



Financial Results

the three months ended June 30, 2022

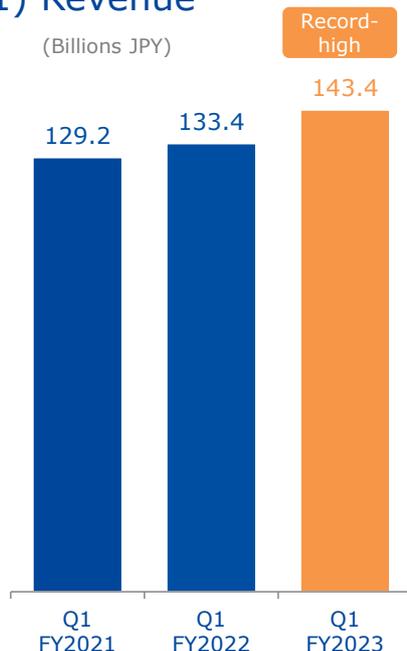
August 12, 2022

Performance

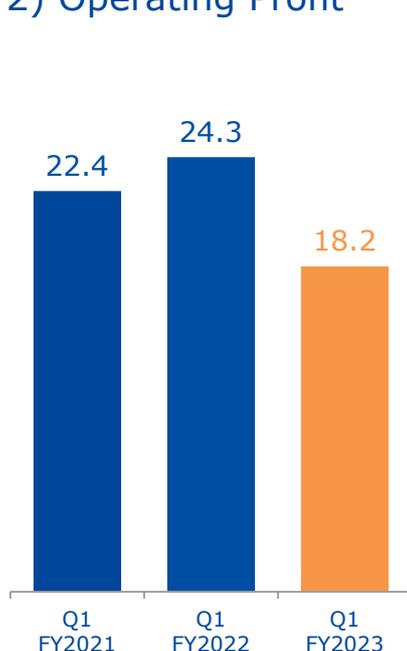
Revenue and quarterly net income were record highs, and operating profit declined as expected.

1) Revenue

(Billions JPY)

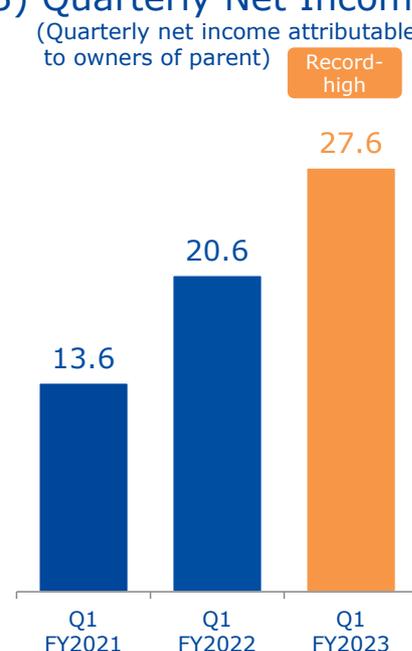


2) Operating Profit



3) Quarterly Net Income

(Quarterly net income attributable to owners of parent)

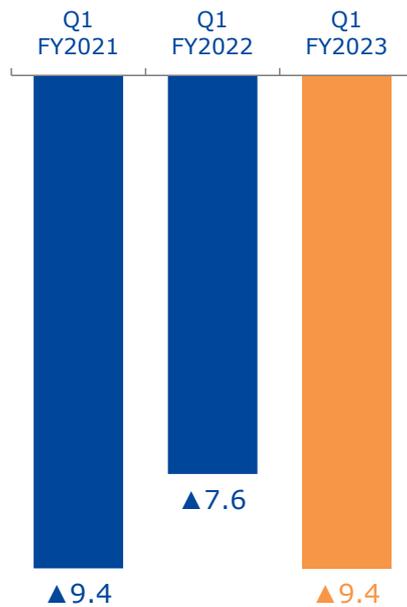


*Due to the early adoption of IFRS 17, some of the financial results for FY2022 differ from the previously disclosed figures. (Same hereafter)

4) Recurring Profit

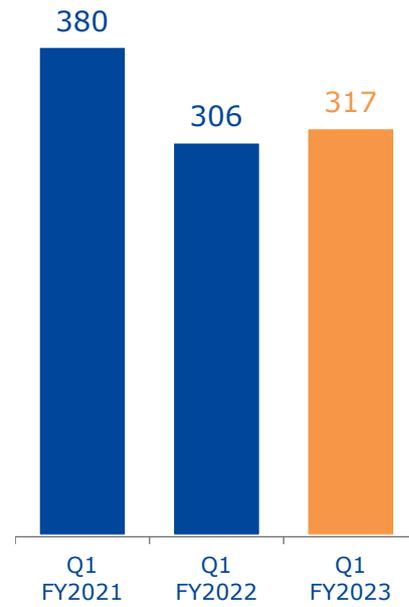


5) In-House Product Acquisition Cost



6) Number of In-House Products Acquired

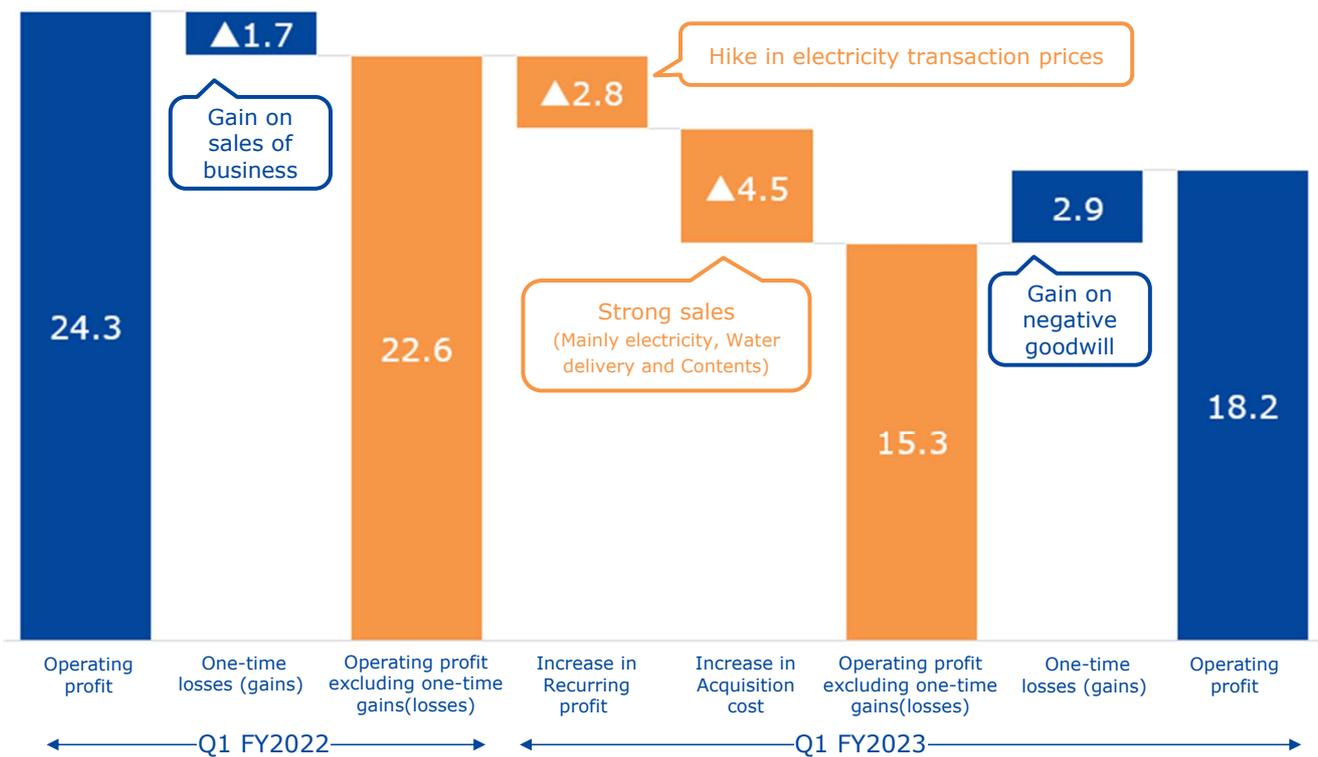
(Thousand Units)



Both operating profit and recurring profit decreased as expected at the beginning of the term. The main reason for the decrease in profit was the hike in electricity transaction prices.

YoY Comparison of Operating Profit

(Billions JPY)



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Main Business and Segments

Main Business	Description	Segments		
		In-house Products	Individual Customer Service	Third-party products
		Corporate Service	Individual Customer Service	Commission-based Sales
Internet connection line	Sales of MVNO business, Sales of optical fiber line, etc.	✓	✓	✓
Electricity	Provision of Electricity as electricity retailers	✓	✓	-
Industry-specific IT Solutions	Online reservation service	✓	-	-
Content	Provision of various ancillary products	✓	✓	-
Water delivery	Provision and sale of water coolers	-	✓	-
Mobile phones	Sales of mobile phones	-	-	✓
Sales of insurance by agent	Sales of insurance products	-	-	✓
OA equipment	Sales of photocopier machines, etc.	-	-	✓

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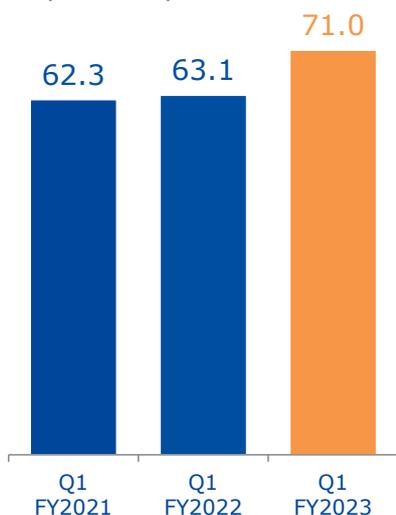
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Corporate Service

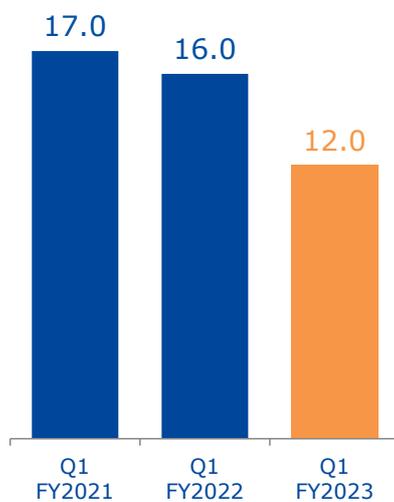
Main business: Internet communication line, content, electricity, industry-specific IT solutions, etc.

