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(Securities code 3964)  
March 7, 2022

**To Shareholders with Voting Rights:**

Shinichiro Fujisaki  
Representative Director and President & COO  
AUCNET INC.  
5-8 Kita-Aoyama 2-chome,  
Minato-ku, Tokyo, Japan

**NOTICE OF  
THE 14TH ANNUAL GENERAL SHAREHOLDERS MEETING**

We are pleased to announce the 14th Annual General Shareholders Meeting of AUCNET INC. (the “Company”) to be held as described below.

**Instead of attending the meeting, you can exercise your voting rights by either of the methods described on page 5. Please review the Reference Documents for the General Shareholders Meeting (described hereinafter) and cast your vote by 6 p.m. on Monday, March 28, 2022 Japan time.**

**1. Date and Time:** Tuesday, March 29, 2022 at 10 a.m. Japan time (reception starts at 9:30 a.m.)

**2. Place:** Cerulean Tower Ballroom, B2F in Cerulean Tower Tokyu Hotel located at 26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo, Japan

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 14th Fiscal Year (January 1, 2021 – December 31, 2021) and results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements
  2. Non-Consolidated Financial Statements for the Company’s 14th Fiscal Year (January 1, 2021 – December 31, 2021)

**Proposals to be resolved:**

**Proposal No. 1:** Partial Amendments to the Articles of Incorporation

**Proposal No. 2:** Election of Seven (7) Directors (excluding Directors Who are Audit & Supervisory Committee Members)

**Proposal No. 3:** Election of Two (2) Directors Who are Audit & Supervisory Committee Members

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form.
- Any updates to the Reference Documents for the General Shareholders Meeting, the Business Report, the Consolidated Financial Statements, and the Non-Consolidated Financial Statements will be posted on the Company's website (URL: <https://ir.aucnet.co.jp/>).
- As the Matters Concerning Stock Acquisition Rights, etc. of the Company, Accounting Auditor, Company's Systems and Policies, Notes to the Consolidated Financial Statements and Notes to the Non-Consolidated Financial Statements are posted on the Company's website pursuant to provisions of laws and regulations as well as Article 15 of the Articles of Incorporation, it is not presented in the Appendix to this Notice of the 14th Annual General Shareholders Meeting.  
The Business Report audited by the Audit & Supervisory Committee, the Consolidated Financial Statements and the Non-Consolidated Financial Statements audited by the Accounting Auditor and the Audit & Supervisory Committee consist of the documents included in the Appendix to this Notice of the 14th Annual General Shareholders Meeting and the documents posted on the Company's website (URL: <https://ir.aucnet.co.jp/>).
- Should there be any significant changes in operations of the General Shareholders Meeting due to changes in conditions in the future, we will make an announcement on the Company's website (URL: <https://ir.aucnet.co.jp/>).

**Proposals and References**

**Proposal No. 1: Partial Amendments to the Articles of Incorporation**

1. Reasons for amendments

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of a system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 15, Paragraph 1 stipulates that the Company shall take electronic provision measures for information contained in the reference documents for the general shareholders meeting, etc.
- (2) The purpose of the proposed Article 15, Paragraph 2 is 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.
- (3) The provisions related to the Internet Disclosure and Deemed Provision of Reference Documents for the General Shareholders Meeting, Etc. (Article 15 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Shareholders Meeting, Etc.)</u></p> <p><u>Article 15 The Company may, when convening a general shareholders meeting, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference documents for the general shareholders meeting, business report, non-consolidated financial statements, and consolidated financial statements (including audit reports by the Accounting Auditor and Audit &amp; Supervisory Committee on the consolidated financial statements), by disclosing such information through the Internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p style="text-align: center;">&lt;Newly established&gt;</p>	<p style="text-align: center;">&lt;Deleted&gt;</p> <p><u>(Electronic Provision Measures, Etc.)</u></p> <p><u>Article 15 The Company shall, when convening a general shareholders meeting, take electronic provision measures for information contained in the reference documents for the general shareholders meeting, etc.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>Supplementary provisions</p> <p>(Transitional Measures Concerning Exemption from Liability of Audit &amp; Supervisory Board Members)</p> <p>Article 1 (Omitted)</p> <p>&lt;Newly established&gt;</p>	<p><u>2. Among the matters to be provided through electronic provision measures, 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> <p>Supplementary provisions</p> <p>(Transitional Measures Concerning Exemption from Liability of Audit &amp; Supervisory Committee Members)</p> <p>Article 1 (Unchanged)</p> <p><u>(Transitional Measures Concerning Electronic Provision Measures, Etc.)</u></p> <p><u>Article 2 The deletion of Article 15 (Internet Disclosure and Deemed Provision of Reference Documents for the General Shareholders Meeting, Etc.) of the Articles of Incorporation prior to amendment and the establishment of Article 15 (Electronic Provision Measures, Etc.) of the amended Articles of Incorporation shall come into effect on the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Effective Date”).</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 15 of the Articles of Incorporation prior to amendment (Internet Disclosure and Deemed Provision of Reference Documents for the General Shareholders Meeting, Etc.) shall remain in force with respect to a general shareholders meeting to be held on a date within six months from the Effective Date.</u></p> <p><u>3. This article shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the general shareholders meeting set forth in the preceding paragraph, whichever is later.</u></p>

**Proposal No. 2: Election of Seven (7) Directors (excluding Directors Who are Audit & Supervisory Committee Members)**

The terms of office of all seven (7) Directors (excluding Directors who are Audit & Supervisory Committee Members) will expire at the conclusion of this General Shareholders Meeting. Accordingly, the election of seven (7) Directors (excluding Directors who are Audit & Supervisory Committee Members) is proposed.

The Audit & Supervisory Committee did not provide any opinion about this proposal.

The candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) are as follows.

No.		Name	Positions and responsibilities	Attendance at the Board of Directors meetings
1	Reappointment	Kiyotaka Fujisaki	Representative Director and Chairman & CEO	17 out of 17 (100%)
2	Reappointment	Shinichiro Fujisaki	Representative Director and President & COO President and Executive Officer	17 out of 17 (100%)
3	Reappointment	Masayasu Takigawa	Director Senior Managing Executive Officer In charge of Automobile Business Division	13 out of 13 (100%)
4	Reappointment	Shunji Sato	Director Managing Executive Officer & CCO DM, Business Management Division	17 out of 17 (100%)
5	Reappointment	Hiroki Taniguchi	Director Managing Executive Officer & CFO DM, Corporate Management Division	13 out of 13 (100%)
6	Reappointment Outside Director	Seiichiro Umeno	Outside Director	15 out of 17 (88%)
7	Reappointment Outside Director	Toshio Maki	Outside Director	13 out of 13 (100%)

1	<b>Career summary, positions and responsibilities</b>	
<p><b>Kiyotaka Fujisaki</b> Reappointment</p> <p><b>Date of birth</b> December 18, 1952</p> <p><b>Number of shares of the Company held</b> 507,600 shares</p> <p><b>Attendance at the Board of Directors meetings</b> 17 out of 17 (100%)</p>	<p>February 1985</p> <p>October 1987</p> <p>March 1993</p> <p>August 1993</p> <p>March 2010</p> <p>March 2020</p>	<p>Director and General Manager, IT System Development Department, the Company</p> <p>Managing Director</p> <p>Senior Managing Director</p> <p>Representative Director and President</p> <p>President and Executive Officer</p> <p>Representative Director and Chairman &amp; CEO (to present)</p>
	<p><b>Reasons for selection as a candidate for Director</b></p> <p>Mr. Kiyotaka Fujisaki has demonstrated strong leadership at the heart of management, made efforts to enhance the corporate value of the Company, and taken the initiative for management reform upon assuming office as the Representative Director of the Company. Based on his wealth of experience and achievements, the Company expects him to make appropriate decisions and supervise the execution of duties over important matters concerning overall management as a Director and to play an essential role in the future for further enhancing the medium- to long-term corporate value of the Company as the Representative Director and Chairman. Therefore, the Company renominated him as a candidate for Director.</p>	
2	<b>Career summary, positions and responsibilities</b>	
<p><b>Shinichiro Fujisaki</b> Reappointment</p> <p><b>Date of birth</b> November 22, 1975</p> <p><b>Number of shares of the Company held</b> 824,800 shares</p> <p><b>Attendance at the Board of Directors meetings</b> 17 out of 17 (100%)</p>	<p>January 2011</p> <p>January 2013</p> <p>January 2014</p> <p>March 2014</p> <p>January 2015</p> <p>January 2016</p> <p>January 2017</p> <p>January 2019</p> <p>March 2020</p>	<p>Joined the Company</p> <p>DGM, Automobile Business Headquarter</p> <p>Executive Officer</p> <p>Director</p> <p>Senior DGM, New Business Division</p> <p>Representative Director and President, AUCNET DIGITAL PRODUCTS INC.</p> <p>Managing Executive Officer</p> <p>Senior Managing Executive Officer</p> <p>DM, Automobile Business Division</p> <p>Representative Director and President &amp; COO (to present)</p> <p>President and Executive Officer (to present)</p>
	<p><b>Reasons for selection as a candidate for Director</b></p> <p>Mr. Shinichiro Fujisaki has led the Company's main businesses from a senior position, such as the automobile business, new business division, and digital product business, and has significantly contributed to business expansion. Based on his wealth of experience and achievements, the Company expects him to continue to play a role of leading the growth of the Company from a management perspective as Representative Director and President. Therefore, the Company renominated him as a candidate for Director.</p>	

