

**Summary of Consolidated Financial Results**  
**for the First Quarter of the Fiscal Year Ending March 31, 2023**  
**(Three Months Ended June 30, 2022)**

[Japanese GAAP]

Company name: COMTURE CORPORATION Listing: Tokyo Stock Exchange  
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Scheduled date of filing of Quarterly Report: August 5, 2022  
 Scheduled date of payment of dividend: August 31, 2022  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)  
 (All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the First Quarter Ended June 30, 2022**  
**(April 1, 2022 – June 30, 2022)**

(1) Consolidated operating results (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2022	6,855	16.0	686	(26.4)	681	(26.7)	478	(14.2)
Three months ended Jun. 30, 2021	5,910	19.2	932	67.2	929	65.7	558	51.0

Note: Comprehensive income (million yen): Three months ended Jun. 30, 2022: 482 (down 13.6%)  
 Three months ended Jun. 30, 2021: 558 (up 48.3%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended Jun. 30, 2022	15.02		-	
Three months ended Jun. 30, 2021	17.52		-	

\*Diluted net income per share is not presented because there were no potential shares with dilutive effects.

## (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2022	18,796	13,940	74.2
As of Mar. 31, 2022	18,934	13,820	73.0

Reference: Shareholders' equity (million yen): As of Jun. 30, 2022: 13,940 As of Mar. 31, 2022: 13,820

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended Mar. 31, 2022	Yen 8.25	Yen 8.25	Yen 9.25	Yen 11.25	Yen 37.00
Fiscal year ending Mar. 31, 2023	11.00				
Fiscal year ending Mar. 31, 2023 (forecast)		11.00	11.00	11.00	44.00

Note: Revisions to the most recently announced dividend forecast: None

**3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	13,890	15.8	2,200	12.1	2,200	11.9	1,450	18.8	45.59
Full year	28,800	15.3	4,660	16.6	4,660	16.5	3,080	22.4	96.62

Note: Revisions to the most recently announced consolidated earnings forecasts: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and accounting-based estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, others: Yes
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting-based estimates: None
- 4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Jun. 30, 2022:	32,241,600 shares	As of Mar. 31, 2022:	32,241,600 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2022:	368,090 shares	As of Mar. 31, 2022:	365,150 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2022:	31,874,883 shares	Three months ended Jun. 30, 2021:	31,871,450 shares
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\* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

\* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 5 for forecast assumptions and notes of caution for usage.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

Companies and governments need to implement strategic innovations that utilize digital technologies, such as by creating new businesses and services and new ways for people to do their jobs. The growth of IT investments is expected to gain momentum in the digital transformation (DX) sector.

The COMTURE Group regards these trends as an opportunity for long-term growth. We are dedicated to giving customers support for their DX activities as well as altering COMTURE itself, a process we call the COMTURE Transformation (CX). Our strategy for the next 10 years is to play a key role in the business model reforms of our customers. This includes DX assistance that incorporates our own templates and solutions for the provision of added value, an activity centered on building stronger ties with global vendors.

COMTURE was one of the first companies to build value-added systems based on Lotus Notes, SAP and other platforms. We increased the number of platforms we handle to match changes in the business climate. Today, we build systems based on AWS, Microsoft, Salesforce, ServiceNow, Pega and other cloud platforms. Services also encompass data analytics using SAS and other tools, the use of robotic process automation (RPA) tools for the efficiency and automation of business processes, and more DX-related solutions. Demand is increasing for the construction of systems based on these DX platforms and COMTURE has the expertise to create profitable proposals with significant added value for customers. Furthermore, by adding to conventional stand-alone platforms the ability to supply multi-faceted platforms, we can meet the increasingly complex needs of our customers by assembling the best possible solutions. To provide these solutions, we are encouraging our people to acquire even more advanced vendor certifications and improve skills at creating proposals for customers. Another priority is providing services with even more added value involving consulting and other fields.