1) Revenue

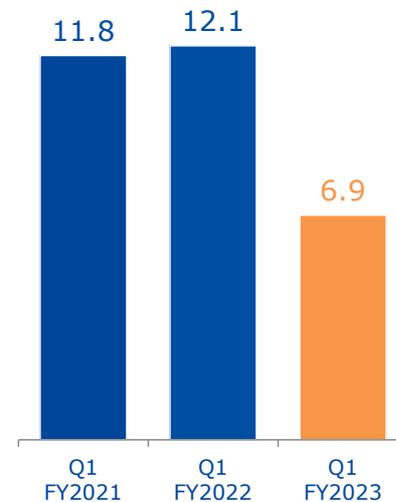
(Billions JPY)



2) Recurring Profit



3) Operating Profit



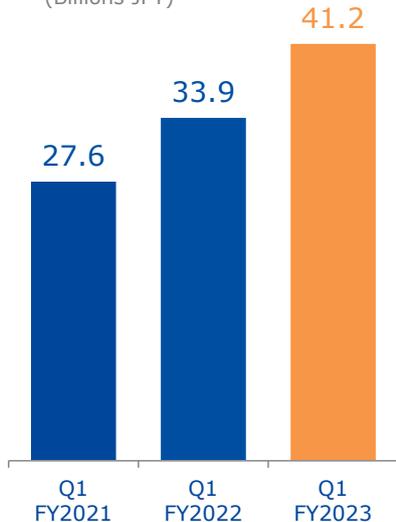
Profit decreased due to the impact of a hike in electricity transaction prices.

Individual Customer Service

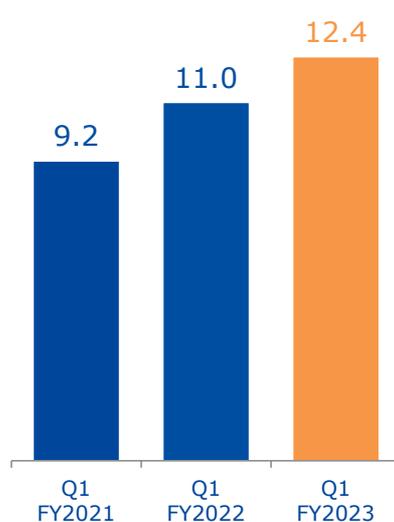
Main business: Internet communication line, content, water delivery, electricity, etc.

1) Revenue

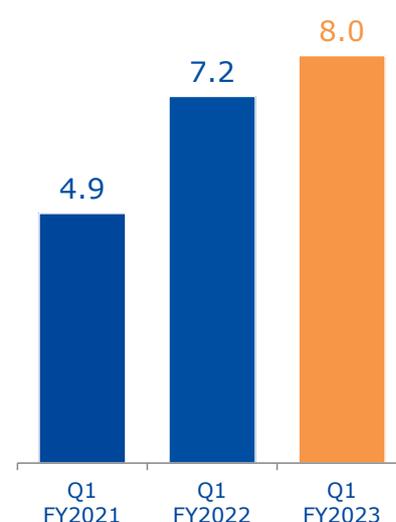
(Billions JPY)



2) Recurring Profit



3) Operating Profit



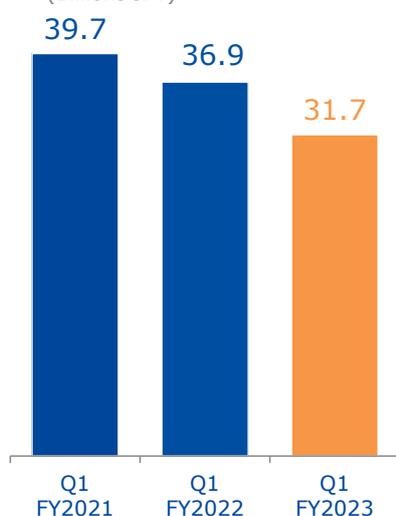
Revenue and profit increased mainly in the water delivery business.

Commission-based Sales

Main business: Commission-based sales for mobile phones, OA equipment, insurance, etc.

1) Revenue

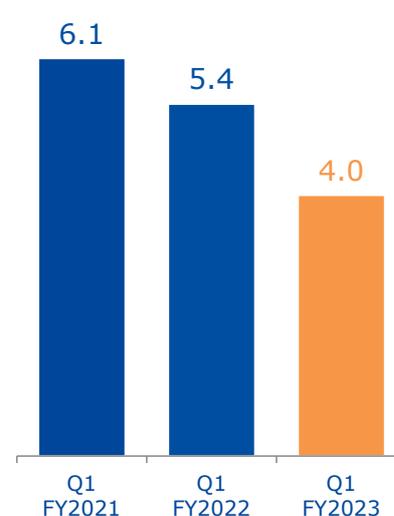
(Billions JPY)



2) Recurring Profit



3) Operating Profit



Revenue and profit decreased due to change in the external environment.

Non-Operating Profit

A one-time gain (gain on foreign exchange) was 13 billion yen in Q1 FY2023

(Billions JPY)	FY2021	FY2022	FY2023
	Q1	Q1	Q1
Operating Profit	22.4	24.3	18.2
Financial revenue + Financial expenses	0.2	2.7	18.9
Share of loss (profit) of entities accounted for using equity method	0.7	3.1	3.2
Other non-operating expenses (income)	0.9	0.0	0.0
Quarterly profit (loss) before income taxes	24.4	30.2	Record-high 40.5
Corporate income tax expenses	(9.6)	(7.8)	(13.0)
Non-controlling interests	(1.2)	(1.7)	0
Quarterly net income attributable to owners of parent	13.6	20.6	Record-high 27.6

Performance Forecast

(Billions JPY)

	FY2023 Q1	FY2023(E)	
	Actual Results	Forecast	Progress Rate
Revenue	143.4	600.0	23%
Operating Profit	18.2	77.0	23%
Quarterly net income and net income attributable to owners of parent	27.6	62.0	44%

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Consolidated Cash Flows

(Billions JPY)

	FY2021	FY2022	FY2022
	Q1	Q1	Q1
Cash Flow from Operating Activities	+14.9	+10.1	+4.3
Cash Flow from Investing Activities	(25.9)	(20.7)	(22.0)
Free Cash Flow	(10.9)	(10.6)	(17.6)
Cash Flow from Financial Activities	(8.4)	+37.8	+12.2

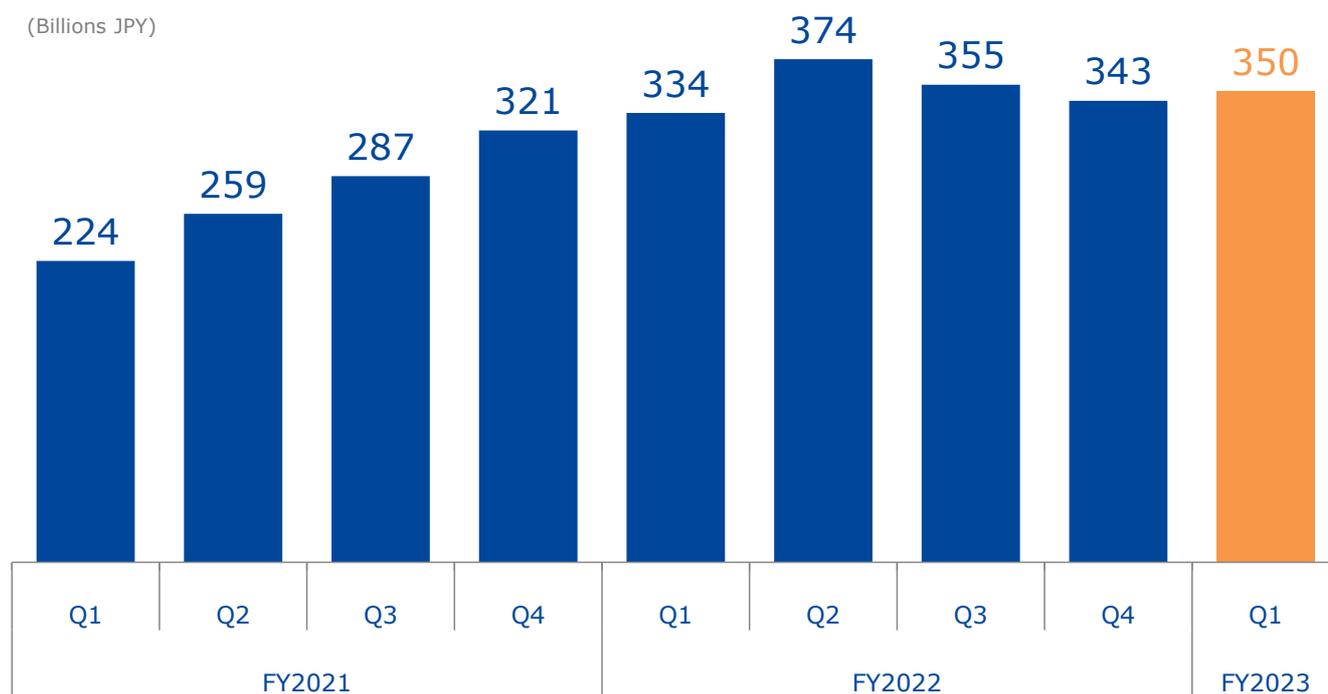
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Net Cash Assets

*Cash and deposits + Listed investment securities
(not including listed subsidiaries) – Interest-bearing liabilities

(Billions JPY)



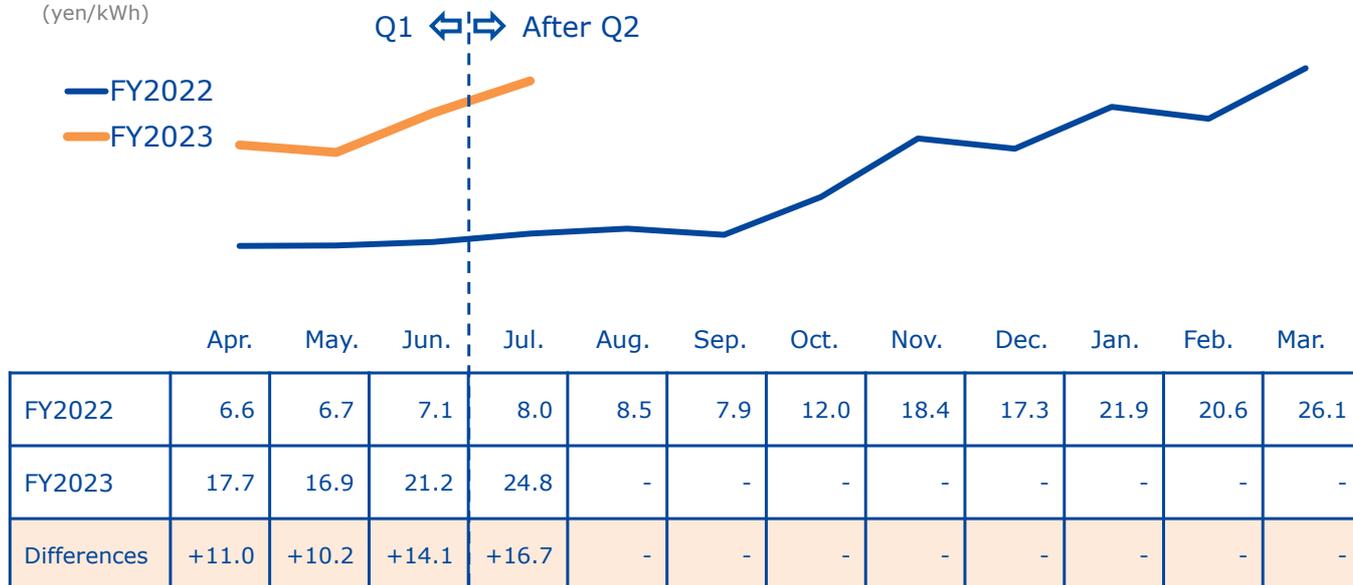
Current Status of Electricity Business

Electricity Transaction Prices

The price has remained above 15 yen since November 2021.