3	<b>Career summary, positions and responsibilities</b>
<p><b>Masayasu Takigawa</b> Reappointment</p> <p><b>Date of birth</b> February 7, 1962</p> <p><b>Number of shares of the Company held</b> 6,000 shares</p> <p><b>Attendance at the Board of Directors meetings</b> 13 out of 13 (100%)</p>	<p>April 1984      Joined ITOCHU Corporation</p> <p>October 2003    Representative Director and President, Any Lights Co., Ltd.</p> <p>May 2007        Managing Director, ISHIMORI PRODUCTION INC.</p> <p>June 2010        Director and Vice President</p> <p>June 2013        Director, SPACE SHOWER NETWORKS INC.</p> <p>March 2017      Representative Director and President, Enroute Co., Ltd.</p> <p>April 2020        Joined the Company Senior Managing Executive Officer (to present) DM, New Business Division</p> <p>January 2021     In charge of Automobile Business Division (to present)</p> <p>March 2021      Director (to present)</p> <p><b>Reasons for selection as a candidate for Director</b> Mr. Masayasu Takigawa has served in launching new businesses and services for many years and also has experience in corporate management. By drawing on his deep insight based on these significant experience and achievements to manage the Company, the management structure may be further strengthened, and the Company expects him to continue to make appropriate decisions and execute duties over important matters concerning overall management as a Director. Therefore, the Company renominated him as a candidate for Director.</p>
4	<b>Career summary, positions and responsibilities</b>
<p><b>Shunji Sato</b> Reappointment</p> <p><b>Date of birth</b> March 3, 1961</p> <p><b>Number of shares of the Company held</b> 5,000 shares</p> <p><b>Attendance at the Board of Directors meetings</b> 17 out of 17 (100%)</p>	<p>April 1983      Joined Orient Finance Co., Ltd. (currently Orient Corporation)</p> <p>June 2014        Executive Officer</p> <p>July 2017        Joined the Company Managing Executive Officer</p> <p>January 2018     Senior GM, Business Management Division</p> <p>March 2018      Director (to present)</p> <p>January 2019     DM, Business Management Division (to present)</p> <p>January 2020     DM, Customer Communication Division</p> <p>January 2022     Managing Executive Officer &amp; CCO (to present)</p> <p><b>Reasons for selection as a candidate for Director</b> Mr. Shunji Sato has abundant experience in the sales field over many years. With his wealth of experience and deep insight, he has significantly contributed to the business expansion of the Company. Based on his wealth of experience and achievements, he is fulfilling his duties as a Director. The Company expects him to continue to make appropriate decisions and execute duties over important matters concerning overall management as a Director. Therefore, the Company renominated him as a candidate for Director.</p>

5	<b>Career summary, positions and responsibilities</b>
<p><b>Hiroki Taniguchi</b> Reappointment</p> <p><b>Date of birth</b> October 20, 1965</p> <p><b>Number of shares of the Company held</b> 7,200 shares</p> <p><b>Attendance at the Board of Directors meetings</b> 13 out of 13 (100%)</p>	<p>April 1988      Joined Universal Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)</p> <p>September 1994      Joined CHARLE CO., LTD.</p> <p>April 2003      General Manager, Accounting Department</p> <p>April 2008      Chairman and President, Charle (Shanghai) International Trading Co., Ltd.</p> <p>April 2012      Executive Officer, CHARLE CO., LTD.</p> <p>June 2012      Director</p> <p>August 2014      Joined the Company Senior DGM, Administrative Management Division</p> <p>October 2019      Executive Officer DM, Corporate Management Division (to present)</p> <p>January 2021      Managing Executive Officer</p> <p>March 2021      Director (to present)</p> <p>January 2022      Managing Executive Officer &amp; CFO (to present)</p> <p><b>Reasons for selection as a candidate for Director</b> Mr. Hiroki Taniguchi has adequately fulfilled a supervisory role for management as a manager of the Corporate Management Division, and has made efforts to strengthen the Company's overall business structure and promote financial and other strategies. By drawing on his high level of expertise and experience to manage the Company, the management structure may be further strengthened, and the Company expects him to continue to make appropriate decisions and execute duties over important matters concerning overall management as a Director. Therefore, the Company renominated him as a candidate for Director.</p>
6	<b>Career summary, positions and responsibilities</b>
<p><b>Seiichiro Umeno</b> Reappointment Outside</p> <p><b>Date of birth</b> September 1, 1961</p> <p><b>Number of shares of the Company held</b> —</p> <p><b>Attendance at the Board of Directors meetings</b> 15 out of 17 (88%)</p>	<p>April 1989      Registered as an attorney-at-law Joined Tokyo Yaesu Law Offices</p> <p>August 1990      Joined Masuda &amp; Ejiri</p> <p>January 1995      Registered as a New York State attorney</p> <p>March 2006      Outside Director, the Company (until March 2008)</p> <p>April 2007      Partner, Nagashima Ohno &amp; Tsunematsu (to present)</p> <p>March 2010      Corporate Auditor, VeriSign Japan K.K.</p> <p>March 2016      Outside Director, the Company (to present)</p> <p>June 2019      Outside Auditor, SPARX Group Co., Ltd.</p> <p><b>Reasons for selection as a candidate for Outside Director and summary of expected roles</b> Mr. Seiichiro Umeno has abundant expertise and experience as an attorney-at-law. Based on his wealth of expertise and experience, he is fulfilling his duties as an Outside Director. The Company expects him to continue to play an adequate role as an Outside Director from an independent standpoint, and therefore renominated him as a candidate for Outside Director. Although he has not been involved in corporate management except as an Outside Director, based on the above reasons, he is expected to adequately perform duties as Outside Director of the Company.</p>



7	<b>Career summary, positions and responsibilities</b>	
<b>Toshio Maki</b> Reappointment Outside  <b>Date of birth</b> June 28, 1955  <b>Number of shares of the  Company held</b> —  <b>Attendance at the Board of  Directors meetings</b> 13 out of 13 (100%)	April 2004	Executive Officer, KDDI CORPORATION General Manager, “au” Service & Product Planning Division, “au” Business Sector
	April 2008	Representative Director and President, CHUBU TELECOMMUNICATIONS CO., INC.
	April 2013	Representative Director, Chairman & Co-CEO, Jupiter Telecommunications Co., Ltd.
	January 2014	Representative Director, President & Co-CEO
	April 2017	Representative Director, Chairman & Co-CEO
	June 2019	Representative Director and Chairman, CHUBU TELECOMMUNICATIONS CO., INC.
	June 2020	Board Member, Chuo University (to present)
	March 2021	Outside Director, the Company (to present)
	July 2021	Provisional Corporate Auditor, MEDIA SEEK INC.
	October 2021	Outside Corporate Auditor (to present)
	<b>Reasons for selection as a candidate for Outside Director and summary of  expected roles</b>	
	Mr. Toshio Maki has served in expanding communication businesses and network services for many years and also has abundant experience as a corporate manager. The Company expects him to continue to provide professional advice on the Company’s business from a medium- to long-term perspective and from an independent standpoint as an Outside Director, based on his wealth of experience and deep insight, and thus contribute to enhancement of the corporate value of the Company. Therefore, the Company renominate him as a candidate for Outside Director.	

- Notes:
- There are no special interests between the candidates and the Company.
  - CEO, COO, CCO, and CFO stand for Chief Executive Officer, Chief Operating Officer, Chief Customer Officer, and Chief Financial Officer, respectively.
  - DM, GM and DGM stand for Division Manager, General Manager and Deputy General Manager, respectively.
  - Messrs. Seiichiro Umeno and Toshio Maki are candidates for Outside Directors.  
In the event that this proposal is approved, the Company will designate Mr. Toshio Maki as an Independent Director/Auditor in accordance with the stipulations of Tokyo Stock Exchange, Inc. and submit a notification to the said Exchange.
  - The Company has entered into agreements with Messrs. Seiichiro Umeno and Toshio Maki to limit their liability pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability pursuant to the agreement is the minimum amount stipulated by Article 425, Paragraph 1 of the Companies Act. If their reelection is approved, the Company plans to continue the above agreements with them to limit their liability.
  - The Company has concluded a Directors and Officers Liability Insurance contract with an insurance company, as prescribed in Article 430-3, Paragraph 1 of the Companies Act. If this proposal is approved as originally proposed and each candidate assumes office as Director, the candidate will be an insured person under the insurance contract stipulated in Article 430-3 of the Companies Act. The insurance contract covers damages that may be incurred as a result of the responsibilities assumed by Directors in the execution of their duties, or any liability claims made against them in connection with those responsibilities. However, there are certain exemptions such as in the case where damages from knowingly committed acts of violation against laws and regulations are not covered by the insurance.
  - Mr. Seiichiro Umeno will have served as Outside Director for six (6) years at the conclusion of this Annual General Shareholders Meeting.
  - Mr. Toshio Maki will have served as Outside Director for one (1) year at the conclusion of this Annual General Shareholders Meeting.
  - Mr. Seiichiro Umeno has been an Outside Director of the Company in the past.

