Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Under Japanese GAAP)

May 13, 2022

Company name:	Daikoku Denki Co., Ltd.	Listing:	Tokyo Stock Exchange/ Nagoya Stock Exchange
Securities code:	6430	URL	https://www.daikoku.co.jp/
Representative:	(Title) President and Representative Director	(Name)	Seiichiro Oue
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Scheduled date of annual general meeting of shareholders: June 29, 2022
Scheduled date of filing of annual securities report: June 30, 2022
Scheduled date of commencement of dividend payments: June 13, 2022
Preparation of supplementary financial results material: : Yes
Holding of financial results briefing: : Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down.)

1. Consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022/3	24,390	4.5	1,191	96.2	1,367	38.6	1,228	100.6
FY2021/3	23,345	(29.1)	607	(57.6)	986	(41.1)	612	(42.3)

(Note) Comprehensive income: FY2022/3 1,226 million yen [44.7%]
FY2021/3 847 million yen [(22.9%)]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
FY2022/3	83.13	-	4.0	3.3	4.9
FY2021/3	41.44	-	2.0	2.4	2.6

(Reference) Share of profit (loss) of entities accounted for using the equity method: FY2022/3 - million yen
FY2021/3 - million yen

(Note) 1. The company adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the consolidated fiscal year under review, and the figures for the year ended March 31, 2022 are stated with the Accounting Standard, etc. applied.
2. Due to the change in the presentation method from the fiscal year under review, the figures and YoY changes of net sales and operating profit in the consolidated financial results (cumulative) are values that have been reclassified based on the new presentation method.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2022/3	41,489	31,141	75.1	2,106.59
FY2021/3	41,084	30,662	74.6	2,074.16

(Reference) Shareholders' equity: FY2022/3 31,141 million yen
FY2021/3 30,662 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2022/3	3,220	(564)	(1,814)	16,581
FY2021/3	3,396	(2,242)	(891)	15,739

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2021/3	-	10.00	-	30.00	40.00	591	96.5	1.9
FY2022/3	-	25.00	-	35.00	60.00	886	72.2	2.9
FY2023/3 (Forecast)	-	10.00	-	30.00	40.00		91.0	

3. Consolidated financial forecast for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentage figures show year-on-year increase or decrease.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First 6 months	11,000	(8.7)	50	(94.2)	130	(85.9)	100	(85.3)	6.76
Full year	26,000	6.6	850	(28.6)	950	(30.5)	650	(47.1)	43.97

* Notes

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

(2) Changes in accounting policies, changes in accounting estimates, and restatements

1) Changes in accounting policies due to revisions to accounting standards and other regulations : Yes
2) Changes in accounting policies due to reasons other than 1) : None
3) Changes in accounting estimates : None
4) Restatements : None

(Note) For more details, please see page 15, (Changes in accounting policies) in (5) Notes to consolidated financial statements, 3. Consolidated Financial Statements and Key Notes.

(3) Number of shares issued (common stock)

1) Total number of shares issued at the end of the period (including treasury stock)	FY2022/3	14,783,900 shares	FY2021/3	14,783,900 shares
2) Number of shares of treasury stock at the end of the period	FY2022/3	918 shares	FY2021/3	918 shares
3) Average number of shares outstanding during the period (QTD)	FY2022/3	14,782,982 shares	FY2021/3	14,783,014 shares

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022/3	23,161	5.9	1,114	233.3	1,338	81.2	1,060	26.6
FY2021/3	21,877	(29.8)	334	(71.4)	738	(49.5)	837	(2.9)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2022/3	71.75	-
FY2021/3	56.66	-

(Note) 1. The company adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the fiscal year under review, and the figures for the year ended March 31, 2022 are stated with the Accounting Standard, etc. applied.

2. Due to the change in the presentation method from the fiscal year under review, the figures and YoY changes of net sales and operating profit in the non-consolidated financial results (cumulative) are values that have been reclassified based on the new presentation method.

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2022/3	40,220	30,013	74.6	2,030.24
FY2021/3	40,029	29,702	74.2	2,009.22

(Reference) Shareholders' equity: FY2022/3 30,013 million yen
FY2021/3 29,702 million yen

* Financial results reports are exempt from auditing conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Notes on forward-looking statements, etc.)

All forward-looking statements in this document such as financial forecasts and outlook are based on the information currently available to and certain assumptions deemed reasonable by the company group and are not a promise that the company is committed to achieving them. In addition, they may be materially different from actual results etc. due to various factors. Regarding the assumptions, notes and other matters relating to financial forecasts, please see page 4, (4) Future outlook in 1. Overview of Operating Results, etc.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended March 31, 2022

1) Operating results for the fiscal year ended March 31, 2022

Amid the lingering COVID-19 pandemic, the Japanese economy was subjected to restrictions on economic activities time and time again during the consolidated fiscal year under review (April 1, 2021 to March 31, 2022). The number of new infections dropped as the vaccination rate surged, and we saw some improvements in economic activities toward the end of 2021. However, the rapid spread of new variants of the virus caused new infections again, dragging on the economic recovery. In the manufacturing industry, the ongoing global semiconductor shortage and rising material prices still cast uncertainty over the future outlook.

In the pachinko industry that our group is engaged in, pachinko parlors continued operating while taking thorough measures to prevent infections, and the state of operation of all games machines averaged 102.0% YoY during the period from January to March 2022. In terms of pachinko machines operations by type, hit models supported highly by fans were released to the market continuously, and the average for the period from January to March remained strong at 106.5% YoY. As for pachislot machines, despite an increase in deliveries of No. 6.2 model, which is equipped with new game features, conditions remain difficult, with the average for the period from January to March at 95.1% YoY (comparison using the company's "DK-SIS" data).