Spot Market monthly average system prices (Japan Electric Power Exchange, JEPX)

(yen/kWh)



Prepared by Hikari Tsushin based on the JEPX disclosed data

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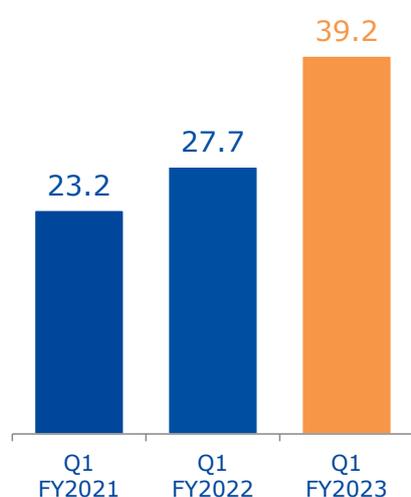
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Electricity Business Results

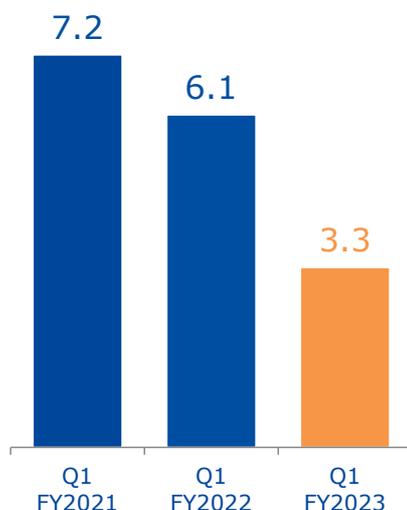
(Total Corporate & Individual)

1) Revenue

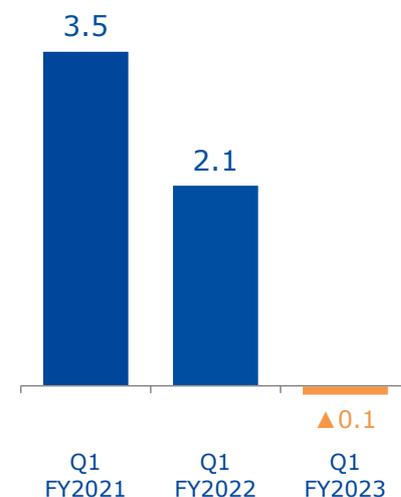
(Billions JPY)



2) Recurring Profit



3) Operating Profit



Profit decreased due to the impact of a hike in electricity transaction prices.
Full-year operating profit is expected to be in the black.

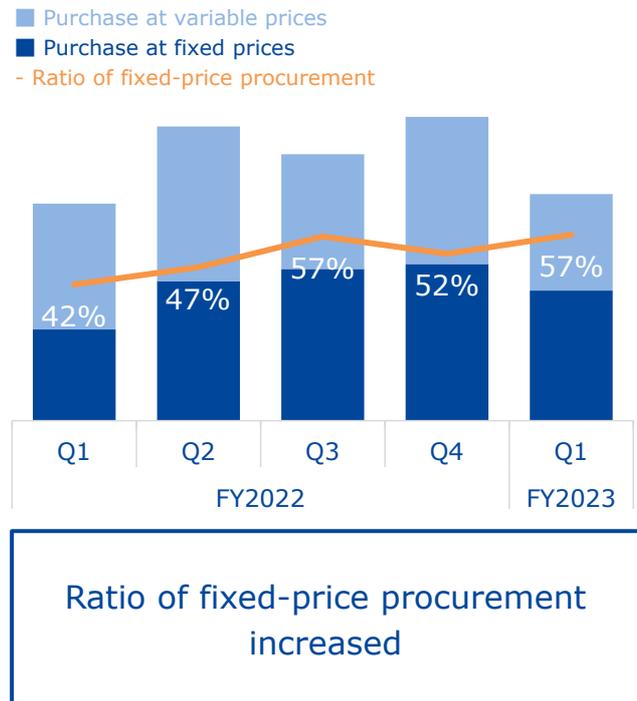
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Revision of Procurement Composition

Initiatives	
Maintain and expand fixed-price procurement	
Reference value	
Ratio of fixed prices in procurement of power generation	
FY2022	Q1 FY2023
49%	57%

Procurement composition



Changes to the Provided Plan

Initiatives	
Provide new plans with low risk of market price fluctuations	
Reference value	
Ratio of new plans to in-force contracts	
Previous estimation <small>(Source: FY2022 Financial Results)</small>	Current estimation
3 years later 50% 5 years later 66%	End of the fiscal year under review 100% Significantly ahead of schedule

Schedule for change

	FY2023		
	2Q	3Q	4Q
Corporate Electricity	Partly new plan	Partly new plan	New plan only
Individual Electricity	Partly new plan	New plan only	New plan only

All of the in-force contracts are planned to be new plans with low risk of market price fluctuations in Q4 FY2023

Sensitivity to the Electricity Transaction Prices

Estimated impact on recurring profit and operating profit

■ Previous announcement (May)

Period: Q1 to Q4	
JEPX Spot Market Average System Price	Estimated difference from forecasts
10 yen/kWh	+ 9.5 billion yen
20 yen/kWh	(7.5) billion yen
25 yen/kWh	(11.5) billion yen

Q2 to Q4 of the above table	
JEPX Spot Market Average System Price	Estimated difference from forecasts
10 yen/kWh	+ 7.2 billion yen
20 yen/kWh	(6.3) billion yen
25 yen/kWh	(9.5) billion yen

■ Current announcement (August)

Period: Q2 to Q4	
JEPX Spot Market Average System Price	Estimated difference from forecasts
10 yen/kWh	+ 11.8 billion yen
20 yen/kWh	+ 0.8 billion yen
25 yen/kWh	(0.4) billion yen
30 yen/kWh	(1.6) billion yen
40 yen/kWh	(4) billion yen

Risk is being hedged

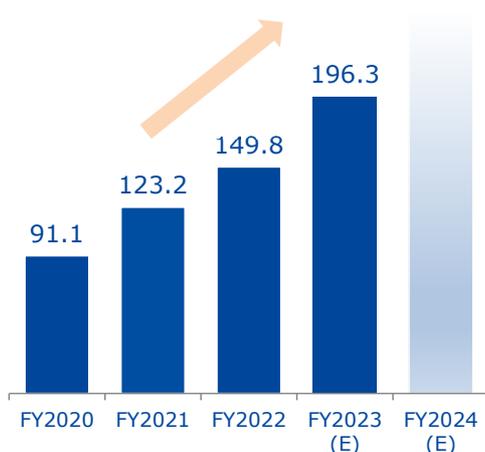
[Ref.] JEPX Spot Market Average System Price
11.1 yen for FY2021, 13.4 yen for FY2022,
18.6 yen for Q1 FY2023, 24.8 yen for July FY2023

Performance Forecast for Electricity Business

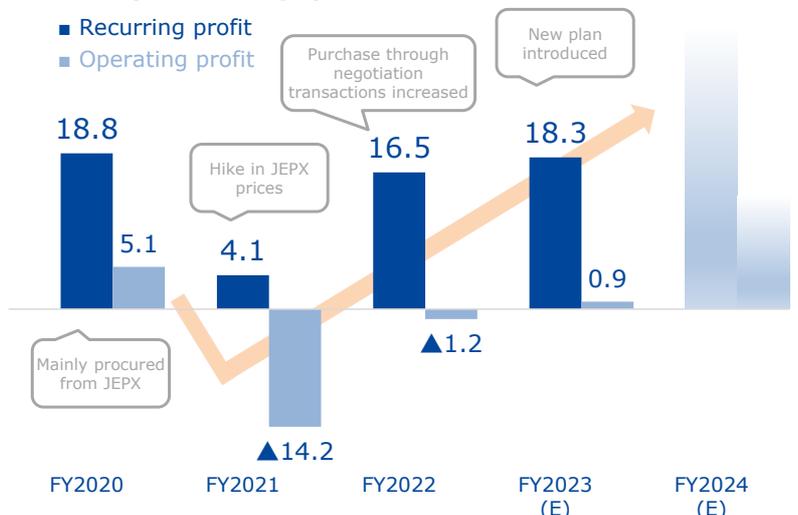
(Total of Corporate and Individual)

(Billions JPY)

■ Revenue

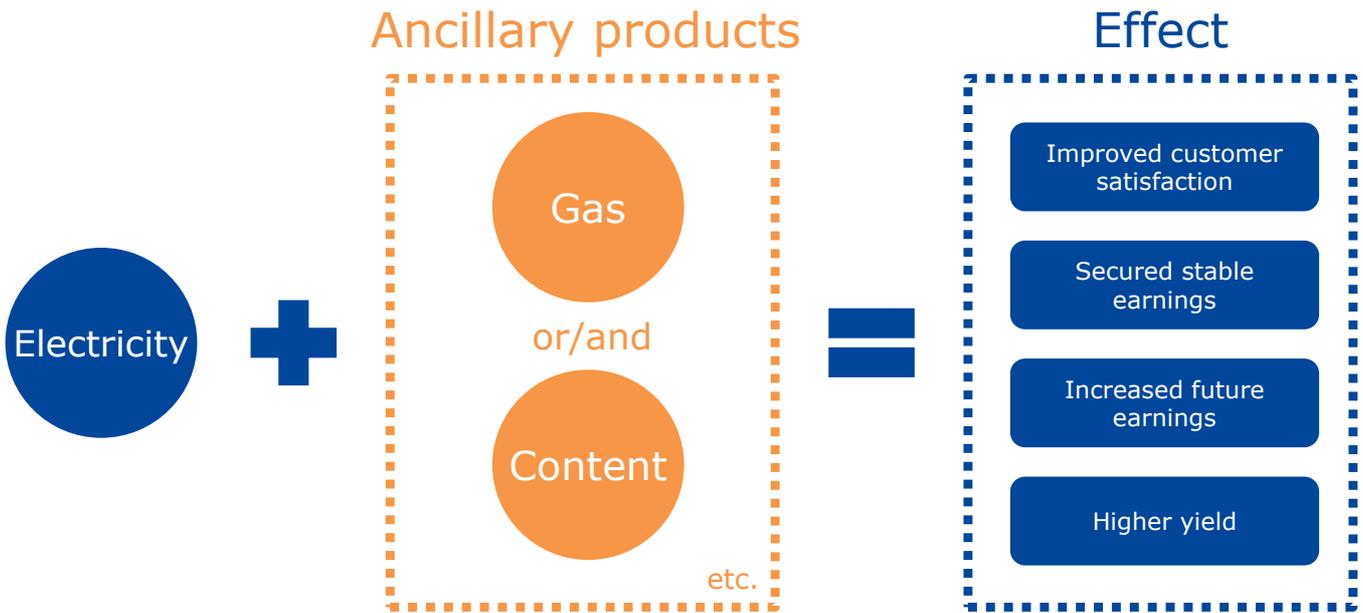


■ Recurring profit and operating profit



Substantial profit increase is expected for FY2024 (next fiscal year) because of the progress in risk hedging.

