from surplus, etc.

The Company has not paid dividends since its establishment, as it believes it is important to strengthen its financial position and to enhance internal reserves for business expansion. Our policy for future dividend payments is to provide stable and continuous returns to our shareholders, while strengthening our earning power and developing our business base, and taking into consideration the state of our internal reserves and the business environment surrounding the company.

The Company's decision-making body for dividends is the Board of Directors. In accordance with the resolution of the Extraordinary General Meeting of Shareholders held on August 25, 2020, the Company established a provision in its Articles of Incorporation that stipulates that the year-end dividend shall be paid on September 30 and the interim dividend shall be paid on March 31 as the record date and that the dividend of surplus, etc. shall be paid by resolution of the Board of Directors in accordance with Article 459, Paragraph 1 of the Companies Act.

Non-consolidated Statements of Changes in Net Assets

(From October 1, 2020 to September 30, 2021)

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Shareholders' equity Total
		Legal capital surplus	Capital surplus Total	Other Retained earnings	Retained earnings		
				Retained earnings brought forward	Retained earnings		
Balance at beginning of period	95,000	658,279	658,279	(324,030)	(324,030)	—	429,249
Changes during period							
Issuance of new shares	521,711	521,711	521,711				1,043,422
Profit (loss)				(358,590)	(358,590)		(358,590)
Purchase of treasury shares						(197)	(197)
Net changes in items other than shareholders' equity							
Total changes during period	521,711	521,711	521,711	(358,590)	(358,590)	(197)	684,634
Balance at end of period	616,711	1,179,991	1,179,991	(682,620)	(682,620)	(197)	1,113,884

	Share acquisition rights	Total net assets
Balance at beginning of period	280	429,529
Changes during period		
Issuance of new shares		1,043,422
Profit (loss)		(358,590)
Purchase of treasury shares		(197)
Net changes in items other than shareholders' equity	(28)	(28)
Total changes during period	(28)	684,606
Balance at end of period	252	1,114,136

(Note) Amounts are rounded down to the nearest thousand yen.

Notes to financial statements

1. Notes on matters related to significant accounting policies

(1) Valuation standards and methods for marketable securities

Other marketable securities

Non-marketable items The cost method based on the moving average method is adopted.

(2) Depreciation method for fixed assets

a. Property, plant and equipment

The declining-balance method is adopted. However, for buildings (excluding building fixtures) and building fixtures acquired on or after April 1, 2016, the straight-line method is applied.

The main useful lives are as follows:

Buildings and structures 10 to 22 years

Machinery and equipment 4 to 10 years

b. Intangible assets

Software used internally The straight-line method is applied based on the estimated useful life (5 years) within the Company.

(3) Accounting standards for reserves

a. Allowance for doubtful accounts

To provide for losses due to bad debts, the Company records an estimated uncollectible amount for general receivables based on historical bad debt ratios, and for specific doubtful receivables by taking into consideration the recoverability of individual receivables.

b. Provision for bonuses

In order to prepare for the payment of bonuses to employees, the amount to be borne for the current fiscal year out of the estimated amount of bonus payments is recorded.

(4) Other important matters that form the basis for the preparation of financial statements

Accounting procedure for

consumption tax, etc. Consumption taxes are accounted for using the tax-excluded method.

2. Notes to Changes in Presentation Methods

(1) Non-consolidated Balance Sheets

Advances received," which was included in "Other" under current assets until the previous fiscal year, is presented as a separate line item from the current fiscal year due to its increased monetary importance. The amount of "Advances paid" in the previous fiscal year was 64,973,000 yen.

(2) Non-consolidated Statements of Income

"Recoveries of written-off claims" which had been included in "Other" under non-operating income in the previous fiscal year, is presented as a separate item in the current fiscal year to improve the clarity of the income statement. The amount of "Recoveries of written-off claims" in the previous fiscal year was 125,000 yen.

(3) Notes to financial statements

The "Accounting Standard for Disclosures about Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) has been applied from the current fiscal year, and "3. Notes on Accounting Estimates" has been included in the Notes to financial statements.

3. Notes to accounting estimates

Impairment of property, plant and equipment and intangible assets

(1) Amount recorded in the financial statements for the current fiscal year

Impairment loss -1,000 yen Tangible fixed assets 102,350,000 yen Intangible fixed assets 1,779,000 yen

(2) Information on the nature of accounting estimates for identified items

a. Calculation method

The Company uses Retty as its single cash-generating unit because it is engaged in a single business of operating the real-name gourmet platform Retty. As the Company recorded operating losses in the previous and current fiscal years, we have determined that there is an indication of impairment in fixed assets. In determining whether an impairment loss has been recognized, the undiscounted future cash flows based on the business plan for the next five years are calculated and compared with the carrying amount of the fixed assets. As a result, the total amount of undiscounted future cash flows exceeded the carrying amount of the fixed assets, and the Company concluded that no impairment loss was required.

b. Main assumptions

The key assumptions in the calculation of undiscounted future cash flows are the number of newly participating stores and the cancellation rate, which form the basis for sales in the business plan. Although the number of our new participating stores remained low due to the extension of the emergency declaration until the end of September 2021 (the end of the current fiscal year), the number of customers visiting restaurants is gradually recovering with the lifting of the emergency declaration. Therefore, in the following fiscal year, it is assumed that the desire of restaurants to promote their business will recover from the spring of 2022, and the number of our new participating stores will recover accordingly. In addition to the existing investment in sales agents, we will further strengthen our sales system by enhancing our direct sales system, and aggressively invest in the expansion of our development system to expand our service lineup and enhance our product lineup. In addition to the recovery of the external environment, we will increase the number of new participating stores and decrease the churn rate of existing participating stores by increasing the number of customers.

c. Effect on the financial statements for the following fiscal year

If there is a change in the conditions or assumptions upon which the estimated amount is based due to changes in business plans or the business environment, including the spread of COVID, the Company may be required to record an impairment loss in the following fiscal year.