**Proposal No. 3: Election of Two (2) Directors Who are Audit & Supervisory Committee Members**

The terms of office of Messrs. Hisanao Nagashima and Masaaki Ayukawa, Directors who are Audit & Supervisory Committee Members, will expire at the conclusion of this General Shareholders Meeting. Accordingly, the election of two (2) Directors who are Audit & Supervisory Committee Members is proposed, including one (1) new candidate.

The Audit & Supervisory Committee has given its consent to this proposal.

The candidates for Directors who are Audit & Supervisory Committee Members are as follows.

No.	Name	Positions and responsibilities	Attendance at the Board of Directors meetings
1	Reappointment Hisanao Nagashima	Director (Audit & Supervisory Committee Member)	17 out of 17 (100%)
2	New appointment Outside Director Michi Handa	—	—

1	Career summary, positions and responsibilities
<p><b>Hisanao Nagashima</b> Reappointment</p> <p><b>Date of birth</b> September 15, 1955</p> <p><b>Number of shares of the Company held</b> 110,800 shares</p> <p><b>Attendance at the Board of Directors meetings</b> 17 out of 17 (100%)</p>	<p>March 1985      Joined the Company</p> <p>March 1989      Director and General Manager, Sales Department</p> <p>March 1993      Managing Director</p> <p>January 2001     Deputy General Manager, Automobile Business Headquarter</p> <p>January 2002     General Manager, Automobile Inspection Headquarter</p> <p>January 2003     Executive Officer</p> <p>January 2006     Deputy General Manager, Automobile Business Division</p> <p>March 2006      Senior Managing Director</p> <p>March 2010      Director and Senior Managing Executive Officer</p> <p>January 2014     Representative Director and President, i-Auc, Inc.</p> <p>January 2019     Director and Chairperson</p> <p>March 2020      Director (Audit &amp; Supervisory Committee Member), the Company (to present)</p> <p><b>Reasons for selection as a candidate for Director who is an Audit &amp; Supervisory Committee Member</b></p> <p>Mr. Hisanao Nagashima has served in the Company's core automobile business since its foundation, and has a wealth of experience and achievements. The Company expects him to continue to utilize his deep insight into the Company's businesses to engage in the audit and supervision of the Company's overall management as an Audit &amp; Supervisory Committee Member. Therefore, he has been renominated as a candidate for Director who is an Audit &amp; Supervisory Committee Member.</p>

2	<b>Career summary, positions and responsibilities</b>
<b>Michi Handa</b> (Michi Sasano) New appointment Outside  <b>Date of birth</b> October 19, 1970  <b>Number of shares of the Company held</b> —  <b>Attendance at the Board of Directors meetings</b> —	March 1998 Registered as a certified public accountant September 1998 Joined KPMG LLP New York Office February 2003 Joined KPMG AZSA LLC February 2006 Established Biz Consulting K.K. Representative Director and President June 2008 Representative Director and Vice President, Control Solutions International K.K. (currently Control Solutions K.K.) January 2009 Representative Director and President (to present) June 2019 Independent Director (Audit & Supervisory Committee Member), TOA CORPORATION (to present)
	<b>Significant concurrent positions</b> Representative Director and President, Control Solutions K.K.
	<b>Reasons for selection as a candidate for Outside Director who is an Audit &amp; Supervisory Committee Member</b> Ms. Michi Handa possesses a wealth of expert knowledge and experience as a certified public accountant and tax accountant, and also serves as the manager of a consulting company specializing in risk management, internal audit, compliance and related fields. Based on this abundant knowledge and experience, the Company expects her to be fully capable of auditing the execution of duties by Directors as an Audit & Supervisory Committee Member. Therefore, she has been nominated as a candidate for Outside Director who is an Audit & Supervisory Committee Member.

- Notes: 1. There are no special interests between the candidates and the Company.
2. The name under which Ms. Michi Handa is registered as a certified public accountant is shown in parentheses.
3. Ms. Michi Handa is a candidate for Outside Director who is an Audit & Supervisory Committee Member.  
There are no special interests between Control Solutions K.K., where Ms. Michi Handa serves as Representative Director and President, and the Company.  
In the event that this proposal is approved, the Company will designate Ms. Michi Handa as an Independent Director/Auditor in accordance with the stipulations of Tokyo Stock Exchange, Inc. and submit a notification to the said Exchange.
4. If Ms. Michi Handa assumes office as Outside Director, the Company plans to enter into an agreement with her to limit her liability pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability pursuant to the agreement is the minimum amount stipulated by Article 425, Paragraph 1 of the Companies Act.
5. The Company has concluded a Directors and Officers Liability Insurance contract with an insurance company, as prescribed in Article 430-3, Paragraph 1 of the Companies Act. If this proposal is approved as originally proposed and each candidate assumes office as Director who is an Audit & Supervisory Committee Member, the candidate will be an insured person under the insurance contract stipulated in Article 430-3 of the Companies Act. The insurance contract covers damages that may be incurred as a result of the responsibilities assumed by Directors who are Audit & Supervisory Committee Members in the execution of their duties, or any liability claims made against them in connection with those responsibilities. However, there are certain exemptions such as in the case where damages from knowingly committed acts of violation against laws and regulations are not covered by the insurance.

[Reference] Skills Matrix (expected situation after this General Shareholders Meeting)

	Management experience	Marketing and sales	New businesses	Finance and accounting	Audit	Legal compliance and risk management	Global experience	IT/DX
Kiyotaka Fujisaki	○		○				○	○
Shinichiro Fujisaki	○	○	○				○	
Masayasu Takigawa	○	○	○				○	○
Shunji Sato	○	○				○		
Hiroki Taniguchi	○			○	○	○	○	
Seiichiro Umeno						○		
Toshio Maki	○	○						○
Hisanao Nagashima	○	○			○			
Ikuo Kaminishi	○	○			○			
Michi Handa	○			○	○	○	○	

Note: The matrix above does not represent all of the knowledge and experience of each individual.

## 1. Overview of the Company Group

### (1) Business Progress and Results

During the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021), the Japanese economy showed signs of a gradual recovery with efforts to achieve economic activity while also preventing the spread of novel coronavirus (COVID-19) infections. Severe conditions persisted however, with prolonged limitations on economic activity due to the spread of infections. It will continue to be necessary to keep a close eye on the spread of infections and its impact on the economy both in and outside of Japan, and the outlook remains uncertain.

Under these circumstances, in line with our brand statement, “Shaping the Future of Commerce,” the Company has worked to further improve its social and economic value by providing competitive value-added products and services to promote information distribution in addition to its B2B information distribution intermediary businesses.

As a result, for the fiscal year ended December 31, 2021, the Group’s net sales were ¥36,710,088 thousand (up 52.5% from the previous fiscal year), operating profit was ¥5,846,440 thousand (up 57.8% from the previous fiscal year), ordinary profit was ¥6,113,012 thousand (up 67.8% from the previous fiscal year), and profit attributable to owners of parent was ¥3,625,527 thousand (up 91.1% from the previous fiscal year).

Performance results by business segment are as follows.

#### 1) Automobile Business

The Automobile Business comprises the Company’s mainstay used vehicle auctions (\*1), shared inventory market (\*2), live-linked auctions (\*3), proxy bidding service (\*4), used vehicle inspection service (\*5), and other services.

In the Japanese automotive sector, which has close connections with our business, total new-vehicle registrations (\*6) decreased 3.3% year-on-year to 4.44 million units in the fiscal year ended December 31, 2021. The total number of used-vehicle registrations (\*7) fell 2.0% year-on-year to 6.73 million units, and the number of vehicles listed (\*8) at auction around Japan declined 2.4% year-on-year to 6.93 million units. The total number of vehicles sold at auction (\*8) increased 4.0% year-on-year to 4.74 million units.

Demand for used vehicles continued to rise during the fiscal year ended December 31, 2021 due to prolonged delivery lead times for new vehicles, influenced by a shortage of semiconductors and insufficient supply of new vehicles mainly stemming from reduced production by automakers. From the third quarter onward, the supply shortages of used vehicles became even more obvious. Under these circumstances, the number of vehicles listed at AUCNET-hosted used vehicle auctions declined year-on-year, but the number of vehicles sold in AUCNET-hosted auctions, as well as the number of vehicles bought in our live-linked auctions and proxy bidding service, surpassed the previous year’s results.

In the used vehicle inspection service, the number of vehicles inspected in AUCNET-hosted auctions declined due to the market conditions, while the number of vehicles inspected for a used vehicle listing platform continued to progress favorably, thus contributing to segment net sales and income.

As a result, net sales of the Automobile Business (including inter-segment net sales) were ¥12,104,593 thousand (up 3.6% from the previous fiscal year), and operating profit was ¥3,717,069 thousand (up 3.8% from the previous fiscal year).

- (\*1) The used vehicle auctions are real-time, members-only online auctions run by the Company.
- (\*2) The shared inventory market is a system that allows Aucnet Group member sellers to share inventory with other members online. The inventory remains at the seller's premises while other members access it via the online system.
- (\*3) The live-linked auctions use an online live-link system that enables real-time remote access to participate at physical auction sites, through partnerships between AUCNET and the physical auction sites.