Cross-Selling and Up-Selling in the Electricity Business



We conduct ancillary sales of various products that meet customer needs.

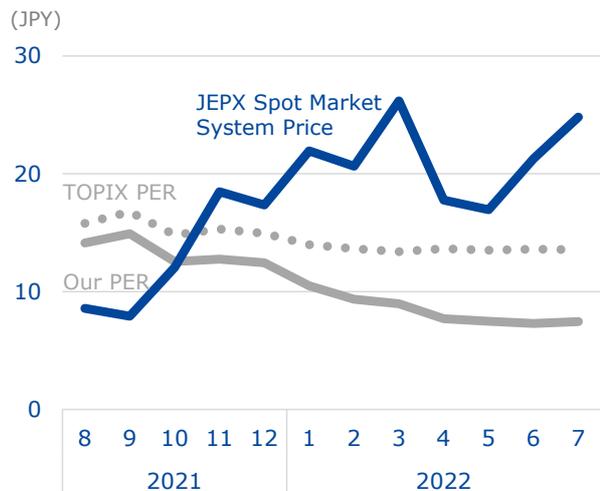
Electricity Transaction Prices and Our PER

* All indicators are monthly averages
 * The denominator of PER is the average EPS for the last 12 months

■ Comparison with TOPIX PER



■ Comparison with electricity transaction prices

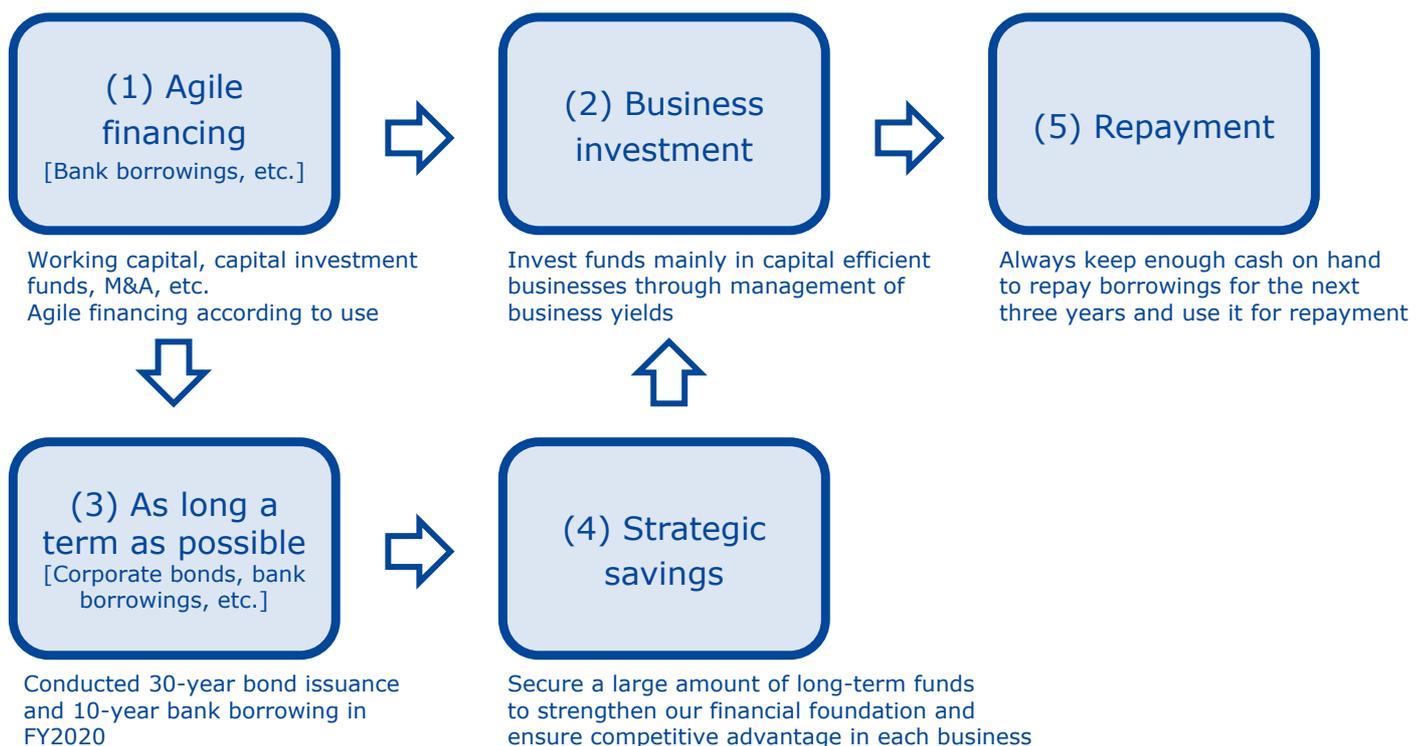


Our PER is below TOPIX PER, and the gap has been widening since January 2022.

This is assumed to be due to a hike in electricity transaction prices. PER is expected to rise due to the progress of hedging the risk of fluctuation in electricity transaction prices.

Financial Strategies

Financial Strategy



Actual Financing

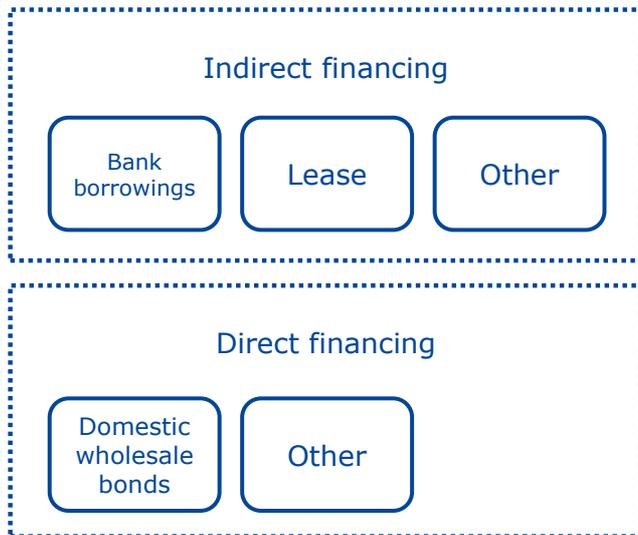
(Billions JPY)

	FY2018	FY2019	FY2020	FY2021	FY2022
Total interest-bearing liabilities	270.0	320.1	399.6	514.1	612.6
Corporate bonds	179.7	221.7	285.7	393.4	493.5
Bank borrowing	84.1	91.7	93.7	102.6	101.2
Others	6.0	6.6	201	18.0	17.8

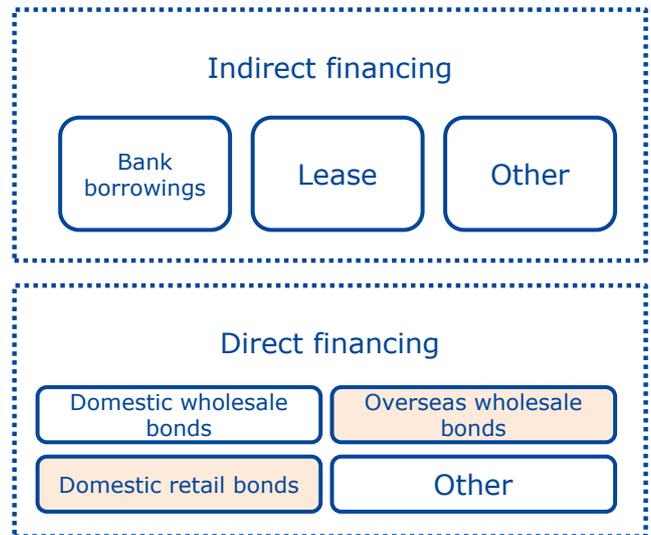
Continuous financing against a backdrop of the low interest rate environment.

Diversification of Financing

■ Conventional



■ Future (conceptual image)



Domestic retail bonds were issued in August 2022, for the first time in 23 years, to focus on diversifying our financing.

New Credit Ratings

Rating Agency	Long-term	Date of most recent rating acquisition
Japan Credit Rating Agency (JCR)	A (Positive)	Jan. 21, 2022
Rating & Investment Information (R&I)	A (Stable)	Aug. 27, 2021
S&P Global Ratings Japan	BBB (Stable)	Jul. 22, 2022
Fitch Ratings	BBB-(Stable)	Jul. 22, 2022

New credit ratings from S&P and Fitch.

Average Period of Outstanding Borrowings

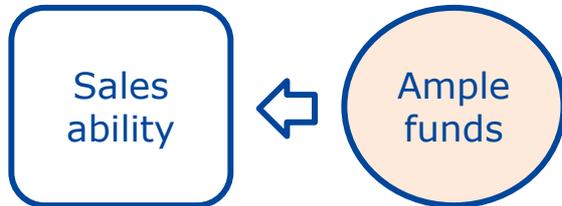
	FY2018	FY2019	FY2020	FY2021	FY2022
Average period of outstanding borrowings	69.1 mths	75.6 mths	83.3 mths	85.0 mths	92.8 mths
Of which, bank borrowings	22.0 mths	23.6 mths	26.1 mths	27.2 mths	29.3 mths

We intend to make a company that is resilient to change with a strong financial foundation by financing free from interest rate fluctuation risks for as long a period as possible, regardless of the current low interest rates.

Cases of Ensuring Competitive Advantage

(1) Water delivery

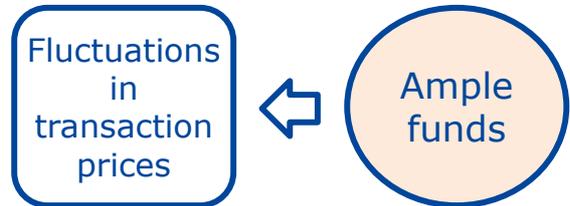
No. 1 market share in Japan



We have more funds than our competitors. We expanded the business size and obtained the largest share in Japan as a result of active investment related to customer acquisition costs while maintaining a certain level of yield.

(2) Electricity

Increase in market share while adapting to changes in the business environment

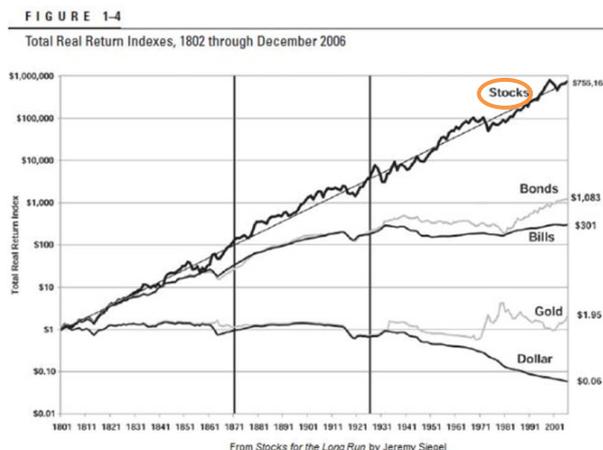


A surge in working capital due to soaring electricity transaction prices was addressed with ample funds. We invested in M&A while competitors struggle. Market share is increasing.