We are using formats that combine online and face-to-face interaction for efficient sales activities and the presentation of proposals to prospective customers. Daily business reports utilize a sales force automation (SFA) system to facilitate the timely sharing of information with many people, including management. The goal is to utilize the collective knowledge of our team even more in order to raise our proposals to a higher level and strengthen sales activities. Launching new businesses faster in growing market sectors is another priority. We have started a project that covers all COMTURE businesses for the purpose of creating templates based on customers' needs and then using these ideas for new businesses that can contribute to our next stage of growth.

Market conditions are favorable for receiving new orders and our highest priority is recruiting and retaining the engineers we require to handle these orders and maintain strong performance. Raising salaries and other benefits for employees is the most important point for recruiting and retaining engineers. One step was an average salary increase of 10% in the previous fiscal year and we plan to raise the average salary by at least 8% in the current fiscal year. We have also been increasing engagement with our workforce, such as by allowing individuals to use a working style combining telework and work at a COMTURE office, utilizing small groups and other forms of unrestricted R&D activities and by establishing more ties between management and employees.

We are using numerous measures to strengthen recruiting activities. In addition to hiring talented new college graduates, we are working closely with consultants, recruiting agents and other recruiting specialists to improve methods used to recruit people who have experience at other companies.

To cover areas where there are shortages in our own workforce, we are using strategic forms of collaboration with partner companies, including the creation of core partners. These relationships allow us to be the first to receive information about engineers we can hire who will become productive immediately. We will continue to place priority on the recruitment of engineers with activities that include the use of the COMTURE Group's educational materials and courses to assist individuals acquire skills in growing market sectors.

In addition to taking these actions, we are using M&A as another important method for adding people with the skills we require to the COMTURE Group in order to grow even faster. In April 2022, our acquisition of SoftwareCreation Co., Ltd. strengthened our operations by adding 120 engineers to our workforce.

In April 2022, the stock listing of COMTURE moved to the Prime Market of the Tokyo Stock Exchange.

To create an even more effective system of corporate governance as well as a stronger framework for our management, we have shifted to the company with an Audit and Supervisory Committee governance structure. Shareholders approved the proposal to make this change at the shareholders meeting held on June 17, 2022. The Audit and Supervisory Committee, where the majority of members are outside directors, will ensure the transparency of management by performing activities concerning the compliance of business operations with law and regulations and the suitability and other characteristics of the auditing function. In addition, this governance structure will further raise the speed of decisions and business activities by giving the directors the Board of Directors' authority to make decisions about how business operations are conducted.

To meet the expectations of all stakeholders of the COMTURE Group, we remain committed to making more improvements to our corporate governance and achieving long-term growth of corporate value as we listen carefully to the opinions and other input of shareholders and other stakeholders.

Due to numerous measures that reflect changes in the business climate, along with initiatives for the growth of the DX business, sales in the first quarter increased for the twelfth consecutive year to a record high on an effective sales basis. Although sales were higher, gross profit was lower because of a big increase in personnel expenses and expenses associated with the growth of business operations.

Sale and gross profit in the COMTURE Group's business categories were as follows.

In the Cloud Solutions Business, sales increased because of higher demand for several services. Sources of growth include the use of collaborations with Microsoft and Salesforce.com to build customer information systems, the shift of internal data systems to the cloud, primarily at large companies in the manufacturing and other sectors, and consulting and other services involving the digitalization of business processes.

In the Digital Solutions Business, sales increased. One reason is growth of the data analysis business, which includes anti-money laundering for financial institutions, and other activities. Growth of the data management business, such as building and maintaining infrastructures for collecting and storing large amount of data on the Google Cloud Platform, was another reason for the increases in sales and earnings.

In the Business Solutions Business, the pace of growth of the SAP business, including the use of SAP's S/4HANA ERP system, temporarily declined because of a chronic shortage of resources. However, sales increased because of the consolidation of a subsidiary beginning in the current fiscal year.

In the Platform, Operation Services Business, sales increased. Demand is increasing for the construction of Amazon Web Services (AWS) and other cloud environments and services for the shift of operations to the cloud. There is also growth of the business for operating cloud environments and increasing demand for the outsourcing and security support of IT system operations.

In the Digital Learning Business, sales and gross profit were higher. One reason was the growth of the DX education business for cloud service certifications of Microsoft, Salesforce, ServiceNow and other companies. Increasing demand at companies for new employee and other structured training programs also contributed to sales growth.