- (\*4) The proxy bidding service is an agency service provided by i-Auc, Inc. to buy, sell, settle payment for and arrange for transportation of used vehicles at auctions on behalf of its members.
- (\*5) The used vehicle inspection service and related inspection skills training services are provided by AIS INC.
- (\*6) Based on statistics compiled by Japan Automobile Dealers Association
- (\*7) Based on statistics compiled by Japan Automobile Dealers Association and Japan Light Motor Vehicle and Motorcycle Association
- (\*8) Based on U-Car Full Data Book and Export Quotation Book

## 2) Digital Product Business

The Digital Product Business comprises auctions for used digital equipment including used smartphones and used PCs, and services pertaining to distribution.

In Japan, the number of sales units of used devices increased, influenced by factors such as sales of new models of smartphone. Moreover, the Company continued to focus on strengthening sales capability primarily through expanding the overseas buyer network, and high unit prices of devices were maintained. The Company also streamlined its operations and conducted a cost review, etc., and profit margin improved as a result.

In the U.S. business, the business environment underwent major changes, including travel restrictions caused by the spread of COVID-19 and soaring business maintenance costs such as labor costs. This led to the decision to review the current business at the end of October 2021, with the Company completing its withdrawal from the business by the end of 2021.

As a result, net sales of the Digital Product Business were ¥6,832,897 thousand (up 16.3% from the previous fiscal year), and operating profit was ¥3,810,782 thousand (up 59.3% from the previous fiscal year).

## 3) Consumer Product Business

The Consumer Product Business comprises auctions for pre-owned luxury brand items and services pertaining to distribution, including those targeting consumers.

In the B2B business, the members network progressively expanded, both in and outside of Japan, partly due to the strengthening of our sales structure against a backdrop of rising demand for online auctions amid the spread of COVID-19, and the number of items sold increased. The average price of units sold also increased significantly, buoyed by a weak yen and soaring market prices. Although costs increased, mainly due to the relocation of the operation center and an increase in the number of employees, the Company is progressively streamlining operations.

In the business targeting consumers, the purchasing and sales business of GALLERY RARE Ltd., which was made into a consolidated subsidiary in October in the previous year, posted favorable performance, and segment net sales increased substantially. In addition to this, profit margin improved due to strict cost control through PMI, among other factors.

As a result, net sales of the Consumer Product Business were ¥14,506,790 thousand (up 268.1% from the previous fiscal year), and operating profit was ¥1,289,287 thousand (up 140.6% from the previous fiscal year).

## 4) Others

The Others segment comprises auctions for used motorcycles and flowers, medical-related businesses, and overseas businesses.

Net sales of the Others segment (including inter-segment net sales) were ¥3,791,211 thousand (up 18.5% from the previous fiscal year), and operating loss was ¥252,846 thousand (the operating loss for the previous year was ¥300,459 thousand).

## Transaction results

Contents		Fiscal Year	The 13th fiscal year (From January 1, 2020 to December 31, 2020)	The 14th fiscal year (From January 1, 2021 to December 31, 2021)	YoY
Automobile Business	Auction related	Total transaction amount (Million yen)	311,080	343,758	+10.5%
		Number of sold items (Units)	430,191	447,172	+3.9%
	Membership fees	Total members (*1)	14,362	14,605	+1.7%
	Inspection fees	Total inspected units (Units) (*2)	972,048	1,042,250	+7.2%
Digital Product Business	Total transaction amount (Million yen)		34,079	42,812	+25.6%
	Total sales units (Units)	Japan business	2,143,612	2,296,657	+7.1%
		U.S. business	652,127	317,593	-51.3%
Consumer Product Business	B2B business	Total transaction amount (Million yen)	17,381	32,443	+86.7%
		Number of sold items (Units)	448,626	657,599	+46.6%
		Total members (*1)	2,160	2,652	+22.8%
	2C business	Total transaction amount (Million yen)	1,654	8,813	+432.8%
Others	Total transaction amount (Million yen)		14,944	19,920	+33.3%

(\*1) Members are as of the end of the consolidated fiscal year ended December 31, 2021.

(\*2) Includes used motorcycles inspections.

### (2) Capital investment

The Company made capital investment in the total amount of ¥608 million in the fiscal year under review. Major investments include purchase of equipment for works on the head office, construction of internal system infrastructure, and renewal of the auction system.

### (3) Financing

The company raised ¥14 million by issuing new shares through exercise of stock acquisition rights in the fiscal year under review.

### (4) Business transfer, absorption-type split, or incorporation-type split

Not applicable.

### (5) Transfer of business from other companies

Not applicable.

### (6) Acquisition or disposal of shares and other equity interests or stock acquisition rights, etc. of other companies

Not applicable.

### (7) Issues to be addressed

The Company has actively expanded its business to products other than used vehicles, such as used motorcycles, flowers, used PCs, used smartphones, pre-owned luxury brand items, and used medical equipment, based primarily on the three elements of “operational expertise,” “information reliability” and “optimal systems,” which we have accumulated through online real-time auction services. Aiming for further growth by expanding the scope in the future, we are actively making entry into overseas markets in addition to the domestic market to expand our business.

The Company identified issues to be addressed as listed below for achieving sustainable growth based on a solid business foundation while flexibly responding to diversifying customer needs and a rapidly changing market environment, and will make efforts to further enhance corporate value.

#### 1) Response to the novel coronavirus (COVID-19)

The Company, while strengthening the collaboration between each of the relevant departments under the initiative of the Risk Management Subcommittee, has been collecting information on the novel coronavirus (COVID-19) as well as working on measures to minimize the impact of the spread of the infection. At the same time, placing the highest priority on the safety and security of our customers, business partners, and employees and their families, the Company has been undertaking measures to stop the spread of the infection such as limiting overseas and domestic business trips, and promoting staggered working hours and teleworking by employees, as well as ensuring that employees wear face masks during

working hours and utilizing the video-conferencing systems.

Going forward, the Company will continue to keep an eye on the impact of the spread of the novel coronavirus (COVID-19) on economic activities, and strive to establish a structure capable of responding flexibly to changes in the business environment, in anticipation of unexpected risks and unforeseen circumstances.

2) Sustainable growth of existing business

The Company's existing business includes the Automobile Business, Digital Product Business, Consumer Product Business, and Others (used motorcycles, flowers, and used medical equipment). We will continue to focus on these items as the Groups' mainstay businesses, aiming for further enhancement of profitability by making our services more convenient through deep understanding of membership customer needs, continuously launching new products and services, and creating new products and services in view of the entry into peripheral businesses related to B-to-B distribution.

3) Entry into new business areas and categories

In order to achieve further growth for the Company, we will proactively enter new business areas and categories which may provide synergy with our existing businesses, centering on information distribution support services. The Company promotes efforts to cultivate distribution business that can create competitive and value-added products and services by distributing information (that does not accompany products) and expanding distribution-related services. We will strengthen organizational structures of departments related to marketing, new businesses, and international businesses, whereby we promote functions such as selection of potential areas and categories for new entry, accelerate strategic planning for new market entry, and improve functions including risk management.

4) Global development

The Company aims to provide optimum services by considering regional customer needs and commercial practices, etc. with overseas subsidiaries such as those in Hong Kong and the United States as strategic bases for expanding overseas business and strengthening profitability, based primarily on the three elements of "operational expertise," "information reliability" and "optimal systems," which we have accumulated in Japan. We will contribute to the development of regions and the industry as well as the enhancement of social life by seeking for overseas growing business models and creating businesses with potential for development.

5) Response to competition

The Company engages in auction-related businesses where many players operate, and we foresee rapid technological innovation, intensifying competition, and diversification of customer needs in the industry in the future. Accordingly, we will strive to be early to identify and analyze our competitors' advantages and to further develop competitive advantages of our own in order to increase the convenience of our services while always aiming to differentiate ourselves from our competitors.

6) Recruitment and development of high caliber human resources

The Company will work to create a comfortable working environment, provide opportunities for personal growth, and revitalize the organization for recruiting and developing personnel who can support our future sustainable growth. In response to globalization and diversification of the market environment, we consider diversity as an important management issue. Based on the "mission grade system", a new human resource management system introduced during 2019, we will focus on the development of diverse, future-oriented human resources who can play an active role in the global business field. We believe that the Company's ability to solve management challenges will be strengthened by providing an environment aligned with the growth of diverse human resources.

7) Strengthening of corporate culture and management foundation

The Company will strengthen corporate governance and promote CSR activities through measures such as familiarization with the Code of Ethics and Corporate Philosophy throughout the Company, active roles by the Compliance Committee, thorough risk management, and strengthening of internal control. We will also strive for the ongoing operation of an organizational structure capable of swift decision-making in reaction to changes in the business environment and promote business structure reforms aimed at cost reduction and enhancing operational efficiency as well as establishing and strengthening management and financial foundations.



## [Reference] Initiatives to Address the Sustainable Development Goals (SDGs)

- Establishment of the Sustainability Policy to promote SDGs-focused management

The Aucnet Group established its Sustainability Policy – “Circulate valuable goods on a global scale ~ Circulation Engine.” – on June 29, 2021. This policy embodies our aspiration to become a “circulation engine,” widening the circle of sustainability together with our partners around the world.