Method of Investing Surplus Funds

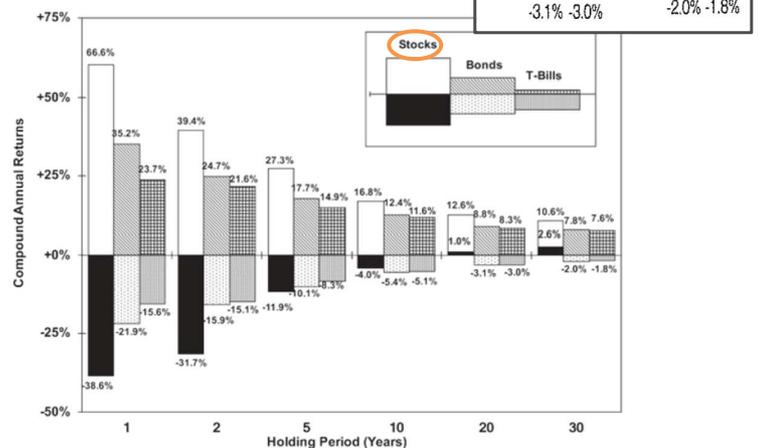
Jeremy Siegel wrote in his book, "Stocks for the Long Run," that from 1802 to 2006, (1) stocks showed the fastest growth in investment returns and the best long-term stability in the United States; (2) holding stocks in the United States for 17 years or longer resulted in no real losses; and (3) the long-term yield of stocks also exceeded that of bond investments in 16 countries including Japan.

20-year and 30-year holdings were expanded



(Ref.) Jeremy Siegel, Stocks for the Long Run. Nikkei bp. 2009 p 10, 23, 24

Maximum and minimum real holding period returns, 1802–2021



We believe that investment in stocks is an appropriate way to invest surplus funds.

Characteristics of Our Stock Investment

	Example of funds	The Company	
Recognition of investment targets	Stocks	Business	Judgment is not based on market trends
Investment period	With a deadline	Without a deadline	Partial holding of companies we want to work with indefinitely
Maximum holding ratio	Yes	No	Possible to operate as a consolidated subsidiary as a business company
Liquidity of stocks	Investment targets are high-liquidity stocks	Regardless of liquidity	We can invest even in low-liquidity stocks
KPI	Capital gains, income gains, etc.	EY	Not affected by stock price fluctuations (market prices)

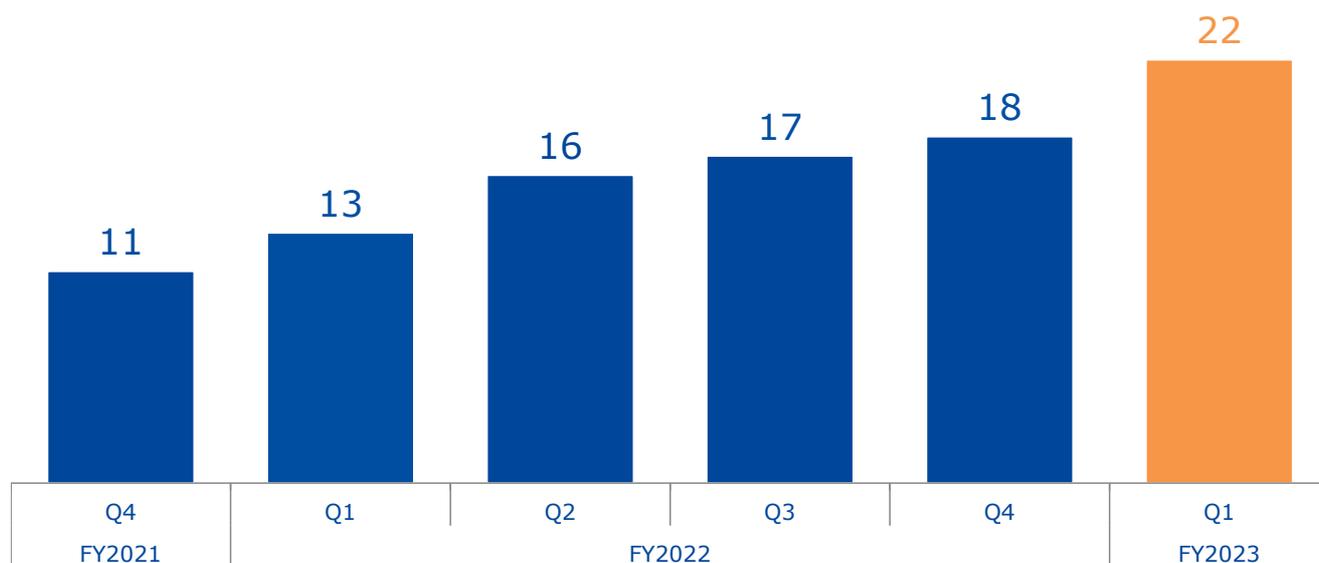
We can manage surplus funds for a long period.

Major Listed Companies That Became a Consolidated Subsidiary

*This is merely a case study, and does not imply that the current listed stock investments are intended to make investee companies a consolidated subsidiary.

	Stock name	Start of investment	Time of becoming a consolidated subsidiary
1	FT Group (formerly FT Communications)	Q3 FY2007	Q1 FY2014
2	iFLAG (formerly Telewave)	Q4 FY2007	Q3 FY2016
3	Intea Holdings	Q1 FY2011	Q4 FY2017
4	WebCrew	Q1 FY2014	Q3 FY2015
5	Premium Water Holdings (formerly Water Direct)	Q4 FY2014	Q4 FY2015
6	CHIC Holdings (formerly ACTCALL)	Q3 FY2019	Q4 FY2019

Number of Affiliated Companies Accounted For by the Equity Method (Listed Companies Only)



As of the end of June 2022, 22 listed companies were affiliated companies accounted for by the equity method.

Listed stock investment policy/approach (Principle)

- Net investment

- Stability

*Invest in stable companies with sound cash flow, recurring revenue, solid financial foundation, etc.

- We regard purchasing stocks as owning part of the business

- We aim to establish a good relationship with companies we have invested in

Listed company stock investment status

(1) EY

(Billions JPY)

	2021			2022	
	End of June	End of September	End of December	End of March	End of June
Investment book value (Acquisition price)	386.5	417.4	452.1	456.0	476.5
[Ref.] Market value	551.1	618.1	638.0	618.0	643.6
Look-through earnings Last 12 months *	51.8	58.9	64.2	70.8	72.2
[Ref.] Of which, affiliated companies accounted for by the equity method	9.9	12.1	12.1	11.8	11.9
Earnings Yield Look-through earnings / Investment book value	13.4%	14.1%	14.2%	15.5%	15.2%
Number of companies we have invested in	465	481	511	499	496
Of which, affiliated companies accounted for by the equity method	13	16	17	18	22

*"Look-through earnings" is calculated by multiplying operating profit of each of the companies we invested in by our stock holding ratio and adding all them up.

*"Last 12 months" means four quarters from April 2021 until the end of March 2022 for which financial results have been announced. 33

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Listed Company Stock Investment Status

(2) Look-through Performance and Indicators

(Billions JPY)

PL	Look-through revenue	1,198.4
	Look-through earnings	72.2
	Look-through basic earnings	61.4
BS	Look-through net cash assets	270.5
	Look-through total assets	1,313.5
	Look-through shareholders' equity	598.8

Indicator	EY	15.2%
	PER	7.7
	PBR	0.8
	Dividend yield	3.5%

* As of the end of June 2022.

* PL/BS is calculated by multiplying the figures of each company we invested in by our stock holding ratio and adding all them up.

* PL is calculated based on the figures of the last 12 months (4 quarters of the last 12 months from the record date for which financial results have been announced), and BS is calculated based on the figures for the previous fiscal year (financial results immediately before the record date).

* All the indicators are the ratio to investment book values. 34

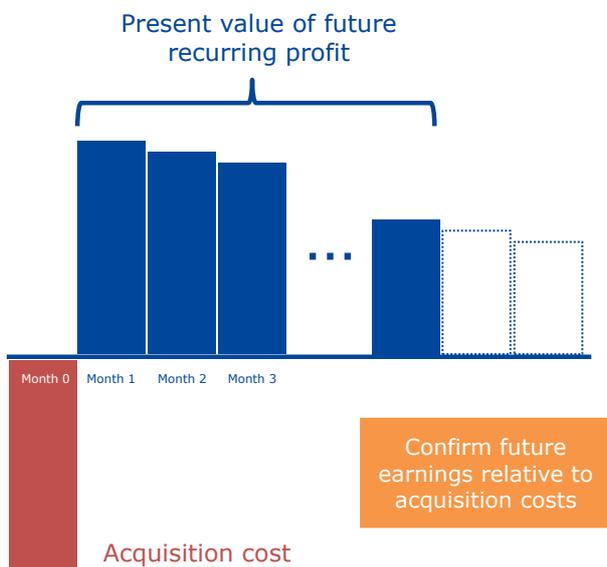
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Listed Company Stock Investment Status (3) Portfolio

Investment book value	Market value	Regional Distribution	Industry Distribution (Japanese stocks only)
<p>Top 5 Composition 22%</p>	<p>Top 5 Composition 28%</p>	<p>Mainly in Japan</p>	<p>Information & Communication 24%</p>

Efforts to Increase Efficiency of Capital

• **Business Economic Efficiency ratio**
(Present value of future recurring profit divided by acquisition cost)



• **Monthly Capital Allocation Review**

Rank	Products	Direct / Indirect Sales	Sales Channel	...	BEE
1	A	Direct	Web	...	500%
2	B	Indirect	TMS	...	490%
3	C	Direct	Booth
...
...	A	Indirect	TMS	...	(90%)
...	B	Direct	Web	...	(100%)

Focus on high BEE business

Capital Efficiency

	FY2020	FY2021	FY2022
Return on Equity	19.0%	16.1%	20.3%
Return on Assets	8.2%	6.2%	6.1%
Real ROA [Denominator] Total assets - BS book value of listed stocks (average for the period)	11.2%	9.0%	9.5%
Operating Profit Margin	13.9%	12.4%	14.4%

Given that profit and loss on listed stock investments do not affect operating profit, ROA can be said to be 9.5% in real terms.

Cash Reserves

(Billions JPY)

	FY2020	FY2021	FY2022
Cash and cash equivalents	272.1	324.5	338.2
Balance of interest-bearing liabilities due within 3 years	161.1	221.5	212.3
Within 1 year	62.6	138.4	109.3
Over 1 year but within 2 years	69.9	31.3	63.3
Over 2 year but within 3 years	28.4	51.7	39.5

Hold cash reserves in excess of the balance of interest-bearing liabilities due within three years.

Governance

Governance of Listed Stock Investments

- Comply with a certain degree of financial discipline*

*Secure funds for repayment of interest-bearing debt for the next three years as cash reserves

Launched in June 2022 under the name Investment Audit Committee

- Establish the Investment Audit Committee as an external monitoring system

*The majority of committee members are independent outside directors

Establishment of New Committees

Committee Name	New Establishment	Main Functions	Committee Members
Audit and Supervisory Committee	-	Audit the execution of duties by Directors	 Internal (Chairman)  External  External
Investment Audit Committee	✓	Report on Listed Stock Investment	 External (Chairman)  External  Internal
Compensation Committee	✓	Report on Directors' Remuneration	 External (Chairman)  External  Internal

In June 2022, the Investment Audit Committee and the Compensation Committee were established to strengthen governance.