According to the data compiled by the National Police Agency (released on April 28, 2022), the number of pachinko parlors in operation was 8,458 (93.6% YoY) as of the end of December 2021, while the number of games machines installed was 3,814,173 (95.2% YoY) with decreases in both pachinko and pachislot machines. As a result, the number of machines installed per parlor increased by 7.6 to 451.0 (101.7% YoY).

In this market environment, in the information systems business, we were committed to expanding the sales of products and services to provide solutions to the challenges of pachinko parlor companies that resulted in improving business, such as the company's first and new cloud-based chain store management system service "ClarisLink," the web entry lottery service for realizing game machine reservations for the first time in the industry "Smart Entry System," the POS system for saving labor at pachinko parlors "One-Stop Self-Counter," and "Smart Membership Registration" which introduces web-based advance registration and no longer requires application forms. We also facilitated the replacement of existing parlor computer systems with updated ones through the marketing and promotion of "Market-SIS," the business area analysis service that provides information on customer traffic in the surrounding areas, and strengthening proposal activities for the application of "X (Kai)," the AI-based parlor computer. In the control systems business, we worked on cost reductions by reinforcing development management and improving operational efficiency through a major reorganization implemented at the beginning of the fiscal year, and also promoted proposal activities targeted at game machine manufacturers to win new contracts. In addition to existing pachinko machines, we manufactured two pachislot machine models in order to expand our business areas. Moreover, we started initiatives for the next-generation games machines, "smart games machines."

As a result, the results for the consolidated fiscal year under review showed sales of ¥24,390 million (up 4.5% YoY), an operating profit of ¥1,191 million (up 96.2% YoY), an ordinary profit of ¥1,367 million (up 38.6% YoY) and a net profit attributable to parent company shareholders of ¥1,228 million (up 100.6% YoY).

The results by segment are as follows:

Information systems business

During the consolidated fiscal year under review, in terms of capital investment by pachinko parlor management companies, the replacement of old-rule machines with new-rule machines with the installation deadline set at the end of January 2022 was prioritized, while moves to seek trends in "smart games machines," which are to be released in the market later, put us in a grim situation where opening new parlors and large-scale refurbishment projects were held off. However, the number of small-scale refurbishment works to make partial changes to pachinko parlors from pachislot machines to pachinko machines, which showed strong performance, increased, and higher demand was seen for updating from old equipment, compared to the previous fiscal year.

In this market environment, in terms of sales of the "products for pachinko parlors," sales of the AI-based parlor computer "X (Kai)," the CR unit "VEGASIA," and the information disclosure terminals for fans "REVOLA" and "BiGMO PREMIUM" were stronger than the previous fiscal year, but the supply of popular products could not keep up with strong customer demand because of the global semiconductor shortage; we had to adjust the number of units for sale unfortunately. In terms of sales of "services," helped by the release of the cloud-based chain store management system "ClarisLink" as well as strong sales of the other main services, a significant YoY increase was seen despite a decrease in the number of parlors in operation.

As a result, in this business field we recorded sales of ¥18,647 million (up 6.8% YoY) and a segment profit of ¥2,171 million (up 11.9% YoY).

Control systems business

In the consolidated fiscal year under review, thanks to the gradual replacement of old-rule machines with a deadline for installation set at the end of January 2022 as well as the release of many new-rule machines by game machine manufacturers, the total sales of games machines increased in the overall market. In the business, "display and control units for games machine manufacturers" trended well for pachinko machines. In addition, sales were above the previous consolidated fiscal year as we started contract manufacturing of pachislot machines as part of the expansion of our business areas, but "parts and other" failed to grow in sales for games machine manufacturers, ending below the previous year.

As a result, in this business field we recorded sales of ¥5,759 million (down 2.2% YoY) and a segment profit of ¥537 million (up 433.0% YoY).

(Note) Intersegment transactions are included in the amounts in the results by segment.

(2) Overview of financial position for the fiscal year ended March 31, 2022

Current assets at the end of the consolidated fiscal year under review increased by ¥1,336 million to ¥26,764 million compared to the end of the previous consolidated fiscal year as a result of increases in cash and deposits and operating receivables.

Non-current assets at the end of the consolidated fiscal year under review decreased by ¥931 million to ¥14,725 million compared to the end of the previous fiscal year, due to factors including decreases in tangible and intangible fixed assets resulting from the recording of impairment losses of idle assets with no plan of use and depreciation.

As a result, total assets at the end of the consolidated fiscal year under review increased by ¥405 million to ¥41,489 million compared to the end of the previous consolidated fiscal year.

Liabilities at the end of the consolidated fiscal year under review were ¥10,348 million, ¥74 million lower than at the end of the previous consolidated fiscal year because of the repayment of short-term borrowings and other factors despite an increase in operating payables resulting from increases in trade payables and others during the fourth quarter.

Despite dividend payments, etc., our net assets at the end of the consolidated fiscal year under review were ¥31,141 million, ¥479 million higher than the end of the previous consolidated fiscal year due to the recording of a net profit attributable to parent company shareholders. The shareholders' equity ratio was 75.1%, 0.5 points up from the end of the previous consolidated fiscal year.

(3) Overview of cash flows for the fiscal year ended March 31, 2022

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the consolidated fiscal year under review increased by ¥841 million to ¥16,581 million compared to the end of the previous consolidated fiscal year.

The state of each cash flow during the consolidated fiscal year under review was as follows:

(Cash flows in operating activities)

Funds obtained from operating activities were ¥3,220 million (revenue of ¥3,396 million in the previous fiscal year). The main factors in expenditures included increases in trade receivables (+¥878 million) and inventories (+¥228 million), while in income included increases in net income before taxes (¥1,296 million), depreciation costs (¥1,762 million) and trade payables (+¥936 million).