- Initiatives for “circular distribution” – a goal ever since the Group’s founding

Since achieving the world’s first real-time virtual used car auction in 1985, the Aucnet Group, together with its partners around the world, has engaged in building a “circular distribution” system across a broad range of business domains, to circulate “valuable goods” to “people who need them.” Today, the Group boasts over 33,000 corporate partners in over 40 countries.\*

\*As of December 2020.

- GCV, our new sustainability management indicator

We have established Gross Circulation Value (GCV) as a new quantitative indicator to link our Sustainability Policy to specific actions.

Growing GCV means that we have neither discarded used goods nor produced new goods.

In other words, GCV is an indicator for reducing the burden on the global environment. Our annual GCV for the fiscal year ended December 31, 2020 was equivalent to ¥379.0 billion in terms of transaction amount, and has exceeded ¥7 trillion on a cumulative basis.



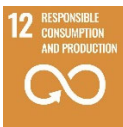



**Gross Circulation Value ⇒ Over ¥7 trillion on a cumulative basis (as of December 31, 2020)**

- Sustainability Actions linked to the SDGs

We have formulated four Sustainability Actions, linked to the 17 SDGs, with the aim of achieving our Sustainability Policy.

We will promote the actions of “Equitable Trade around the World”, “Maximizing the Value of Goods”, “Keeping the Earth Beautiful” and “Working with All Partners”.

### Details of the promotion of each Sustainability Action

Action04: Working with All Partners		
Action01 Equitable Trade around the World	Action02 Maximizing the Value of Goods	Action03 Keeping the Earth Beautiful
<p>Host online auctions and implement fair inspections and evaluations appropriate for the industry and goods</p>  	<p>Connect sellers and buyers around the world, using optimal matching methods to deliver used but valuable goods</p> 	<p>Promote online auctions to achieve a reduction in CO<sub>2</sub> emissions</p>  
 <p>Promotion of the membership business and cooperation with companies in the industry</p>	<p>Collaboration with companies in the industry</p>	<p>Activities to protect the natural environment</p>

■ Aucnet's Sustainability website

The motif of a windmill was adopted as the main visual for our Sustainability website. The various colors represent Aucnet's diverse businesses, and the spinning windmill represents the system for circulating valuable goods. The Sustainability website can be accessed using the QR code below. Please take the time to visit it.

<https://www.aucnet.co.jp/SDGs/en/>



## (8) Trends in assets and income

### 1) Trends in assets and income of the Company Group

(Thousand yen)

Fiscal year Item	The 11th fiscal year (From January 1, 2018 to December 31, 2018)	The 12th fiscal year (From January 1, 2019 to December 31, 2019)	The 13th fiscal year (From January 1, 2020 to December 31, 2020)	The 14th fiscal year (From January 1, 2021 to December 31, 2021)
Net sales	19,492,679	19,672,155	24,078,099	36,710,088
Ordinary profit	3,308,749	2,630,707	3,643,461	6,113,012
Profit attributable to owners of parent	1,707,941	1,404,005	1,896,934	3,625,527
Basic earnings per share (Yen)	62.19	50.94	68.56	130.56
Total assets	27,257,175	29,324,649	33,280,823	36,822,846
Net assets	17,413,699	18,333,554	19,637,686	22,701,956
Net assets per share (Yen)	625.31	653.97	697.22	802.38

- Notes: 1. Basic earnings per share is calculated using the average number of issued and outstanding shares during the fiscal year.
2. Net assets per share are calculated using the number of issued and outstanding shares at the end of the fiscal year.
3. The shares of the Company held by the Board Benefit Trust (“BBT”) recorded as treasury shares under shareholders’ equity are included in the treasury shares to be deducted in calculating the number of issued and outstanding shares at the end of the fiscal year and the average number of shares during the fiscal year for the purpose of calculating net assets per share and basic earnings per share. Please note that for the fiscal year under review, the number of shares of the Company held by BBT, which were deducted for the purpose of calculating net assets per share, is 140,300 shares, and the average number of shares of the Company held by BBT during the fiscal year under review, which were deducted for the purpose of calculating basic earnings per share, is 142,348 shares.

## 2) Trends in assets and income of the Company

(Thousand yen)

Fiscal year Item	The 11th fiscal year (From January 1, 2018 to December 31, 2018)	The 12th fiscal year (From January 1, 2019 to December 31, 2019)	The 13th fiscal year (From January 1, 2020 to December 31, 2020)	The 14th fiscal year (From January 1, 2021 to December 31, 2021)
Net sales	9,487,356	11,634,145	13,916,198	16,073,171
Ordinary profit	1,013,893	1,372,839	2,472,599	3,361,734
Profit	821,092	4,369,367	1,019,153	1,933,309
Basic earnings per share (Yen)	29.90	158.54	36.84	69.62
Total assets	14,989,438	23,534,189	25,232,924	26,679,694
Net assets	9,745,973	13,524,110	13,947,150	15,221,520
Net assets per share (Yen)	354.20	489.61	503.21	547.21

- Notes: 1. Basic earnings per share is calculated using the average number of issued and outstanding shares during the fiscal year.
2. Net assets per share are calculated using the number of issued and outstanding shares at the end of the fiscal year.
3. The shares of the Company held by the Board Benefit Trust (“BBT”) recorded as treasury shares under shareholders’ equity are included in the treasury shares to be deducted in calculating the number of issued and outstanding shares at the end of the fiscal year and the average number of shares during the fiscal year for the purpose of calculating net assets per share and basic earnings per share. Please note that for the fiscal year under review, the number of shares of the Company held by BBT, which were deducted for the purpose of calculating net assets per share, is 140,300 shares, and the average number of shares of the Company held by BBT during the fiscal year under review, which were deducted for the purpose of calculating basic earnings per share, is 142,348 shares.

## (9) Significant subsidiaries

### 1) Significant subsidiaries

Company name	Capital	Ratio of voting rights	Principal business
AIS Inc.	¥100,000 thousand	79.0%	Inspection and evaluation of used vehicles and used motorcycles
i-Auc, Inc.	¥100,000 thousand	100.0%	Proxy exhibiting and bidding service for auctions of used vehicles and used motorcycles
AUCNET SALES AND SUPPORT INC.	¥80,000 thousand	100.0%	Sales promotion of auctions of used vehicles and used motorcycles
AUC FINANCIAL PARTNERS INC.	¥10,000 thousand	100.0%	Provision of warranty service-related products
AUCNET DIGITAL PRODUCTS USA, LLC.	US\$100 thousand	100.0%	Strategic base for the U.S. smartphone business
AUCNET MOTORCYCLE INC.	¥30,000 thousand	100.0%	Operation of auctions of used motorcycles
AUCNET AGRI BUSINESS INC.	¥30,000 thousand	100.0%	Operation of auctions of flowers
AUCNET CONSUMER PRODUCTS INC.	¥30,000 thousand	100.0%	Operation of auctions of pre-owned luxury brand items, etc.
JBTv, Inc.	¥100,000 thousand	100.0%	Provision of communication, operation/maintenance and BPO services
AUCNET HK LIMITED	US\$3,201 thousand	100.0%	Strategic base for China and Southeast Asia
AUCNETMEDICAL INC.	¥59,500 thousand	100.0%	Operation of auctions of used medical equipment
AUCNET IBS INC.	¥30,000 thousand	100.0%	Web-related system solution business
Aucnet USA, LLC.	US\$16,500 thousand	100.0%	Strategic base for the U.S.
MENERGIA INC.	¥100,000 thousand	98.3%	Provision of medical information video content
CARSERU, INC.	¥100,000 thousand	100.0%	C2B car sales support service
AUCNET CONSUMER PRODUCTS USA, LLC.	US\$1,000 thousand	100.0%	Distribution of pre-owned luxury brand items
Kinuta Flower Auction CO. LTD	¥100,000 thousand	100.0%	Operation of auctions of flowers
GALLERY RARE Ltd.	¥40,000 thousand	100.0%	Import and sales of foreign brand apparel goods and fashion accessories
GRAND BOUQUET OTAKI LIMITED	¥115,000 thousand	90.9%	Production, purchasing, sales, import and export of flowers and agricultural products

- Notes: 1. The ratio of voting rights includes indirect shareholdings.  
2. As of September 1, 2021, the Company acquired shares of GRAND BOUQUET OTAKI LIMITED, and the said company became a consolidated subsidiary of the Company.  
3. As Aucnet USA, LLC. carried out a capital increase on September 21, 2021, its share capital increased.  
4. As JBTv, Inc. carried out a capital reduction on December 31, 2021, its share capital decreased.

### 2) Matters concerning specified wholly-owned subsidiaries

Not applicable.

3) Equity-method company

Company name	Capital	The Company's equity ratio	Principal business
Blancco Japan Inc.	¥10,000 thousand	20.0%	Sales of data erasure software and related services

**(10) Principal business**

The Company mainly organizes and conducts auctions of used vehicles, used digital devices including used smartphones and used PCs, and pre-owned luxury brand items via the Internet and provides various services pertaining to distribution.

**(11) Employees**

1) Employees of the Company Group

Number of employees	Increase (decrease) from previous consolidated fiscal year-end
858 persons	37 persons

Note: The number of employees excludes temporary employees (dispatched workers, part-time workers and non-regular workers).