Return to Shareholders

Shareholder Return Policy (Principle)

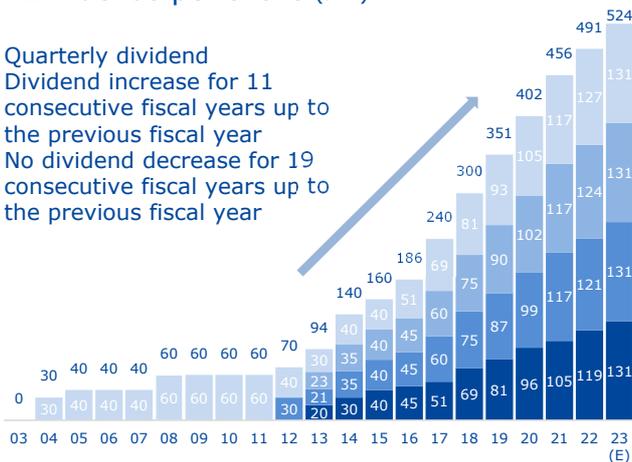
(1) Dividend

Be aware of progressive dividends*

*Not reducing but maintaining or increasing the amount of dividends

■ Dividends per share (JPY)

- Quarterly dividend
- Dividend increase for 11 consecutive fiscal years up to the previous fiscal year
- No dividend decrease for 19 consecutive fiscal years up to the previous fiscal year

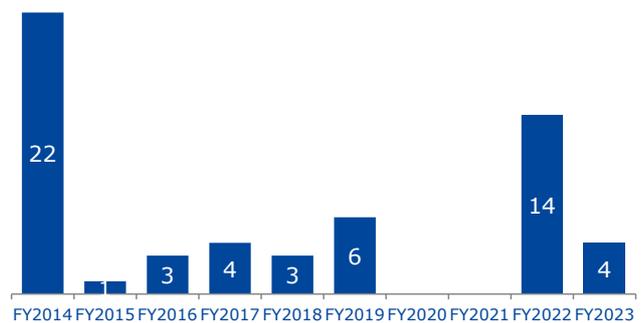


(2) Repurchase of treasury stock

Agile repurchase according to stock prices

■ Aggregate amount of treasury stock repurchased (Billions JPY)

- 10-year cumulative total 59.6 billion yen



Revision of Dividends and Dividend Forecasts (Dividend Increase)

	FY2022	FY2023 (E)		
		Announced in May	Announced in August	Difference
Dividends per share	¥491	¥508	¥524	+¥16
Q1	¥119	¥127	¥131	+¥4
Q2	¥121	¥127	¥131	+¥4
Q3	¥124	¥127	¥131	+¥4
Q4	¥127	¥127	¥131	+¥4
Basic net income per share	¥1,923	¥1,373	¥1,373	-
Dividend payout ratio	25%	37%	38%	+1%

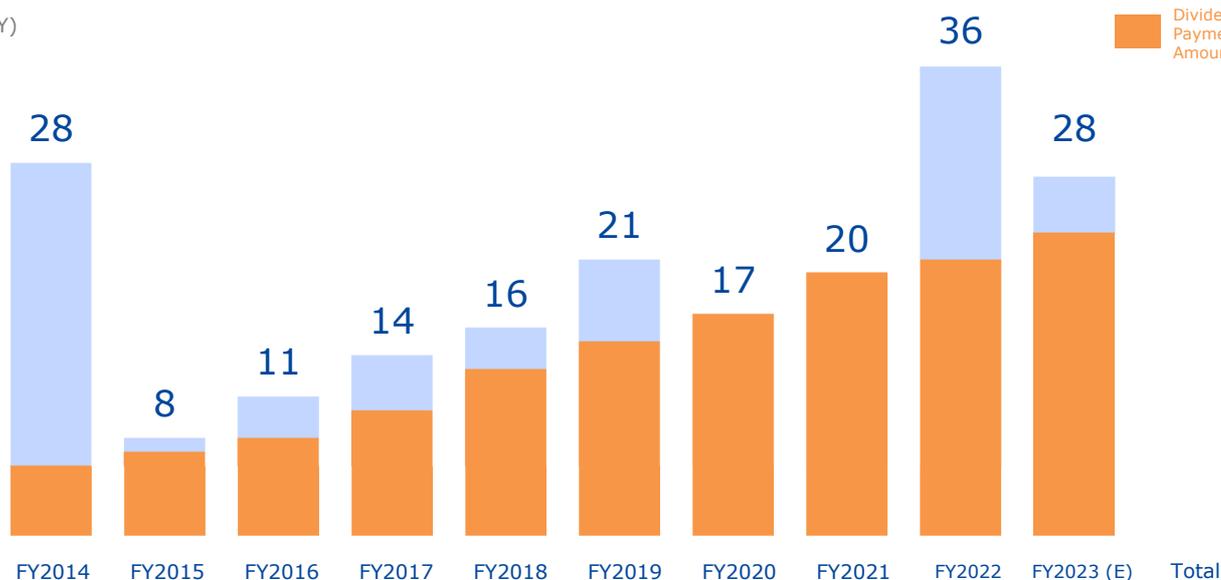
Trend of Shareholder Returns

(Billions JPY)

Aggregate Amount of Treasury Stock Repurchased
Dividend Payment Amount

Total Return Ratio (10-year cumulative basis)

44%



Dividend Payment Amount	6	7	8	10	13	15	17	20	21	23	144
Aggregate Amount of Treasury Stock Repurchased	22	1	3	4	3	6	0	0	14	4	59
Total Return Ratio	98%	42%	44%	37%	38%	43%	34%	37%	41%	45%	44%

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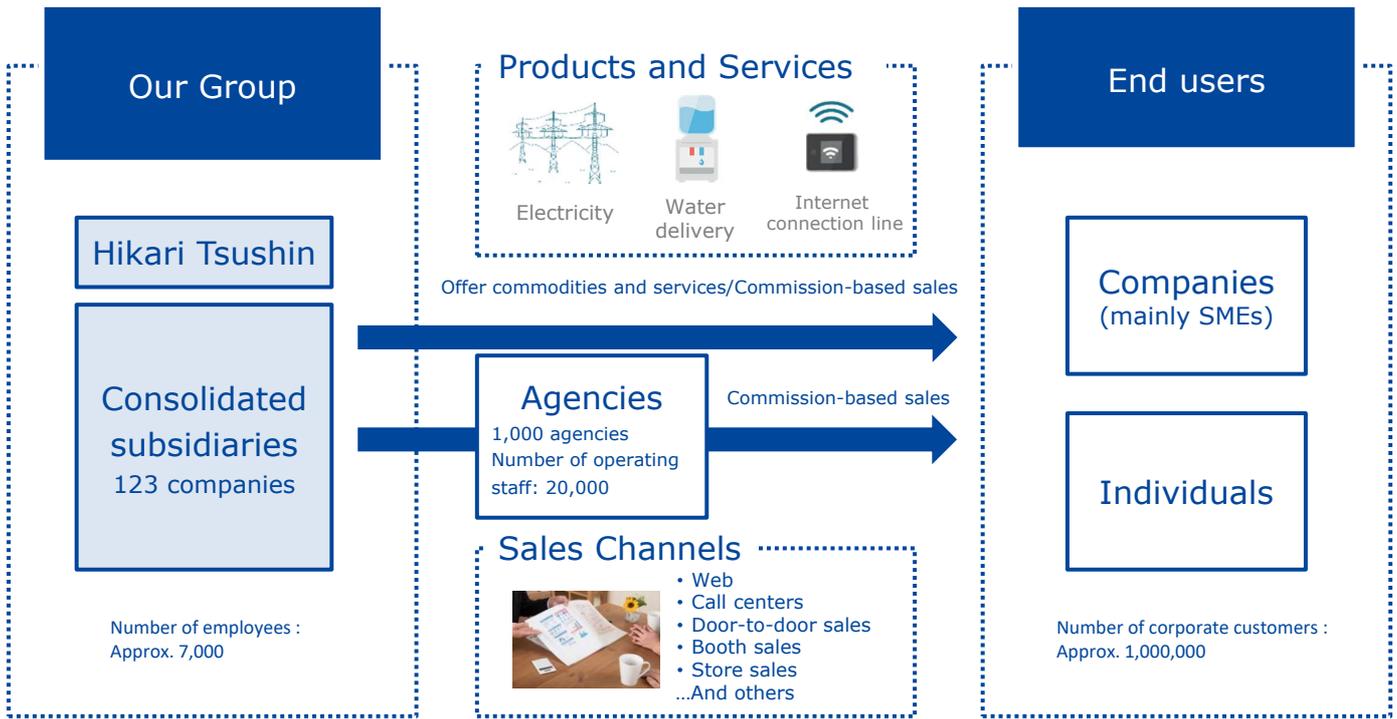
Basic Information

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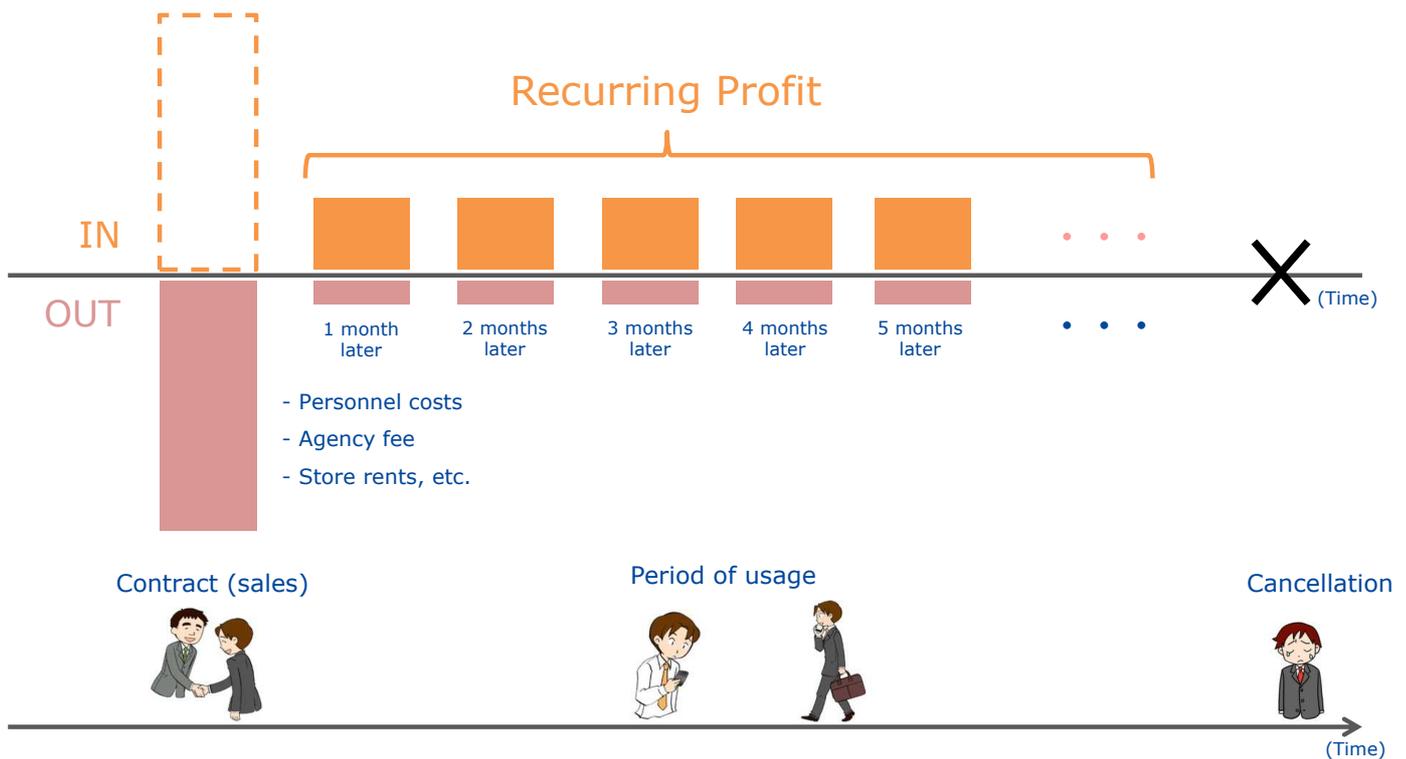
Business Overview