(Millions of yen)

		1Q of FY3/22	1Q of FY3/23	Change	Change (%)
Cloud Solutions Business	Net sales	2,244	2,447	202	9.0%
	Gross profit	569	546	(23)	(4.1)%
Digital Solutions Business	Net sales	572	630	58	10.3%
	Gross profit	143	135	(8)	(6.1)%
Business Solutions Business	Net sales	1,434	1,935	501	34.9%
	Gross profit	311	295	(15)	(5.0)%
Platform, Operation Services Business	Net sales	1,170	1,337	167	14.3%
	Gross profit	284	241	(42)	(14.9)%
Digital Learning Business	Net sales	489	504	15	3.1%
	Gross profit	142	157	15	10.7%

Activities of the business categories are as follows.

Business Category	Activities
Cloud Solutions Business	Providing system solutions and other activities using collaborations with Microsoft, Salesforce.com, ServiceNow, Pega and other global platformers.
Digital Solutions Business	Providing data analysis solutions using SAS, Informatica and other big data/AI tools, support for the automation of business processes using UiPath, Automation Anywhere and other robotic process automation tools.
Business Solutions Business	Construction, operation, modernization and consulting concerning accounting, personnel, fintech and other core IT systems using collaborations with SAP and other ERP package vendors
Platform, Operation Services Business	System and network environment designs, construction and operation using collaborations with cloud platformers (Amazon Web Service, Google Cloud Platform, etc.) and hardware vendors (Hewlett Packard Enterprise, Dell, Cisco, etc.); remote surveillance of IT systems at the COMTURE Group's service center; help desk operations.
Digital Learning Business	Education services using e-learning and other platforms to upgrade the IT skills of a company's employees and enable employees to acquire platform vendor certifications.

In the first quarter of the fiscal year, the COMTURE Group performed as follows.

	1Q of FY3/22	1Q of FY3/23	Change	Change (%)
Net sales	5,910	6,855	945	16.0%
Gross profit	1,451	1,376	(74)	(5.2)%
Operating profit	932	686	(245)	(26.4)%
Ordinary profit	929	681	(248)	(26.7)%
Profit attributable to owners of parent	558	478	(79)	(14.2)%

Sales increased as more resources were shifted to DX-related businesses and sales activities backed by stronger relationships with platformers and tool vendors and for other reasons. The Business Solutions Business subsidiary also contributed to sales growth. As a result, sales increased 16.0% from one year earlier as COMTURE posted the twelfth consecutive year of sales growth in the current fiscal year.

Gross profit decreased 5.2%. Sales per employee increased because of upgrading proposal skills and the quality of services, improvements in productivity, the expansion of consulting activities, the shift of resources to growing market sectors, and other reasons. However, there was a big increase in personnel expenses with the goal of raising employees' job satisfaction in order to reduce the number of people leaving their jobs. Another reason for lower earnings was a temporary increase in the number of non-productive employees because many people have been hired in anticipation of the growth of business operations.

Operating profit decreased 26.4%. Major reasons for this decline are up-front investments for more growth, such as recruiting expenses and expenditures for employees to acquire certifications, and the amortization of all goodwill resulting from the acquisition of SoftwareCreation.

Although there was extraordinary income for the receipt of an insurance payment, profit attributable to owners of parent decreased 14.2%.

The shareholders' equity ratio, which is an indicator of financial soundness, was 74.2% at the end of the first quarter. These figures demonstrate our ability to maintain a high level of financial soundness.

We announced a new three-year business plan in May 2022. One theme of this plan is the continuation of our focus on creating a substantial added value. Furthermore, to meet the expectations of stakeholders, this plan is

positioned as a period for establishing a sustainability policy and vision for 10 years from now that are both linked to our corporate philosophy and taking the actions needed based on this policy and vision.

We are determined to build an infrastructure as an outstanding company by providing value-added services that solve customers' issues involving the DX, providing a pleasant and productive workplace environment for employees, and using other measures. Our goal is to use these activities for faster growth that will raise our fiscal year sales to 100 billion yen. We will use business operations that add significant value as the foundation to build an even more powerful framework for our business operations as we use innovation that is possible only at the COMTURE Group to help solve our customers' problems.