2) Employees of the Company

Number of employees	Increase (decrease) from previous fiscal year-end	Average age	Average length of service
222 persons	(1) person	41.8 years old	11.6 years

Note: The number of employees excludes temporary employees (dispatched workers, part-time workers and non-regular workers).

**(12) Principal business locations**

Head Office	5-8 Kita-Aoyama 2-chome, Minato-ku, Tokyo
Hokkaido Branch Office	14-1-13 Odori Nishi, Chuo-ku, Sapporo-shi, Hokkaido
Tohoku Branch Office	1-16-6 Izumi Chuo, Izumi-ku, Sendai-shi, Miyagi
Shutoken Branch Office	5-8 Kita-Aoyama 2-chome, Minato-ku, Tokyo
Chubu Branch Office	1-22 Aoi 1-chome, Higashi-ku, Nagoya-shi, Aichi
Kansai Branch Office	2-30 Toyotsu-cho, Suita-shi, Osaka
Seibu Branch Office	1095-6 Kamiiwata Ogori-shi, Fukuoka

## 2. Status of Shares (as of December 31, 2021)

- (1) Total number of shares authorized to be issued 110,000,000 shares
- (2) Total number of issued and outstanding shares 27,957,100 shares (including 216 treasury shares)
- (3) Number of shareholders 10,670 persons
- (4) Major shareholders

Shareholder name	Number of shares	Shareholding ratio
FLEX CORPORATION	11,198,800 shares	40.06%
NAMAI ASSET MANAGEMENT INC	1,850,000 shares	6.62%
GOLDMAN SACHS INTERNATIONAL	1,332,117 shares	4.76%
Custody Bank of Japan, Ltd. as trustee for Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Account re-entrusted by Orient Corporation	1,296,000 shares	4.64%
Orient Corporation	1,296,000 shares	4.64%
GOLDMAN SACHS & CO. REG	1,154,800 shares	4.13%
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	938,437 shares	3.36%
The Master Trust Bank of Japan, Ltd. (Trust Account)	883,900 shares	3.16%
FLEX CO., LTD.	844,800 shares	3.02%
Shinichiro Fujisaki	824,800 shares	2.95%
Masahiro Fujisaki	824,800 shares	2.95%

- Notes: 1. Shareholding ratio is calculated after deducting treasury shares (216 shares).
2. The Company has introduced the Board Benefit Trust (BBT), and Custody Bank of Japan, Ltd. (Trust E account) holds 140,300 shares, which are not included in the treasury shares stated above.
3. FLEX CORPORATION is an asset management company of the founding family. NAMAI ASSET MANAGEMENT INC is an asset management company of a relative of Mr. Kiyotaka Fujisaki, Representative Director and Chairman & CEO of the Company.
4. The 1,296,000 shares held in Custody Bank of Japan, Ltd. as trustee for Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Account re-entrusted by Orient Corporation are trust assets entrusted by Orient Corporation to Mizuho Trust & Banking Co., Ltd. as a retirement benefit trust, and Orient Corporation reserves the right to provide instruction for the exercise of voting rights.
5. In the Report of Possession of Large Volume (Report on Change) submitted for public viewing on June 22, 2021, FMR LLC stated that it held a total of 1,213,733 shares of the Company (a shareholding ratio of 4.35%) as of June 15, 2021. However, it has not been included among the major shareholders listed above as the Company has not been able to confirm actual share ownership as of December 31, 2021.
6. In the Report of Possession of Large Volume submitted for public viewing on November 22, 2021, VARECS Partners Limited stated that it held a total of 1,398,100 shares of the Company (a

shareholding ratio of 5.00%) as of November 15, 2021. However, it has not been included among the major shareholders listed above as the Company has not been able to confirm actual share ownership as of December 31, 2021.

7. In the Report of Possession of Large Volume submitted for public viewing on December 1, 2021, United Managers Japan Inc. stated that it held a total of 1,407,500 shares of the Company (a shareholding ratio of 5.04%) as of November 24, 2021. However, it has not been included among the major shareholders listed above as the Company has not been able to confirm actual share ownership as of December 31, 2021.

**(5) Shares delivered as consideration for the execution of duties during the fiscal year under review**

Category	Number of shares	Number of recipients of share delivery
Directors (excluding Audit & Supervisory Committee Members and Outside Directors)	20,800 shares	6 persons

Note: The figures above include shares delivered to retired officers.



## (6) Other important matters concerning shares

- 1) The total number of issued and outstanding shares increased by 43,600 shares and share capital and legal capital surplus each increased by ¥7,499 thousand by the exercise of stock acquisition rights in the fiscal year under review.
- 2) Based on the resolutions of the Board of Directors meeting held on April 27, 2021, the Company issued new shares as restricted stock compensation to Directors as follows. As a result, the total number of issued and outstanding shares increased by 50,000 shares and share capital and legal capital surplus each increased by ¥33,125 thousand.

Payment date	May 26, 2021
Class and number of shares issued	50,000 common shares of the Company
Issuance price	¥1,325 per share
Total value of issuance	¥66,250,000
Persons eligible for the share allotment and number thereof	Five Directors (excluding Directors who are Audit & Supervisory Committee Members and other Outside Directors) and eleven Executive Officers of the Company

- 3) At the Board of Directors meeting held on February 14, 2022, the Company resolved on the repurchase of its shares in accordance with the provisions of Article 459, Paragraph 1 of the Companies Act, as follows.

Class of shares to be repurchased	Common shares of the Company
Total number of shares that may be repurchased	300,000 shares (maximum) (Proportion of total issued and outstanding shares, excluding treasury shares: 1.07%)
Total price of the repurchase of shares	¥600 million (maximum)
Repurchase period	From February 17, 2022 to April 30, 2022
Repurchase method	Market purchases on the Tokyo Stock Exchange

### 3. Company Officers

#### (1) Name, etc. of Directors

Name	Positions, areas of responsibility and significant concurrent positions
Kiyotaka Fujisaki	Representative Director and Chairman & CEO
Shinichiro Fujisaki	Representative Director and President & COO President and Executive Officer
Masayasu Takigawa	Director and Senior Managing Executive Officer In charge of Automobile Business Division
Shunji Sato	Director and Managing Executive Officer DM, Customer Communication Division DM, Business Management Division
Hiroki Taniguchi	Director and Managing Executive Officer DM, Corporate Management Division
Seiichiro Umeno	Director
Toshio Maki	Director
Hisanao Nagashima	Director (Audit & Supervisory Committee Member)
Masaaki Ayukawa	Director (Audit & Supervisory Committee Member)
Ikuo Kaminishi	Director (Audit & Supervisory Committee Member)

- Notes:
1. DM stands for Division Manager.
  2. Messrs. Seiichiro Umeno, Toshio Maki, Masaaki Ayukawa and Ikuo Kaminishi are Outside Directors.
  3. The Company has designated Messrs. Masaaki Ayukawa and Ikuo Kaminishi as Independent Directors/Auditors in accordance with the stipulations of the Tokyo Stock Exchange and submitted a notification to the said Exchange.
  4. Mr. Chiaki Fujino retired as Director at the conclusion of the Annual General Shareholders Meeting held on March 30, 2021.
  5. Mr. Ryoza Ushioda resigned as Director who is an Audit & Supervisory Committee Member at the conclusion of the Annual General Shareholders Meeting held on March 30, 2021.
  6. Messrs. Masayasu Takigawa, Hiroki Taniguchi, and Toshio Maki newly assumed office as Directors at the Annual General Shareholders Meeting held on March 30, 2021.
  7. Director who is an Audit & Supervisory Committee Member, Mr. Masaaki Ayukawa is a certified public accountant and has considerable knowledge of finance and accounting.
  8. The Company appointed Mr. Hisanao Nagashima as a full-time Director who is an Audit & Supervisory Committee Member, aiming at strengthening audit and supervisory functions of the Audit & Supervisory Committee, and enabling information gathering from Directors (excluding Directors who are Audit & Supervisory Committee Members), information sharing at important internal meetings, and sufficient cooperation between the Internal Audit Department and the Audit & Supervisory Committee.

9. Changes in positions, areas of responsibility and significant concurrent positions of Directors after the end of the fiscal year under review are as follows.

(Date of change: January 1, 2022)

Name	Positions, responsibilities, and significant concurrent positions	
	Before change	After change
Shunji Sato	Director and Managing Executive Officer DM, Customer Communication Division DM, Business Management Division	Director, Managing Executive Officer & CCO DM, Business Management Division
Hiroki Taniguchi	Director and Managing Executive Officer DM, Corporate Management Division	Director, Managing Executive Officer & CFO DM, Corporate Management Division

**(2) Summary of liability limitation agreement**

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Outside Directors to limit their liability as stipulated in Article 423, Paragraph 1 of the Companies Act.

The maximum liability amount under this agreement is the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

**(3) Summary of Directors and Officers Liability Insurance contract**

The Company has concluded a Directors and Officers Liability Insurance contract with an insurance company, as prescribed in Article 430-3, Paragraph 1 of the Companies Act.