As of March 31, 2022



Representative Earnings Model

(conceptual image of earnings per deal)



Explanation of Recurring Profit and Acquisition Cost

(Billions JPY)

	FY2022				
	Total	Recurring		Lump sum	
Revenue	578.2	Communication usage fees from Company's customers, commission income from telecommunication carriers and insurance companies	419.9	Initial commission income, hardware sales proceeds of hardware, etc.	158.3
Cost of goods sold + SGA expenses	(495.2)	Cost of service provided, cost of customer retention such as billing costs, etc.	(292.9)	Hardware purchasing cost, personnel expenses for marketing, sales commission to secondary agents, etc.	(202.3)
Operating Profit	83.0	Recurring Profit	127.0	Acquisition Cost	(44.0)

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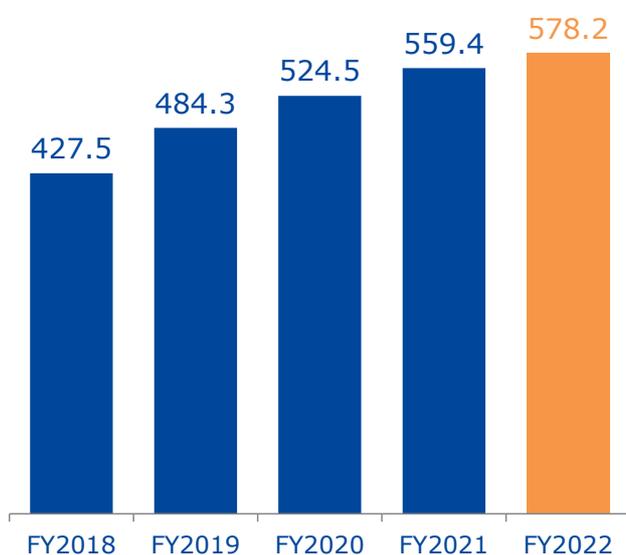
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Revenue

(Billions JPY)

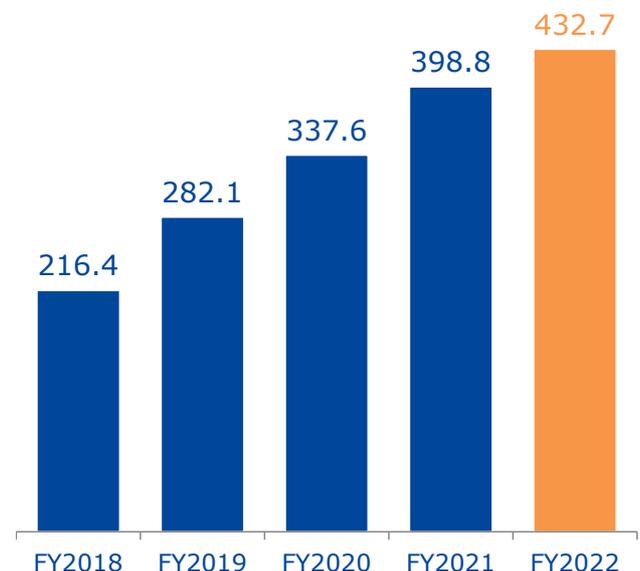
■ Total

CAGR +7%



■ In-house products only

CAGR +18%



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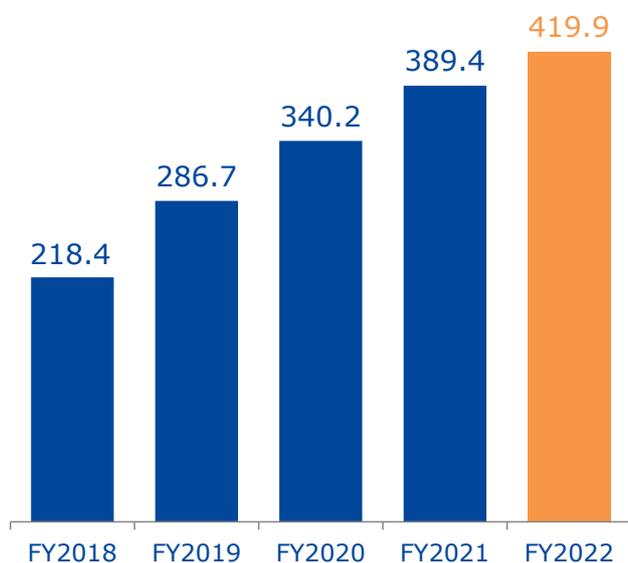
50

Recurring Revenue

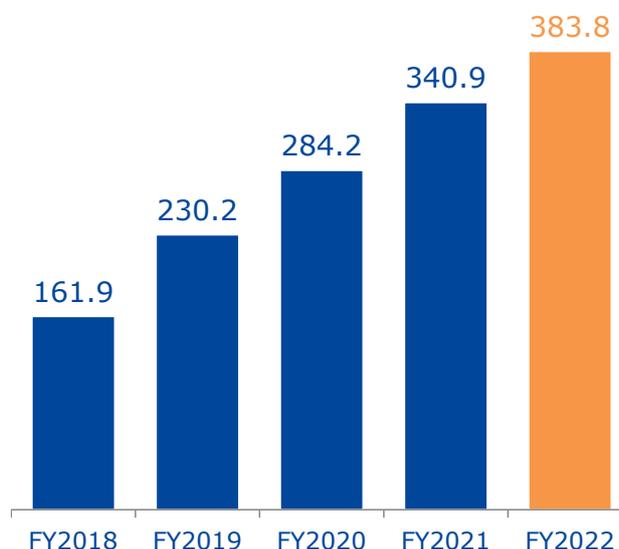
(Billions JPY)

Ratio of recurring revenue to revenue: 72% (FY2022)

■ Total
CAGR +17%



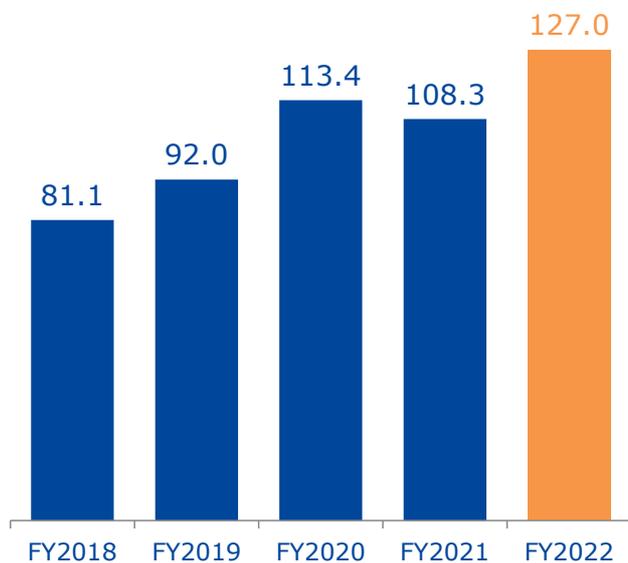
■ In-house products only
CAGR +24%



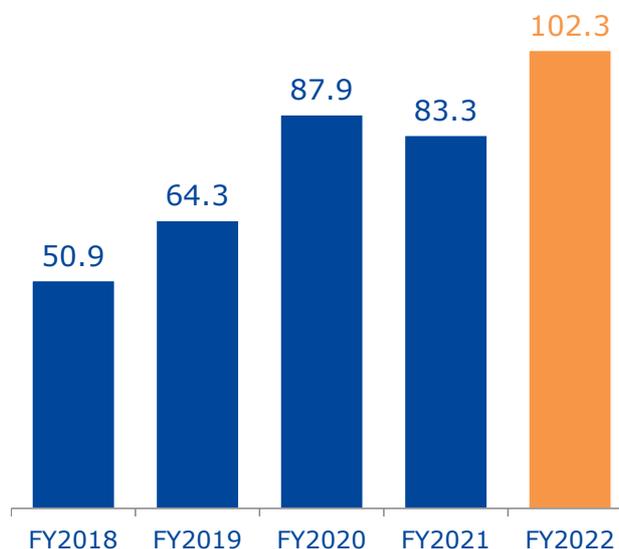
Recurring Profit

(Billions JPY)