(Cash flows in investing activities)

Funds used due to investing activities were ¥564 million (expenditure of ¥2,242 million in the previous fiscal year). The main factors in income included redemption of maturing investment securities, while in expenditures included purchase of non-current assets such as fixtures and software for building internal systems and software for products.

(Cash flows in financing activities)

Funds used due to financing activities were ¥1,814 million (expenditure of ¥891 million in the previous fiscal year). In breakdown, the main factors include repayment of short-term borrowings and dividend payments.

(Reference) Cash flow related indicators

	47th term FY2020/3	48th term FY2021/3	49th term FY2022/3
Shareholders' equity ratio (%)	71.2	74.6	75.1
Shareholders' equity ratio on a mark-to-market basis (%)	42.5	37.0	43.2
Cash flows to interest-bearing liabilities ratio (%)	66.0	88.4	62.2
Interest coverage ratio (times)	423.0	295.8	485.0

(Note) Shareholders' equity ratio: shareholders' equity/total assets
Shareholders' equity ratio on a mark-to-market basis: total market capitalization/total assets
Cash flows to interest-bearing liabilities ratio: interest-bearing liabilities/operating cash flows

Interest coverage ratio: operating cash flows/interest paid
*Total market capitalization is calculated as the closing price of the company stock at the end of the period × total number of shares issued at the end of the period (after subtracting treasury stock).
*Cash flows used above are "cash flows from operating activities" in the statement of cash flows. Interest-bearing liabilities denote all the liabilities that are stated in the consolidated balance sheet and for which interest is paid.

(4) Future outlook

In the Japanese economy in the next consolidated fiscal year, the business climate is expected to get back on a recovery track as extensive COVID-19 countermeasures are normalizing economic and social activities. However, the outlook remains uncertain due to the consumer mind being hit by a wave of rising energy and commodity prices and concerns over soaring resource prices.

In the pachinko industry, a sign of recovery is seen in the appetite for capital investment primarily among leading companies. Through the pursuit of operations centered on pachinko machines which have shown steady performance in recent years, we expect demand for pachislot machines, currently in the operational slump, to pick up from the new machine No. 6.5 model (pachislot machine) which will be delivered around the end of May 2022. Regarding the smart games machines that are drawing the market's attention, the target dates of delivery were announced: November 2022 for "Smart Pachislot" and January 2023 for "Smart Pachinko."

A short product supply in the wake of difficulties in procuring electronic parts, etc. still continues even now. We expect the market during the first half to be almost the same as the previous fiscal year, but from the second half onward the market should be activated by a rebound in replacement demand if these concerns are resolved and the smart games machines are released into the market as scheduled.

Under such an environment, the company group developed the "Medium-Term Management Plan 2022-2024" with the fiscal year ending March 31, 2023 as the first year. In the information systems business, in order to respond to changes in the games machines market centered on smart games machines, we will establish the industry's one and only cloud-based platform to start a business that does not depend on parlor computers, with the aim of pursuing increased stable revenue through the expansion of the service. In the area of product distribution, we will aim to expand our products' sales and market share by introducing products and services in a timely manner that respond flexibly to changes in the industry such as new standard machines and smart games machines. In the control systems business, we will make a shift from "pachinko machines" to "smart pachislot machines" as the core business, making them the profit center in three years. The company group will aim for sustainable growth and enhanced corporate value by steadily advancing the Medium-Term Management Plan.

For the consolidated financial forecast for the fiscal year ending March 31, 2023, which is the first year of the Medium-Term Management Plan, the company projects increased revenue and decreased profit with net sales of ¥26,000 million (up 6.6% YoY), operating profit of ¥850 million (down 28.6% YoY), ordinary profit of ¥950 million (down 30.5% YoY), and profit attributable to owners of parent of ¥650 million (down 47.1% YoY). The main factors for decreased profit forecast include increased research and development expenses and capital investment for the purpose of achieving the Medium-Term Management Plan and higher material prices.

*All forward-looking statements in this document including results forecasts were prepared based on the information available as of the date of presentation of the document and actual results may differ from the forecasts due to various factors.

(5) Basic policy on profit sharing and dividends for the fiscal year under review and the following fiscal year

The company considers returning profits to shareholders while enhancing its corporate value as the most important management imperative. Under the basic policy of providing stable dividends after comprehensively taking into account the business environment, business results, payout ratio, etc., the company returns profits according to its business performance. The company has a basic policy of paying dividends of surplus twice a year as interim dividends and year-end dividends, both of which are determined by the Board of Directors.

As for the dividends for the fiscal year under review (FY2022/3), thanks to the actual earnings being stronger than projected at the beginning of the year and in order to return profits to shareholders, the company has decided to pay a year-end dividend of 35 yen per share (+5 yen), combined with an interim dividend of 25 yen, which was already paid, for an annual dividend of 60 yen per share. (*Dividends planned at the beginning of the period: 10 yen for interim and 30 yen for year-end)

For the dividends for the next fiscal year (FY2023/3), based on the above basic policy, the company plans to pay an interim dividend of 10 yen and a year-end dividend of 30 yen, for a total annual dividend of 40 yen per share.