The insurance contract covers damages that may be incurred as a result of the responsibilities assumed by Directors and others in the execution of their duties, or any liability claims made against them in connection with those responsibilities. However, there are certain exemptions such as in the case where damages from knowingly committed acts of violation against laws and regulations are not covered by the insurance. The scope of insured parties under the insurance contract is shown below. Relevant insurance premiums are paid entirely by the Company.

- Directors, Executive Officers, etc. of the Company and the Company's subsidiaries

**(4) Compensation, etc. to Directors**

- 1) Matters concerning the policy on determining the contents of compensation, etc. for individual Directors  
The Company's policy for determining the contents of compensation and other payments to individual Directors was decided by the Board of Directors meeting held on February 19, 2021, after deliberation by the Nomination & Compensation Committee.

a. Basic policy

The Company's basic policy regarding compensation for Directors is to establish a compensation system linked to shareholder profits that functions adequately as an incentive to strive for the sustainable enhancement of corporate value, and determine compensation for individual Directors at an appropriate level based on their duties. Specifically, compensation consists of a basic compensation as fixed compensation, and performance-linked compensation. Directors who are Audit & Supervisory Committee Members and other Outside Directors receive only a basic compensation in view of the nature of their duties.

- b. Policy on determining amounts of individual compensation, etc. concerning basic compensation (monetary compensation) (including policy on determining timing and conditions for providing compensation, etc.)

Basic compensation for Directors consists of monthly fixed compensation, determined upon comprehensive consideration of factors such as position, responsibilities, experience, the Company's business results, the level of salaries for employees, and trends among other companies.

- c. Policy on determining contents and amounts or method used to calculate numbers for performance-linked stock compensation and non-monetary compensation, etc. (including policy on determining timing and conditions for providing compensation, etc.)

Performance-linked stock compensation and non-monetary compensation, etc. is composed of (1) bonuses as monetary compensation to reward short-term contribution, based on the degree to which consolidated operating profit targets have been achieved in the results for each fiscal year; (2) restricted stock (restriction period: three years) as non-monetary compensation, etc. to reward medium-term contribution to the sustainable enhancement of corporate value, in addition to the degree of contribution

for each fiscal year; and (3) Board Benefit Trust (BBT) as non-monetary compensation, etc. based on the degree of long-term contribution, where points are granted during each Director's term of office in accordance with factors such as position, duties, and performance, and a number of shares are delivered at the Director's retirement corresponding to the number of points awarded. A standard amount or number for this compensation is determined corresponding to a number of months' worth of monthly fixed compensation, based on the percentage achievement of consolidated operating profit targets. This is used as the basis for calculating the amount or number of units of compensation for each Director, in accordance with the levels of quantitative and qualitative performance measures, and determined by the Board of Directors based on the recommendations of the Nomination & Compensation Committee. This compensation is paid or delivered at a predesignated time each year. The relative proportions of each form of compensation are determined by the Board of Directors based on the recommendations of the Nomination & Compensation Committee, with reference to benchmark compensation levels, etc. at other companies of a similar scale to the Company in related industries and sectors. The standard proportions of basic compensation, performance-linked compensation (bonuses), and performance-linked compensation (non-monetary compensation, etc.) are set at approximately 7:2:1.

2) Resolutions by General Shareholders Meetings on compensation, etc. for Directors

Total compensation for Directors (excluding Audit & Supervisory Committee Members) of the Company, including monthly compensation and bonuses, not exceeding ¥500 million per year (including up to ¥100 million per year for Outside Directors, but not including salary received by Directors as employees) was approved at the 8th Annual General Shareholders Meeting held on March 29, 2016. The Company had eight Directors (excluding Audit & Supervisory Committee Members) at the time of that General Shareholders Meeting (of which, two were Outside Directors). Performance-linked stock compensation not exceeding ¥575 million (including up to ¥425 million for Directors and up to ¥150 million for Executive Officers) was approved at the 10th Annual General Shareholders Meeting held on March 28, 2018 for the three fiscal years from the fiscal year ended December 31, 2018 to the fiscal year ended December 31, 2020. (In principle, it was decided that the Company should make additional contributions to the trust, within the limits shown above, as funds for the acquisition of shares of the Company by the trust, for each three fiscal year period after the expiration of the initial three fiscal year period.) The Company had six Directors (excluding Audit & Supervisory Committee Members) at the time of that General Shareholders Meeting. Restricted stock compensation not exceeding ¥80 million per year (not including salary received by Directors as employees) was approved at the 12th Annual General Shareholders Meeting held on March 27, 2020. The Company had four Directors (excluding Audit & Supervisory Committee Members) at the time of that General Shareholders Meeting. Compensation for Directors who are Audit & Supervisory Committee Members not exceeding ¥100 million per year was approved at the 8th Annual General Shareholders Meeting held on March 29, 2016. The Company had three Directors who were Audit & Supervisory Committee Members at the time of that General Shareholders Meeting.

3) Delegation of decisions on the contents of compensation, etc. for individual Directors

Decisions on the specific amounts of basic compensation for individual Directors are delegated to Representative Director and President Shinichiro Fujisaki by resolution of the Board of Directors, based on the recommendations of the Nomination & Compensation Committee. The reason for this delegation of authority is that the Representative Director and President is in the most appropriate position to evaluate each Director's quantitative and qualitative performance while maintaining a broad perspective over the whole of the Company's operating environment, business condition, and performance. The Nomination & Compensation Committee deliberates on the amount of basic compensation for each Director, the amounts of bonuses based on each Director's degree of achievement of targets for the fiscal year, the number of shares of restricted stock to be allotted as non-monetary compensation, and the performance coefficients used for the Board Benefit Trust (BBT), followed by the submission of recommendations to the Board of Directors.

4) Reason why the contents of individual Directors' compensation, etc. for the fiscal year under review are judged by the Board of Directors to be in accordance with the determination policy

The details of individual Directors' compensation, etc. for the fiscal year under review were determined through the process described in 3) above. Therefore, the Board of Directors deems them to be in accordance with the policy on determining compensation, etc. for individual Directors.

5) Total amount and other details of compensation, etc. for Directors

Category	Total amount of compensation, etc. (Thousand yen)	Total amount of compensation, etc. by type (Thousand yen)			Number of eligible Directors (Persons)
		Basic compensation	Performance-linked compensation	Non-monetary compensation	
Directors (excluding Audit & Supervisory Committee Members) [of which, Outside Directors]	238,065 [12,000]	150,600 [12,000]	44,300 [—]	43,165 [—]	9 [3]
Directors (Audit & Supervisory Committee Members) [of which, Outside Directors]	21,000 [11,400]	21,000 [11,400]	— [—]	— [—]	4 [3]
Total	259,065	171,600	44,300	43,165	13

- Notes: 1. Bonuses are paid to Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) as performance-linked compensation. The performance indicator selected as the basis for calculating the performance-linked compensation paid is consolidated operating profit. The reason why these measures were selected as performance indicators is that they are deemed to reflect overall business results and represent eventual profits. The status of the Company's consolidated operating profit for the fiscal year under review is shown in 1. (1) Business Progress and Results.
2. Non-monetary compensation includes provision for share-based remuneration of ¥30,767 thousand recorded based on the performance-linked stock compensation plan for six Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) and provision for restricted stock compensation of ¥12,398 thousand.
3. In addition to the above, retirement benefits of ¥14,040 thousand were paid to one Director who retired in the fiscal year under review.

**(5) Outside Officers**

- 1) Relationship between companies where officers hold significant concurrent positions and the Company  
Please refer to (1) Name, etc. of Directors above.

There are no important transactions or other relationships between the companies where Outside Officers hold concurrent positions and the Company.

- 2) Relationship with specified related business operator such as major customers  
Not applicable.

- 3) Main activities for the fiscal year under review

Name	Title	Main activities
Seiichiro Umeno	Outside Director	Participated in 15 of 17 meetings of the Board of Directors during the fiscal year under review; provided opinions as necessary mainly by drawing on his expertise as an attorney-at-law.
Toshio Maki	Outside Director	Participated in 13 of 13 meetings of the Board of Directors after assuming office as Outside Director; provided opinions as necessary mainly on overall management by drawing on his insight into corporate management and experience accumulated through communications and network business operations.

Name	Title	Main activities
Masaaki Ayukawa	Outside Director (Audit & Supervisory Committee Member)	Participated in 17 of 17 meetings of the Board of Directors and 13 of 13 meetings of the Audit & Supervisory Committee during the fiscal year under review; provided opinions as necessary mainly by drawing on his expertise as a certified public accountant.
Ikuo Kaminishi	Outside Director (Audit & Supervisory Committee Member)	Participated in 17 of 17 meetings of the Board of Directors during the fiscal year under review and 9 of 9 meetings of the Audit & Supervisory Committee after assuming office as Outside Director (Audit & Supervisory Committee Member); provided opinions as necessary mainly by drawing on his knowledge and insight accumulated through finance operations.

4) Amount of compensation, etc. received from the Company's subsidiaries as Officer for the fiscal year under review

Not applicable.

5) Opinions about matters described in the Business Report

Not applicable.