4. Notes to Balance Sheet

Overdraft and commitment line agreements

Total amount of current account overdrafts and commitment line agreements	800,000,000 yen
Balance of borrowings	30 million yen
Difference	770,000,000 yen

5. Notes to Non-Consolidated Statement of Changes in Net Assets

- (1) Type and total number of shares issued and outstanding at the end of the current fiscal year
- | | |
|--------------|-------------------|
| Common stock | 11,627,804 shares |
|--------------|-------------------|
- (2) Type and number of treasury stock as of the end of the current fiscal year
- | | |
|--------------|------------|
| Common stock | 121 shares |
|--------------|------------|
- (3) Matters related to dividends from surplus
- Not applicable
- (4) Type and number of shares to be issued upon exercise of stock acquisition rights (excluding those for which the first day of the exercise period has not yet arrived) as of the end of the current fiscal year
- | | |
|--------------|------------------|
| Common stock | 1,379,424 shares |
|--------------|------------------|

6. Notes to Tax Effect Accounting

The main causes of deferred tax assets are loss carryforwards and other factors. The same amount of valuation allowance is deducted from the deferred tax assets incurred.

7. Notes on Financial Instruments

(1) Matters concerning the status of financial instruments

a. Policies for financial instruments

The Company's policy for fund management is to manage surplus funds in highly secure financial assets and not to engage in speculative transactions. The Company's policy is to use its own funds and bank loans for short-term working capital and capital investment.

b. Details of financial instruments and risks associated with such financial instruments

Trade receivables, such as accounts receivable and advances, are exposed to customer credit risk.

Investment securities are exposed to market risk.

Lease and guarantee deposits are related to lease contracts for head office and other offices, and are exposed to the credit risk of the parties to which they are deposited.

Accounts payable-other, which are operating liabilities, are due within one year and are exposed to liquidity risk of not being able to make payments on the due date.

Short-term loans are for the purpose of procuring working capital, all of which become due within one year and are exposed to liquidity risk.

Long-term loans are for the purpose of procuring working capital, some of which become due within one year and are exposed to liquidity risk.

c. Risk management system for financial instruments

a. Management of credit risk (risk related to contractual default by counterparties, etc.)

In accordance with the credit management rules, the Company periodically checks the status of its business partners with regard to operating receivables, in order to identify and mitigate early concerns about the collection of receivables due to deterioration in the financial status of each business partner.

With regard to security deposits and guarantee money, the Company grasps the credit status of the payer at the time of the conclusion of the lease contract and periodically checks the credit status even after the tenant has moved in, in order to identify and reduce concerns about collection at an early stage.

b. Management of market risks

With regard to investment securities, the financial conditions of issuers are periodically monitored.

c. Management of liquidity risk (risk of being unable to make payments on due dates)

For accounts payable-other, short-term loans payable and long-term loans payable, the Company manages liquidity risk by monitoring payment schedules on a monthly basis and maintaining liquidity on hand.

d. Supplementary Explanation of Matters Concerning Fair Value, etc. of Financial Instruments

The fair value of financial instruments includes not only the market price but also the reasonably calculated value when there is no market price. Since the calculation of the said value incorporates variable factors, the said value may fluctuate due to the adoption of different assumptions and other factors.

(2) Matters concerning the fair value of financial instruments, etc.

Balance sheet amount, market value and their differences as of September 30, 2021 are as follows.
Items for which it is extremely difficult to determine the fair value are not included in the following table. (See (Note) 2.)

	Carrying value on the balance sheet	Market value	Difference
(1) Cash and deposits	629,158,000 yen	629,158,000 yen	1,000 yen
(2) Accounts receivable	278,964		
Allowance for doubtful accounts (*1)	(25,770)		
	253,194	253,194	—
(3) Advances paid	124,197	124,197	—
Total assets	1,006,549	1,006,549	—
(1) Short-term borrowings	30,000	30,000	—
(2) Accounts payable	55,963	55,963	—
(3) Long-term borrowings(*2)	348,668	347,740	(927)
Total liabilities	434,631	433,703	(927)

(*1) The allowance for doubtful accounts corresponding to accounts receivable is deducted.

(*2) Long-term debt includes current portion of long-term debt.

(Note) 1. Matters concerning the calculation method of the fair value of financial instruments

Assets

(1) Cash and deposits, (2) Accounts receivable, (3) Advances paid

Since these are settled in a short period of time and their fair value is almost equal to their book value, they are stated at their book value.

Liabilities

(1) Short-term loans payable, (2) Accounts payable-other

Since these are settled in a short period of time and their fair value is almost equal to their book value, they are stated at their book value.

(3) Long-term borrowings

The fair value of long-term loans payable is calculated by discounting the total amount of principal and interest by the interest rate assumed to be applied when similar new loans are made.

2. Investment securities (amount on the balance sheet: 0,000 yen) are not included in the disclosure of fair value because they are unlisted stocks, do not have market prices, and their future cash flows cannot be estimated, making it extremely difficult to determine their fair value. Lease and guarantee deposits (balance sheet amount: 167,924,000 yen) are not included in the disclosure of fair value because there is no market price, it is difficult to calculate the actual deposit period until vacating, future cash flows cannot be estimated, and it is extremely difficult to determine the fair value.

8. Notes to Per Share Information

(1) Net assets per share	95 Yen 80 Cents
(2) Net loss per share	31 Yen 28 Cents