2. Basic Approach towards Selection of Accounting Standard

The company intends to employ the Japanese standards for the time being as its group operations are limited to the Japanese market, with no overseas activities. However, it will explore the application of IFRS(International Financial Reporting Standards) in view of the trends of introducing IFRS by other domestic peer companies.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated balance sheet

(Thousand yen)

	Fiscal year ended March 31, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Net assets		
Current assets		
Cash and deposits	15,739,971	16,581,552
Notes and accounts receivable - trade	3,199,152	-
Notes and accounts receivable - trade, and contract assets	-	3,395,453
Electronically recorded monetary claims - operating	938,868	1,672,665
Securities	500,000	-
Merchandise and finished goods	3,852,095	3,670,843
Work in process	28,784	93,408
Raw materials and supplies	265,241	669,916
Other	905,794	683,570
Allowance for doubtful accounts	(2,352)	(3,210)
Total current assets	25,427,557	26,764,200
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,143,185	9,134,416
Accumulated depreciation	(5,541,314)	(5,756,221)
Buildings and structures, net	3,601,871	3,378,195
Machinery, equipment and vehicles	596,333	596,333
Accumulated depreciation	(552,786)	(564,791)
Machinery, equipment and vehicles, net	43,546	31,541
Tools, furniture and fixtures	6,044,921	5,876,284
Accumulated depreciation	(5,361,226)	(5,250,697)
Tools, furniture and fixtures, net	683,694	625,586
Land	4,162,117	4,162,117
Construction in progress	181,247	161,641
Total property, plant and equipment	8,672,477	8,359,082
Intangible assets		
Software	2,982,229	2,318,108
Other	34,051	33,547
Total intangible assets	3,016,280	2,351,655
Investments and other assets		
Investment securities	764,465	795,466
Deferred tax assets	743,052	679,116
Investment property	1,192,267	1,200,063
Accumulated depreciation	(301,660)	(318,814)
Investment property, net	890,606	881,248
Membership	251,075	251,075
Leasehold and guarantee deposits	438,030	429,633
Other	1,031,423	1,132,459
Allowance for doubtful accounts	(150,335)	(154,032)
Total investments and other assets	3,968,318	4,014,967
Total non-current assets	15,657,076	14,725,705
Total assets	41,084,634	41,489,905

(Thousand yen)

	Fiscal year ended March 31, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,881,053	2,594,482
Electronically recorded obligations - operating	2,365,614	2,588,490
Short-term borrowings	3,000,000	2,000,000
Accounts payable - other	862,338	857,739
Accrued expenses	737,294	757,565
Income taxes payable	26,267	32,678
Advances received	318,175	-
Contract liabilities	-	120,864
Provision for product warranties	23,349	61,368
Provision for bonuses for directors (and other officers)	49,065	64,240
Other	256,066	341,959
Total current liabilities	9,519,226	9,419,388
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	404,843	433,496
Retirement benefit liability	223,518	228,631
Other	274,826	266,675
Total non-current liabilities	903,188	928,803
Total liabilities	10,422,414	10,348,192
Net assets		
Shareholders' equity		
Share capital	674,000	674,000
Capital surplus	680,008	680,008
Retained earnings	29,180,239	29,662,225
Treasury stock	(1,692)	(1,692)
Total shareholders' equity	30,532,554	31,014,540
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,525	12,680
Remeasurements of defined benefit plans	114,139	114,491
Total accumulated other comprehensive income	129,664	127,171
Total net assets	30,662,219	31,141,712
Total liabilities and net assets	41,084,634	41,489,905

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Thousand yen)

	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Net sales	23,345,081	24,390,050
Cost of sales	13,840,346	14,246,736
Gross profit	9,504,735	10,143,314
Selling, general and administrative expenses		
Salaries and wages	1,879,379	1,957,114
Provision for retirement benefits for directors (and other officers)	28,800	28,652
Provision for bonuses for directors (and other officers)	49,371	64,240
Provision of allowance for doubtful accounts	5,450	9,063
Provision for product warranties	-	68,495
Depreciation	1,121,397	975,493
Retirement benefit expenses	204,008	172,907
Other	5,609,119	5,676,145
Total selling, general and administrative expenses	8,897,526	8,952,112
Operating profit	607,208	1,191,202
Non-operating income		
Interest income	36	29,942
Dividend income	8,895	7,581
Rental income from real estate	84,004	90,007
Subsidies for employment adjustment	260,986	61,575
Other	86,241	46,582
Total non-operating income	440,163	235,689
Non-operating expenses		
Interest expenses	11,698	6,893
Rental expenses on real estate	48,284	48,209
Other	558	4,236
Total non-operating expenses	60,541	59,339
Ordinary profit	986,830	1,367,552
Extraordinary income		
Gain on sale of non-current assets	1,183	9
Total extraordinary income	1,183	9
Extraordinary losses		
Loss on retirement of non-current assets	6,518	1,519
Impairment losses	4,121	67,047
Loss on sale of investment securities	-	2,200
Total extraordinary losses	10,639	70,767
Profit before income taxes	977,375	1,296,794
Income taxes - current	77,273	32,596
Income taxes - deferred	287,462	35,234
Total income taxes	364,735	67,831
Profit	612,639	1,228,963
Profit attributable to owners of parent	612,639	1,228,963

Consolidated statement of comprehensive income

(Thousand yen)

	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Profit	612,639	1,228,963
Other comprehensive income		
Valuation difference on available-for-sale securities	1,357	(2,844)
Remeasurements of defined benefit plans, net of tax	233,322	351
Total other comprehensive income	234,679	(2,492)
Comprehensive income	847,319	1,226,470
(Profit attributable to)		
Comprehensive income attributable to owners of parent	847,319	1,226,470

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	674,000	680,008	29,158,920	(1,648)	30,511,280
Cumulative effects of changes in accounting policies					
Restated balance	674,000	680,008	29,158,920	(1,648)	30,511,280
Changes during period					
Dividends of surplus			(591,321)		(591,321)
Profit attributable to owners of parent			612,639		612,639
Purchase of treasury stock				(44)	(44)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	21,318	(44)	21,273
Balance at end of period	674,000	680,008	29,180,239	(1,692)	30,532,554