Due to the outlook for these activities to generate even more growth, we have made upward revisions to our previous medium-term business plan in order to establish the new three-year plan. Three business strategies will be the core components of our actions to accomplish the goals of the new plan: collaboration with vendors, stronger proposal creation skills and the expansion of our human resources. By establishing a stronger infrastructure to support these activities and making large investments, we plan to provide products and services with substantial added value and continue to grow.

## **(2) Explanation of Financial Position**

Total assets were 18,796 million yen at the end of the first quarter, 137 million yen less than the end of the previous fiscal year. There was a net increase in assets of 709 million yen because of the acquisition of SoftwareCreation but cash and deposits at companies other than SoftwareCreation decreased 1,071 million yen because of dividend payments, taxes, bonuses and other reasons.

Liabilities decreased 257 million yen to 4,856 million yen. Liabilities increased 800 million yen due to the acquisition of SoftwareCreation. There were decreases in income taxes payable of 841 million yen because of the payment of taxes and provision for bonuses of 394 million yen because of the payment of bonuses.

Net assets increased 119 million yen to 13,940 million yen mainly because profit attributable to owners of parent of 478 million yen and dividend payments of 358 million yen.

## **(3) Explanation of Consolidated Forecast and Other Forward-looking Statements**

There are no revisions to the first-half and full-year consolidated earnings forecast for the fiscal year ending March 31, 2023 that was announced in the "Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Japanese GAAP)" on May 9, 2022.

The above forecasts are based on judgments made in accordance with information available to management at the time this report was prepared. Actual results may differ from these forecasts for a number of reasons.

**2. Quarterly Consolidated Financial Statements and Notes****(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	FY3/22 (As of Mar. 31, 2022)	1Q of FY3/23 (As of Jun. 30, 2022)
Assets		
Current assets		
Cash and deposits	11,265	10,679
Notes and accounts receivable-trade	3,988	4,167
Work in process	107	129
Other	266	380
Total current assets	15,628	15,356
Non-current assets		
Property, plant and equipment		
Buildings, net	435	424
Vehicles, net	15	14
Tools, furniture and fixtures, net	199	188
Total property, plant and equipment	650	627
Intangible assets		
Goodwill	680	652
Software	12	11
Other	125	118
Total intangible assets	819	782
Investments and other assets		
Investment securities	563	625
Guarantee deposits	587	637
Deferred tax assets	617	699
Other	66	67
Total investments and other assets	1,836	2,029
Total non-current assets	3,305	3,439
Total assets	18,934	18,796



	(Millions of yen)	
	FY3/22 (As of Mar. 31, 2022)	1Q of FY3/23 (As of Jun. 30, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	1,230	1,290
Short-term borrowings	200	340
Current portion of long-term borrowings	-	174
Accrued expenses	421	554
Income taxes payable	1,166	325
Provision for bonuses	929	534
Provision for bonuses for directors (and other officers)	30	-
Provision for loss on construction contracts	5	2
Other	667	992
<b>Total current liabilities</b>	<b>4,650</b>	<b>4,214</b>
<b>Non-current liabilities</b>		
Retirement benefit liability	107	239
Asset retirement obligations	244	254
Other	110	147
<b>Total non-current liabilities</b>	<b>462</b>	<b>641</b>
<b>Total liabilities</b>	<b>5,113</b>	<b>4,856</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,022	1,022
Capital surplus	3,631	3,631
Retained earnings	9,262	9,378
Treasury shares	(107)	(107)
<b>Total shareholders' equity</b>	<b>13,808</b>	<b>13,924</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	12	15
<b>Total accumulated other comprehensive income</b>	<b>12</b>	<b>15</b>
<b>Total net assets</b>	<b>13,820</b>	<b>13,940</b>
<b>Total liabilities and net assets</b>	<b>18,934</b>	<b>18,796</b>

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income****(For the Three-month Period)**

(Millions of yen)