## Consolidated Balance Sheets

(As of December 31, 2021)

(Thousand yen)

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets	30,018,339	Current liabilities	11,039,329
Cash and deposits	20,615,921	Accounts payable - trade	751,746
Notes and accounts receivable - trade	1,121,839	Due to auction members	6,728,834
Due from auction members	3,959,798	Income taxes payable	1,592,462
Inventories	2,224,903	Provision for bonuses	305,775
Other	2,152,044	Provision for point card certificates	15,317
Allowance for doubtful accounts	(56,168)	Provision for loss on business liquidation	50,995
		Other	1,594,198
Non-current assets	6,804,507	Non-current liabilities	3,081,560
Property, plant and equipment	1,639,091	Retirement benefit liability	1,790,612
Buildings and structures, net	505,219	Provision for share-based remuneration	167,978
Land	797,076	Other	1,122,969
Other	336,796	Total liabilities	14,120,889
Intangible assets	1,616,186	Net assets	
Software	939,670	Shareholders' equity	21,962,096
Goodwill	670,397	Share capital	1,806,238
Other	6,117	Capital surplus	6,854,864
Investments and other assets	3,549,229	Retained earnings	13,530,920
Investment securities	1,419,795	Treasury shares	(229,927)
Deferred tax assets	758,189	Accumulated other comprehensive income	357,262
Other	1,590,144	Valuation difference on available-for-sale securities	302,147
Allowance for doubtful accounts	(218,899)	Foreign currency translation adjustment	20,102
		Remeasurements of defined benefit plans	35,013
		Non-controlling interests	382,598
		Total net assets	22,701,956
Total assets	36,822,846	Total liabilities and net assets	36,822,846

Note: Figures of less than one thousand yen have been truncated.

## Consolidated Statements of Income

(January 1, 2021 - December 31, 2021)

(Thousand yen)

Description	Amount	
Net sales		36,710,088
Cost of sales		19,812,180
Gross profit		16,897,908
Selling, general and administrative expenses		11,051,467
Operating profit		5,846,440
Non-operating income		
Interest income	4,137	
Dividend income	43,282	
Foreign exchange gains	172,877	
Share of profit of entities accounted for using equity method	5,892	
Reversal of allowance for doubtful accounts	30,785	
Other	43,861	300,835
Non-operating expenses		
Interest expenses	759	
Loss on cancellation of insurance policies	25,664	
Loss on cancellation of leases	5,717	
Other	2,120	34,263
Ordinary profit		6,113,012
Extraordinary income		
Gain on sales of investment securities	92,081	
Gain on sale of shares of subsidiaries and associates	15,577	
Other	8,281	115,939
Extraordinary losses		
Loss on sales and retirement of non-current assets	11,128	
Impairment loss	52,704	
Loss on debt transfer	30,218	
Loss on liquidation of business	84,170	
Provision for loss on business liquidation	48,725	
Other	7,906	234,853
Profit before income taxes		5,994,099
Income taxes-current	2,483,602	
Income taxes-deferred	(177,782)	2,305,819
Profit		3,688,279
Profit attributable to non-controlling interests		62,752
Profit attributable to owners of parent		3,625,527

Note: Figures of less than one thousand yen have been truncated.



## Consolidated Statements of Changes in Equity

(January 1, 2021 - December 31, 2021)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,765,614	6,815,614	10,742,310	(241,056)	19,082,483
Changes during period					
Issuance of new shares	40,624	40,624			81,248
Dividends of surplus			(836,916)		(836,916)
Profit attributable to owners of parent			3,625,527		3,625,527
Decrease (increase) of capital surplus by change of share to consolidated subsidiary		(1,374)			(1,374)
Disposal of treasury shares				11,128	11,128
Net changes in items other than shareholders' equity					
Total changes during period	40,624	39,249	2,788,610	11,128	2,879,612
Balance at end of period	1,806,238	6,854,864	13,530,920	(229,927)	21,962,096

Note: Figures of less than one thousand yen have been truncated.

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	216,400	(5,002)	30,333	241,731	313,471	19,637,686
Changes during period						
Issuance of new shares						81,248
Dividends of surplus						(836,916)
Profit attributable to owners of parent						3,625,527
Decrease (increase) of capital surplus by change of share to consolidated subsidiary						(1,374)
Disposal of treasury shares						11,128
Net changes in items other than shareholders' equity	85,746	25,105	4,679	115,531	69,126	184,657
Total changes during period	85,746	25,105	4,679	115,531	69,126	3,064,270
Balance at end of period	302,147	20,102	35,013	357,262	382,598	22,701,956

Note: Figures of less than one thousand yen have been truncated.

## Non-Consolidated Balance Sheets

(As of December 31, 2021)

(Thousand yen)

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets	16,910,323	Current liabilities	9,594,321
Cash and deposits	8,306,249	Accounts payable - trade	835,604
Accounts receivable - trade	488,677	Due to auction members	6,243,098
Due from auction members	3,091,513	Short-term loans payable to subsidiaries and associates	668,000
Inventories	143,892	Lease obligations	38,180
Prepaid expenses	483,509	Accounts payable - other	517,160
Advances paid	351,936	Accrued expenses	149,328
Short-term loans receivable from subsidiaries and associates	3,935,000	Income taxes payable	906,878
Consumption taxes receivable	808,564	Deposits received	64,190
Other	19,100	Unearned revenue	13,772
Allowance for doubtful accounts	(718,121)	Provision for bonuses	155,576
Non-current assets	9,769,370	Other	2,531
Property, plant and equipment	447,408	Non-current liabilities	1,863,853
Buildings	211,129	Provision for retirement benefits	1,188,389
Vehicles	58,172	Provision for share-based remuneration	167,978
Tools, furniture and fixtures	170,911	Long-term accounts payable - other	343,900
Land	7,195	Other	163,585
Intangible assets	740,066	<b>Total liabilities</b>	<b>11,458,174</b>
Software	736,358	Net assets	
Other	3,708	Shareholders' equity	14,919,372
Investments and other assets	8,581,895	Share capital	1,806,238
Investment securities	1,306,651	Capital surplus	6,896,573
Shares of subsidiaries and associates	5,629,127	Legal capital surplus	4,247,450
Investments in capital of subsidiaries and associates	554,763	Other capital surplus	2,649,123
Long-term loans receivable from subsidiaries and associates	25,000	Retained earnings	6,446,488
Long-term loans receivable from employees	59	Other retained earnings	6,446,488
Claims provable in bankruptcy, claims provable in rehabilitation and other	74,278	Retained earnings brought forward	6,446,488
Long-term prepaid expenses	66,451	Treasury shares	(229,927)
Deferred tax assets	381,772	Valuation and translation adjustments	302,147
Lease and guarantee deposits	472,565	Valuation difference on available-for-sale securities	302,147
Other	181,047	<b>Total net assets</b>	<b>15,221,520</b>
Allowance for doubtful accounts	(109,820)	<b>Total liabilities and net assets</b>	<b>26,679,694</b>
<b>Total assets</b>	<b>26,679,694</b>		

Note: Figures of less than one thousand yen have been truncated.

## Non-Consolidated Statements of Income

(January 1, 2021 - December 31, 2021)

(Thousand yen)

Description	Amount	
Net sales		16,073,171
Cost of sales		7,472,283
Gross profit		8,600,887
Selling, general and administrative expenses		5,241,254
Operating profit		3,359,633
Non-operating income		
Interest income	32,158	
Dividend income	285,047	
Foreign exchange gains	77,986	
Outsourcing service income	54,000	
Other	36,437	485,631
Non-operating expenses		
Interest expenses	10,752	
Provision of allowance for doubtful accounts	472,424	
Other	353	483,529
Ordinary profit		3,361,734
Extraordinary income		
Gain on sale of non-current assets	277	
Gain on sale of shares of subsidiaries and associates	1,422	1,699
Extraordinary losses		
Loss on retirement of non-current assets	7,792	
Impairment loss	52,704	
Loss on valuation of shares of subsidiaries and associates	100,000	160,496
Profit before income taxes		3,202,937
Income taxes-current	1,379,374	
Income taxes-deferred	(109,746)	1,269,628
Profit		1,933,309

Note: Figures of less than one thousand yen have been truncated.

## Non-Consolidated Statements of Changes in Equity

(January 1, 2021 - December 31, 2021)

(Thousand yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
					Retained earnings brought forward	
Balance at beginning of period	1,765,614	4,206,825	2,649,123	6,855,949	5,350,096	5,350,096
Changes during period						
Issuance of new shares	40,624	40,624		40,624		
Dividends of surplus					(836,916)	(836,916)
Profit					1,933,309	1,933,309
Disposal of treasury shares						
Net changes in items other than shareholders' equity						
Total changes during period	40,624	40,624	—	40,624	1,096,392	1,096,392
Balance at end of period	1,806,238	4,247,450	2,649,123	6,896,573	6,446,488	6,446,488

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(241,056)	13,730,603	216,546	216,546	13,947,150
Changes during period					
Issuance of new shares		81,248			81,248
Dividends of surplus		(836,916)			(836,916)
Profit		1,933,309			1,933,309
Disposal of treasury shares	11,128	11,128			11,128
Net changes in items other than shareholders' equity			85,600	85,600	85,600
Total changes during period	11,128	1,188,769	85,600	85,600	1,274,369
Balance at end of period	(229,927)	14,919,372	302,147	302,147	15,221,520

Note: Figures of less than one thousand yen have been truncated.