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	14,167	(119,182)	(105,015)	30,406,265
Cumulative effects of changes in accounting policies				
Restated balance	14,167	(119,182)	(105,015)	30,406,265
Changes during period				
Dividends of surplus				(591,321)
Profit attributable to owners of parent				612,639
Purchase of treasury stock				(44)
Net changes in items other than shareholders' equity	1,357	233,322	234,679	234,679
Total changes during period	1,357	233,322	234,679	255,953
Balance at end of period	15,525	114,139	129,664	30,662,219

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	674,000	680,008	29,180,239	(1,692)	30,532,554
Cumulative effects of changes in accounting policies			66,086		66,086
Restated balance	674,000	680,008	29,246,325	(1,692)	30,598,641
Changes during period					
Dividends of surplus			(813,064)		(813,064)
Profit attributable to owners of parent			1,228,963		1,228,963
Purchase of treasury stock					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	415,899	-	415,899
Balance at end of period	674,000	680,008	29,662,225	(1,692)	31,014,540

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	15,525	114,139	129,664	30,662,219
Cumulative effects of changes in accounting policies				66,086
Restated balance	15,525	114,139	129,664	30,728,305
Changes during period				
Dividends of surplus				(813,064)
Profit attributable to owners of parent				1,228,963
Purchase of treasury stock				-
Net changes in items other than shareholders' equity	(2,844)	351	(2,492)	(2,492)
Total changes during period	(2,844)	351	(2,492)	413,406
Balance at end of period	12,680	114,491	127,171	31,141,712

(4) Consolidated statement of cash flows

(Thousand yen)

	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	977,375	1,296,794
Depreciation	1,967,177	1,762,470
Impairment losses	4,121	67,047
Increase (decrease) in allowance for doubtful accounts	2,912	4,554
Increase (decrease) in provision for retirement benefits for directors (and other officers)	28,800	28,652
Interest and dividend income	(8,931)	(37,524)
Interest expenses	11,698	6,893
Other non-operating expenses (income)	(35,719)	(41,798)
Loss on retirement of non-current assets	6,518	1,519
Loss (gain) on sale of non-current assets	(1,183)	(9)
Loss (gain) on sale of investment securities	-	2,200
Decrease (increase) in trade receivables	1,457,499	(878,247)
Decrease (increase) in inventories	141,512	(228,746)
Increase (decrease) in trade payables	(229,038)	936,304
Decrease (increase) in other assets	△19,322	78,283
Increase (decrease) in other liabilities	(502,886)	65,609
Other	10,253	18,676
Subtotal	3,810,786	3,082,681
Interest and dividends received	9,435	37,528
Interest paid	(11,481)	(6,639)
Income taxes paid	(412,448)	(44,934)
Income taxes refund	-	151,730
Cash flows from operating activities	3,396,292	3,220,365
Cash flows from investing activities		
Purchase of investment securities	(1,000,000)	(54,000)
Purchase of property, plant and equipment	(379,982)	(170,773)
Purchase of intangible assets	(797,481)	(770,553)
Proceeds from sale of property, plant and equipment	4,686	92
Proceeds from sale of investment securities	-	16,700
Proceeds from redemption of investment securities	-	500,000
Proceeds from refund of leasehold and guarantee deposits	40,370	1,030
Payments of leasehold and guarantee deposits	(1,500)	(948)
Other	(108,749)	(86,280)
Cash flows from investing activities	(2,242,657)	(564,732)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(1,000,000)
Repayments of long-term borrowings	(300,000)	-
Purchase of treasury stock	(44)	-
Dividends paid	(590,921)	(813,355)
Other	(697)	(697)
Cash flows from financing activities	(891,663)	(1,814,052)
Net increase (decrease) in cash and cash equivalents	261,970	841,580
Cash and cash equivalents at beginning of period	15,478,001	15,739,971
Cash and cash equivalents at end of period	15,739,971	16,581,552

(5) Notes to consolidated financial statements

(Notes to going concern assumptions)

Not applicable.

(Significant matters as the basis for preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 4

Company name: Genki Co., Ltd.
Daxel Inc.
Daikoku Sangyo Co., Ltd.
ALOFT Co., Ltd.

(2) Names, etc. of major non-consolidated subsidiaries

Not applicable.

2. Application of the equity method

Not applicable.

3. Matters regarding fiscal years, etc. of consolidated subsidiaries

The account closing dates of the consolidated subsidiaries fall on the consolidated account closing date.

4. Accounting policies

(1) Standards and methods for valuation of significant assets

1. Securities

Other securities

Items other than stock, etc. with no market value

Fair value method (Valuation differences are recognized directly into net assets; the cost of items sold is calculated based on the moving average method.)

Stock, etc. with no market value

Valuation at cost, with cost determined by the moving average method

2. Inventories

Valuation at cost (method of lowering carrying amount due to decline in profitability)

Merchandise, finished goods, raw materials, work in process

Valuation at cost, with cost determined primarily by the weighted average method

Supplies

Valuation at cost, based on the last purchase cost method

(2) Method of depreciation for significant depreciable assets

1. Property, plant and equipment (excluding leased assets)

Declining-balance method

However, the buildings acquired on and after April 1, 1998 (excluding facilities attached) and facilities attached and structures acquired on and after April 1, 2016 are depreciated on a straight-line basis.

The useful life of major items is as follows:

Buildings and structures	6-50 years
Tools, furniture and fixtures	2-20 years

2. Intangible assets

Straight-line method

However, software is depreciated for sale over the marketable period (3 years) and for internal use over the internal availability period (5 years), on a straight-line basis.