	First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)	First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)
Net sales	5,910	6,855
Cost of sales	4,459	5,479
Gross profit	1,451	1,376
Selling, general and administrative expenses	519	690
Operating profit	932	686
Non-operating income		
Interest income	1	1
Dividend income	0	0
Gain on cancellation of insurance policies	-	2
Other	4	1
Total non-operating income	6	5
Non-operating expenses		
Interest expenses	0	0
Loss on valuation of investment securities	5	5
Other	2	4
Total non-operating expenses	9	10
Ordinary profit	929	681
Extraordinary income		
Insurance claim income	-	103
Total extraordinary income	-	103
Extraordinary losses		
Loss on retirement of non-current assets	0	-
Loss on valuation of investment securities	79	17
Total extraordinary losses	79	17
Profit before income taxes	850	767
Income taxes	292	288
Profit	558	478
Profit attributable to owners of parent	558	478

**Quarterly Consolidated Statement of Comprehensive Income**  
**(For the Three-month Period)**

	(Millions of yen)	
	First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)	First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)
Profit	558	478
Other comprehensive income		
Valuation difference on available-for-sale securities	0	3
Total other comprehensive income	0	3
Comprehensive income	558	482
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	558	482

**(3) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements**

Calculation of tax expense

The tax expenses were calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes for the fiscal year in which the quarter under review falls, and multiplying that rate by the quarterly profit before income taxes for the quarter under review.

**Changes in Accounting Policies**

COMTURE has applied the Guidance on Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, June 17, 2021) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional treatment prescribed in Paragraph 27-2 of the Guidance on Accounting Standard for Fair Value Measurement. There is no effect of the application of these standards on the quarterly consolidated financial statements.

**Segment and Other Information**

Segment information

I First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)

No segment-related information is provided because COMTURE has only a single business segment.

II First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)

No segment-related information is provided because COMTURE has only a single business segment.

**Business Combinations**

Business combination through acquisition

At the meeting of the Board of Directors held on March 16, 2022, COMTURE CORPORATION has decided to acquire all of the outstanding shares of SoftwareCreation CO.,LTD., and make this company a consolidated subsidiary. Payments related to this acquisition were completed on April 25, 2022.

(1) Summary of business combination

1) Acquired company and its business activities

Acquired company: SoftwareCreation CO.,LTD.

Business activities: System development (web, client servers, etc.), construction of infrastructure

2) Main Reasons for acquisition

The cloud solutions business and digital solutions business of the COMTURE Group are providing a broad range of services in the digital transformation (DX) domain as the pace of the global DX increases. This focus on the DX market has enabled the COMTURE Group to grow at an average annual rate of 15% since its inception.

SoftwareCreation provides web-based system development services and infrastructure construction services.

COMTURE concluded an agreement for the acquisition of SoftwareCreation because it believes that the acquisition will add a team of experienced engineers to the COMTURE Group, which is expected to result in

synergies and contribute to double-digit organic growth. In addition, this acquisition will help make it possible to achieve the expansion of business operations accompanied by an increase in added value generated by group companies. These benefits are expected to enable COMTURE to continue increasing its corporate value.

3) Acquisition date

April 1, 2022 (assumed acquisition date)

4) Legal form of acquisition

Acquisition of stock

5) Company's name after acquisition

There is no change in the company's name

6) Percentage of voting rights acquired

100%

7) Basis for choosing the company to acquire

COMTURE acquired the shares in exchange for consideration in cash.

(2) Period of the acquired companies' performance included in the quarterly consolidated statement of income for the period under review

April 1, 2022 to June 30, 2022

(3) Acquisition cost of acquired company and break down by type of consideration

Payment for the acquisition:	Cash	500 million yen
<hr/>		
Acquisition cost:		500 million yen

(4) Details of major acquisition-related costs

Advisory compensation, fees, etc.: 4 million yen

(5) Goodwill resulting from the acquisition

1) Value of goodwill

94 million yen

2) Source of goodwill

Since net assets at the time of business combination were lower than the acquisition cost, the difference was recognized as goodwill.

3) Amortization method and amortization period

Goodwill was amortized immediately due to immateriality.

**Subsequent Events**

Not applicable.

*This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*