3. Investment property, etc.

Buildings	Straight-line method
Other	Declining-balance method

The useful life of major items is as follows:

Buildings	15-47 years
Other	3-15 years

(3) Accounting standards for significant allowances and provisions

1. Allowance for doubtful accounts

To provide for losses from doubtful accounts including doubtful receivables, the company accounts for the estimated amounts considered to be uncollectible based on a historical rate of credit losses for normal receivables or after reviewing individual collectability for specific doubtful receivables.

2. Provision for bonuses for directors (and other officers)

To provide for expenditure on directors' bonuses, the company accounts for the corresponding amounts at the end of the consolidated fiscal year under review based on the estimated amounts to be paid.

3. Provision for retirement benefits for directors (and other officers)

To provide for expenditure on retirement benefits for directors, the company accounts for the amounts to be paid at the end of the consolidated fiscal year under review in accordance with the internal rules.

4. Provision for product warranties

To provide for product warranty costs accrued after sales, the company accounts for the estimated amount of the costs.

(4) Accounting methods for retirement benefits

1. Method of attributing expected benefits to periods of service

In calculating the retirement benefit obligation, the company attributes expected retirement benefits to periods of service up to the fiscal year under review, on a plan benefit formula basis.

2. Actuarial gains and losses and past service costs

Past service costs are recognized on a straight-line basis over a certain number of years (10 years) within the average remaining service period of employees at the time of accrual.

Actuarial gains and losses are recognized in the respective succeeding years on a straight-line basis over a certain number of years (10 years) within the average remaining service period of employees at the time of accrual in each consolidated fiscal year.

(5) Accounting standards for significant revenues and expenses

Relating to revenue from contracts with customers of the company and its consolidated subsidiaries, major performance obligations and the normal time for satisfying the performance obligations (the normal time of recognizing revenue) in the main businesses are as follows:

1) Information Systems Division

The information systems business engages primarily in the development, manufacturing, and distribution of computer systems for pachinko parlors, prize and customer management systems, and information disclosure systems.

Among these, for a performance obligation involving product installation, the company recognizes revenue at the time of inspection as a performance obligation is generally judged to have been met at the time of inspection when the customer obtains control of the service.

For a performance obligation involving no product installation, the company recognizes revenue at the time of shipment of goods since control of goods is judged to be transferred to the customer at the time of shipment because of the normal period of time from shipment to inspection when control of goods is transferred to the customer.

2) Control Systems Division

The control systems business engages in the development, manufacturing, and distribution of display units and control units for pachinko machines, the planning, development, manufacturing, and distribution of pachislot machines, and the distribution of parts used for game machines.

Among these, for the distribution of goods, mainly in the distribution of products, the company recognizes revenue at the time of shipment of goods since control of goods is judged to be transferred to the customer at the time of shipment because of the normal period of time from shipment to inspection when control of products is transferred to the customer.

For development projects, the company recognizes revenue when a performance obligation is satisfied since control over customers is continuously transferred.

(6) Accounting methods for significant hedge transactions

1. Method of hedge accounting

In principle, the company applies deferral hedge accounting. If a hedge against foreign exchange fluctuation risk satisfies the requirements for designated hedge accounting, the company adopts the designated hedge accounting; if an interest rate swap satisfies the requirements for exceptional accounting treatment, the company adopts the exceptional accounting treatment.

2. Hedging instruments and hedged assets

Assets and instruments recognized on a hedge accounting basis are as follows:

Hedging instruments: Foreign exchange contracts, interest rate swaps

Hedged assets: Trade payables for product import and anticipated transactions in foreign currencies, borrowings

3. Hedging policy

In foreign currency-denominated transactions, the company hedges foreign exchange fluctuation risk based on its internal rules, the “foreign exchange risk hedging operation rules” and others. The company uses interest rate swaps to hedge interest-rate fluctuation risk. The company is not engaged in hedging activities for speculation purposes.

4. Method of evaluating hedge effectiveness

The company evaluates the effectiveness by comparing fluctuations in the exchange rates of the hedged asset and the hedging instrument to get the ratio of these fluctuations.

(7) Scope of funds in consolidated statement of cash flows

The funds (cash and cash equivalents) in the consolidated statement cash flows consist of cash on hand, cash at bank (demand deposit), and short-term investments maturing within three months from the date of acquisition that are highly liquid and cashable and exposed to minimal value fluctuation risk.

(8) Other significant matters as the basis for preparation of consolidated financial statements

Application of the consolidated taxation system

The company applies the consolidated taxation system.

・Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

The company and its consolidated domestic subsidiaries will transition from the consolidated taxation system to the group tax sharing system, starting from the next consolidated fiscal year. However, for the transition to the group tax sharing system created under the “Act Partially Amending the Income Tax Act, etc.” (Act No. 8 of 2020) and items for which the non-consolidated taxation system was reviewed in line with the transition to the group tax sharing system, the company does not apply Paragraph 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) and records the amounts of deferred tax assets and deferred tax liabilities based on the provisions of the tax law before the amendment, as allowed in the provisions of Paragraph 3 of the “Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ PITF No. 39, March 31, 2020).

From the beginning of the next consolidated fiscal year, the company intends to apply the “Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021), which stipulates the accounting procedures and disclosure for income and local taxes and tax effect accounting when the group tax sharing system is applied.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The company applies the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter the “Revenue Recognition Accounting Standard”) and other standards from the beginning of the fiscal year under review and recognizes promised goods or services at the amount expected to be received in exchange for the promised goods or services, at the time when the control of the promised goods or services is transferred to the customer.

By applying an alternative treatment as set forth in Paragraph 98 of the “Implementation Guidance on Accounting Standard for Revenue Recognition,” the company recognizes revenue from a product at the time of its shipment if the period of time from shipment to transfer of control of the product is normal in domestic distribution.

As to the application of the Revenue Recognition Accounting Standard, etc., in conformity with a transitional treatment as set forth in the proviso in Paragraph 84 of the Revenue Recognition Accounting Standard, the company applies the new accounting policy to the balance at the beginning of the fiscal year under review after reflecting the cumulative effect in the case of the retrospective application of the new accounting policy to the fiscal years prior to the beginning of the period in the retained earnings at the beginning of the period.

As a result, operating profit, ordinary profit, and profit before income taxes for the consolidated fiscal year under review increased by ¥175 million, respectively. The balance of retained earnings at the beginning of period also increased by ¥66,086 thousand.

As a result of the application of the Revenue Recognition Accounting Standard, etc., “notes and accounts receivable - trade” and “advances received,” which were listed under “current assets” and “current liabilities,” respectively, in the consolidated balance sheet for the previous fiscal year, are included in “notes and accounts receivable - trade, and contract assets” and “contract liabilities,” respectively, from the fiscal year under review. In accordance with a transitional treatment as set forth in Paragraph 89-2 of the Revenue Recognition Accounting Standard, the financial statements for the previous consolidated fiscal year are not reclassified based on the new presentation method.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The company applies the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter, the “Fair Value Measurement Accounting Standard”) and other standards from the beginning of the fiscal year under review. In conformity with Paragraph 19 of the Fair Value Measurement Accounting Standard and a transitional treatment as set forth in Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), it will apply the new accounting policies as stipulated in the Fair Value Measurement Accounting Standard and other standards in the future. Its impact on the consolidated financial statements is immaterial.

(Change in presentation method)

(Consolidated statement of income)

"Dividends received" which was recorded under "non-operating income" for the previous consolidated fiscal year is changed and now included in "net sales" from the consolidated fiscal year under review.

The company adopts this change to appropriately indicate the results of the company group operating activities, following the recognition of dividends received earnings as one of its main operating activities.

As a result of this, "dividends received" of ¥116,423 thousand recorded under "non-operating income" in the consolidated statement of income for the previous fiscal year is now reclassified into "net sales" of ¥116,306 thousand and "other" of ¥116 thousand.

(Segment information, etc.)

(Segment information)

1. Overview of reportable segments

(1) Method of determining reportable segments

The reportable segments of the company are components of the company for which separate financial information is available and reviewed by the Board of Directors on a regular basis for the purpose of making decisions on management resources allocation and evaluating business results.

The company is composed of segments by business lines, with the two reportable segments being the information systems business and the control systems business.

(2) Types of products and services by reportable segments

The information systems business engages primarily in the development, manufacturing, and distribution of computer systems for pachinko parlors, prize and customer management systems, and information disclosure systems.

The control systems business engages in the development, manufacturing, and distribution of display units and control units for pachinko machines, the planning, development, manufacturing, and distribution of pachislot machines, and the distribution of parts used for game machines.

2. Calculation methods for sales, income or losses, assets, liabilities, and other items by reportable segments

The accounting methods for the reported business segments are largely the same as stated in (Significant matters as the basis for preparation of consolidated financial statements).

As noted in (Changes in accounting policies), the company has adopted the Revenue Recognition Accounting Standard, etc. and changed accounting methods for revenue recognition from the beginning of the fiscal year under review; the calculation methods for business segment income are changed accordingly. Due to this change, segment income of the control systems business for the fiscal year under review increased by ¥175 million compared to the previous accounting method.

In addition, as noted in (Change in presentation method), "dividends received" previously recorded under "non-operating income" is reclassified into "net sales" from the consolidated fiscal year under review. The figures in the segment information for the previous consolidated fiscal year are also reclassified. As a result of this change, sales of the control systems business increased by ¥116,306 thousand and segment losses decreased by ¥116,306 thousand, compared to before reclassification.

3. Amounts of sales, income or losses, assets, liabilities, and other items by reportable segment

Reportable segment income is stated on an operating income basis.

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Thousand yen)

	Reportable segments			Adjustments (Note)	Amount stated in consolidated financial statements
	Information systems business	Control systems business	Total		
Net sales					
Sales to external customers	17,462,506	5,882,575	23,345,081	-	23,345,081
Intersegment sales or transfers	-	9,565	9,565	(9,565)	-
Total	17,462,506	5,892,140	23,354,646	(9,565)	23,345,081
Segment income	1,939,936	100,866	2,040,803	(1,433,594)	607,208
Segment assets	14,066,216	5,486,583	19,552,799	21,531,834	41,084,634
Other items					
Depreciation	1,625,857	160,345	1,786,203	164,317	1,950,521
Impairment losses	-	4,121	4,121	-	4,121
Increases in property, plant and equipment and intangible assets	913,725	61,868	975,594	69,119	1,044,713

(Note) Adjustments are as follows:

(1) The adjustment of segment income of (¥1,433,594 thousand) includes the elimination of intersegment transactions of ¥10,494 thousand and corporate expenses unallocated to any reportable segments of (¥1,444,088 thousand). Unallocated corporate expenses mostly include general and administrative expenses which are not attributable to any reportable segments.

(2) The adjustment of segment assets of ¥21,531,834 thousand includes eliminations of intersegment transactions of ¥8,714 thousand and corporate expenses unallocated to any reportable segments of ¥21,523,119 thousand. Unallocated corporate assets mostly include the funds (cash and deposits) of the companies submitting consolidated financial statements and assets associated with the control/administration department.

(3) The adjustment of increases in property, plant and equipment and intangible assets of ¥69,119 thousand is attributed mainly to investments in network equipment associated with unallocated corporate assets and eliminations of intersegment transactions.

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Thousand yen)

	Reportable segments			Adjustments (Note)	Amount stated in consolidated financial statements
	Information systems business	Control systems business	Total		
Net sales					
Sales to external customers	18,647,533	5,742,517	24,390,050	-	24,390,050
Intersegment sales or transfers	-	17,434	17,434	(17,434)	-
Total	18,647,533	5,759,951	24,407,484	(17,434)	24,390,050
Segment income	2,171,723	537,665	2,709,388	(1,518,186)	1,191,202
Segment assets	14,687,694	4,852,570	19,540,265	21,949,639	41,489,905
Other items					
Depreciation	1,463,982	126,384	1,590,366	154,949	1,745,316
Impairment losses	63,007	4,040	67,047	-	67,047
Increases in property, plant and equipment and intangible assets	807,590	37,679	845,269	28,895	874,164

(Note) Adjustments are as follows:

(1) The adjustment of segment income of (¥1,518,186 thousand) includes the elimination of intersegment transactions of ¥6,050 thousand and corporate expenses unallocated to any reportable segments of (¥1,524,237 thousand). Unallocated corporate expenses mostly include general and administrative expenses which are not attributable to any reportable segments.

(2) The adjustment of segment assets of ¥21,949,639 thousand includes the elimination of intersegment transactions of ¥8,218 thousand and corporate expenses unallocated to any reportable segments of ¥21,941,421 thousand. Unallocated corporate assets mostly include the funds (cash and deposits) of the companies submitting consolidated financial statements and assets associated with the control/administration department.

(3) The adjustment of increases in property, plant and equipment and intangible assets of ¥28,895 thousand is attributed mainly to investments in network equipment associated with unallocated corporate assets and eliminations of intersegment transactions.

[Relevant information]

I. Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

1. Information by product and service

Omitted as similar information is disclosed in segment information.

2. Information by region

(1) Net sales

Omitted as sales to domestic external customers account for more than 90% of the net sales recorded in the consolidated statement of income.

(2) Property, plant and equipment

Not applicable as the company does not have any property, plant and equipment outside Japan.

3. Information by major customer

Omitted as none of the sales to external customers account for 10% or more of the net sales recorded in the consolidated statement of income.

II. Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

1. Information by product and service

Omitted as similar information is disclosed in segment information.

2. Information by region

(1) Net sales

Omitted as sales to domestic external customers account for more than 90% of the net sales recorded in the consolidated statement of income.

(2) Property, plant and equipment

Not applicable as the company does not have any property, plant and equipment outside Japan.

3. Information by major customer

Omitted as none of the sales to external customers account for 10% or more of the net sales recorded in the consolidated statement of income.

[Impairment of non-current assets by reportable segment]

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

In the control systems business segment, the carrying amount of business assets of consolidated subsidiaries is reduced to the recoverable amount after reviewing the recoverability of future cash flows.

Impairment losses of ¥4,121 thousand are recorded for the fiscal year.

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

In the information systems business segment, the carrying amount of idle assets with no plan of future use is reduced to the recoverable amount after reviewing the recoverability of future cash flows.

Impairment losses of ¥63,007 thousand are recorded for the fiscal year.

In the control systems business segment, the carrying amount of business assets of consolidated subsidiaries is reduced to the recoverable amount after reviewing the recoverability of future cash flows.

Impairment losses of ¥4,040 thousand are recorded for the fiscal year.

(Per-share information)

	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Net assets per share	2,074.16 yen	2,106.59 yen
Basic earnings per share	41.44 yen	83.13 yen

(Note) 1. Diluted earnings per share is not stated as there are no dilutive shares.
2. The basis for the calculation of basic earnings per share is as follows:

-	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Profit attributable to owners of parent (thousand yen)	612,639	1,228,963
Not attributable to common shareholders (thousand yen)	-	-
Profit attributable to owners of parent - applicable to common stock (thousand yen)	612,639	1,228,963
Average number of common shares outstanding during the period (thousand shares)	14,783	14,782

3. The basis for the calculation of net assets per share is as follows:

-	Fiscal year ended March 31, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Total amount of net assets (thousand yen)	30,662,219	31,141,712
Net assets applicable to common stock at end of period (thousand yen)	30,662,219	31,141,712
Number of common stock at end of period used for calculating net assets per share (thousand shares)	14,782	14,782

(Significant subsequent events)

Not applicable.

4. Other

Changes in directors

(1) Changes in representatives

Not applicable.

(2) Other changes in directors (scheduled on June 29, 2022)

1) New appointment

Name	New title	Former title
Yukinori Morita	Outside Auditor	—
Yumiko Sakurai	Outside Auditor	—

2) Retiring

Name	New title	Former title
Kazunori Tajima	—	Outside Auditor
Yoshihiro Chinen	—	Outside Auditor
Kei Kayamori	—	Managing Director; Deputy General Manager, Management Control Division
Yasuhiro Fujimaki	Loaned to Genki Co., Ltd.	Director, loaned to Genki Co., Ltd.
Manabu Matsubara	Deputy General Manager, Development HQ, Information Systems Division and General Manager, Planning Division	Director; Deputy General Manager, Development HQ, Information Systems Division and General Manager, Planning Division
Tadayoshi Kato	Executive Officer; General Manager, Sales HQ, Information Systems Division	Director; Executive Officer; General Manager, Sales HQ, Information Systems Division
Atsunori Okamoto	Executive Officer; General Manager, Management Control Division and General Manager, Human Resources Division	Director; Executive Officer; General Manager, Management Control Division and General Manager, Human Resources Division
Takao Ozeki	Executive Officer; General Manager, Management Planning Office	Director; Executive Officer; General Manager, Management Planning Office