■ Total
CAGR +11%

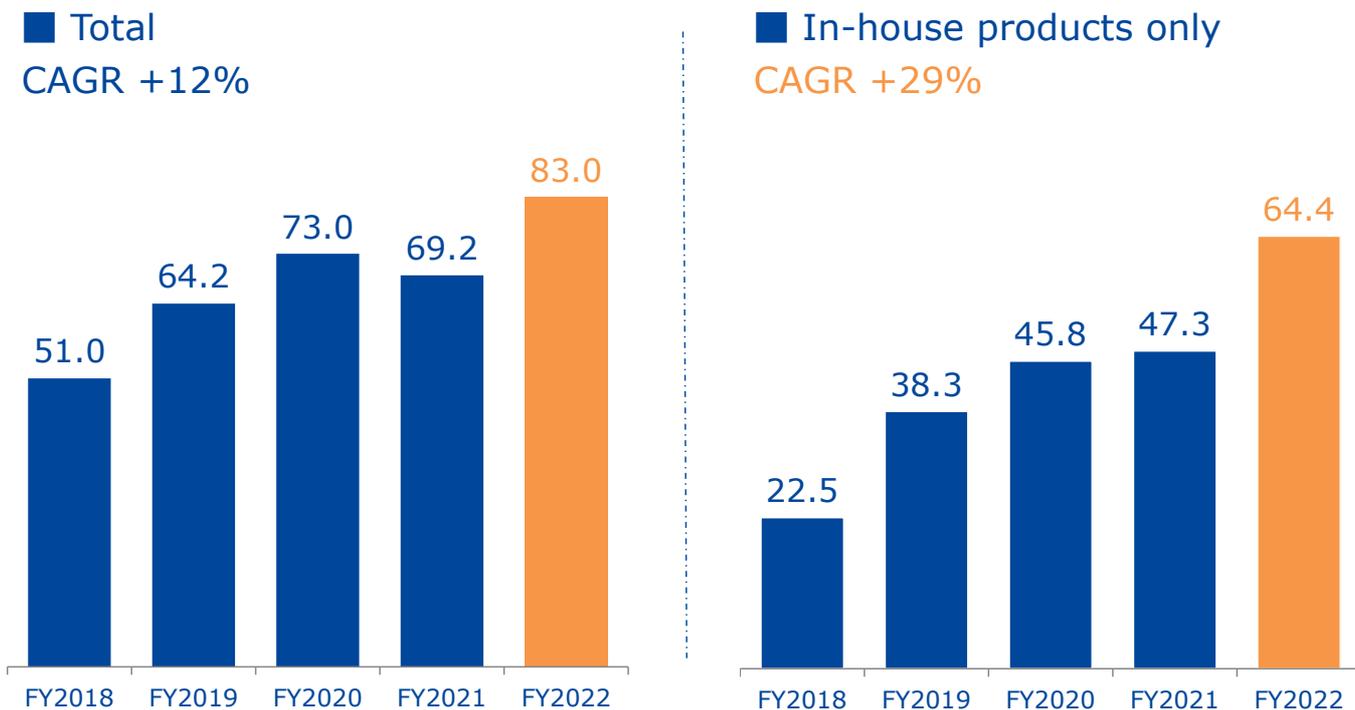


■ In-house products only
CAGR +19%



Operating Profit

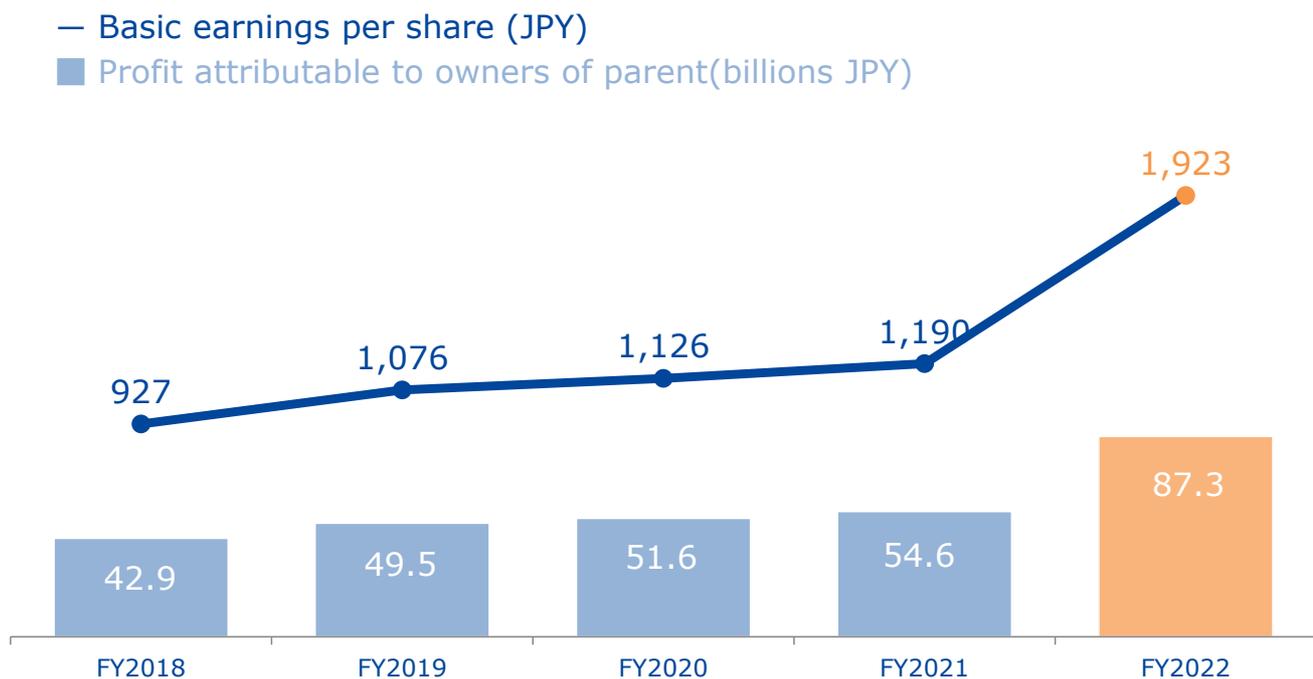
(Billions JPY)



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Basic Earnings per Share CAGR 20%



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Methods and Range of Stock Valuation by Disclosure Material

Disclosure material	Account Item	Evaluation Method	Range		
			Consolidated Subsidiary	Equity method Affiliate	Others
Consolidated statement of financial position	Investments accounted for using equity method	Net Asset value	-	✓ Listed and unlisted companies	-
	Other financial assets	Fair value	-	-	✓ Listed and unlisted companies
Financial results	Book value of listed stock investments	Acquisition price	-	✓ Listed companies only	✓ Listed companies only

Profit Recognition Due to Changes in Shareholdings

Unrealized Gains on listed stock investments do not affect basic earnings

	Account Items	Range		Line Items Impacted
		Before	After	
Decrease in Shareholdings	Profits or Losses from Sales of Shares Revaluation Gain at Exclusion of Stock	Consolidated Subsidiaries	Consolidated Subsidiaries	No profit*
		Consolidated Subsidiaries	Equity Method Affiliates/ Others	Operating Income
		Equity Method Affiliates	Equity Method Affiliates/ Others	Pre-tax Profits
		Others	Others	Comprehensive Income
Increase in Shareholdings	Profits or Losses from Step-by-Step Acquisition of Stocks	Equity Method Affiliates	Consolidated Subsidiaries	Pre-tax Profits
		Others	Equity Method Affiliates/ Consolidated Subsidiaries	Comprehensive Income
	Gain from Negative Goodwill	Others/ Equity Method Affiliates	Consolidated Subsidiaries	Operating Income
		Others	Equity Method Affiliates	Pre-tax Profits
No change in Shareholdings	Impairment Losses	Debt Instruments (Preferred Stocks, etc.)		Pre-tax Profits
		Equity Instruments		Comprehensive Income
	Unrealized Gains	Others		Comprehensive Income

*The difference between the equity interests sold and the sale price is the capital surplus.

Our Sustainability

Our Sustainability

Management Principles

- Contribute to stakeholders by providing products and services that meet the needs of the times
- Follow the true nature of our company as we respond in a timely and appropriate manner to those changes, and take a medium- to long-term perspective to propose and implement strategies aligned with the circumstances of the times, in order to improve our sustainable corporate value

Management Vision

- Secure stable earnings and stable profit growth based on recurring profit

Materiality

- Adapt to changes in the business environment

(1) Revenue Structure/Risk Diversification	(2) Pursue Capital Efficiency	(3) Human Resource Development	(4) Speedy Management
Governance			

(1) Revenue Structure/Risk Diversification

Revenue Structure

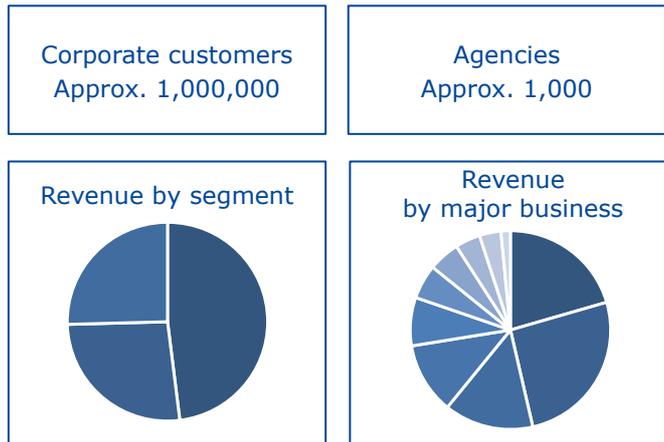
Business model centered on recurring profit, which is long-term, stable earnings

$$\text{Operating profit} = \underbrace{\text{Recurring profit}}_{\substack{\parallel \\ \text{Long-term, stable} \\ \text{earnings}}} + \underbrace{\text{Acquisition cost}}_{\substack{\parallel \\ \text{Mainly variable costs}}}$$

Recurring profit is long-term, stable earnings, and unlikely to see a large deterioration in the short run. Acquisition costs are variable costs, over which the company has control on its own. Accordingly, the revenue structure is adaptable to changes in the business environment.

Risk Diversification

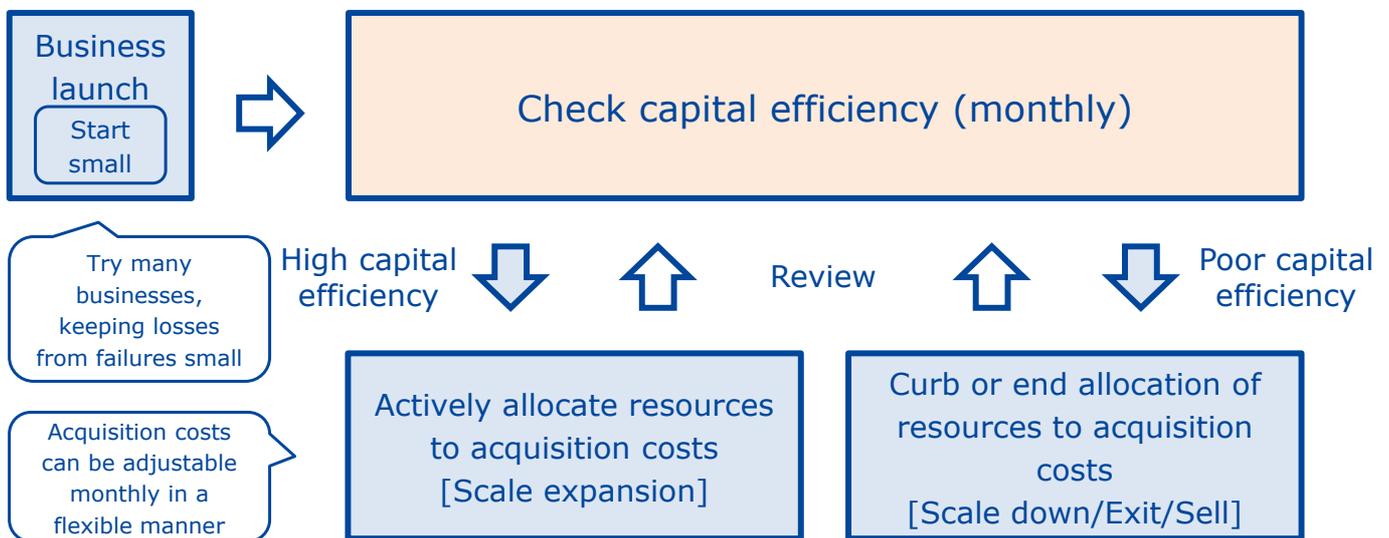
A system that does not depend on a specific target (business, product, customer, business partner, sales channel, etc.)



* Number of customers and agents are as of the end of March 2022; net sales are actual results for the fiscal year ended March 2022

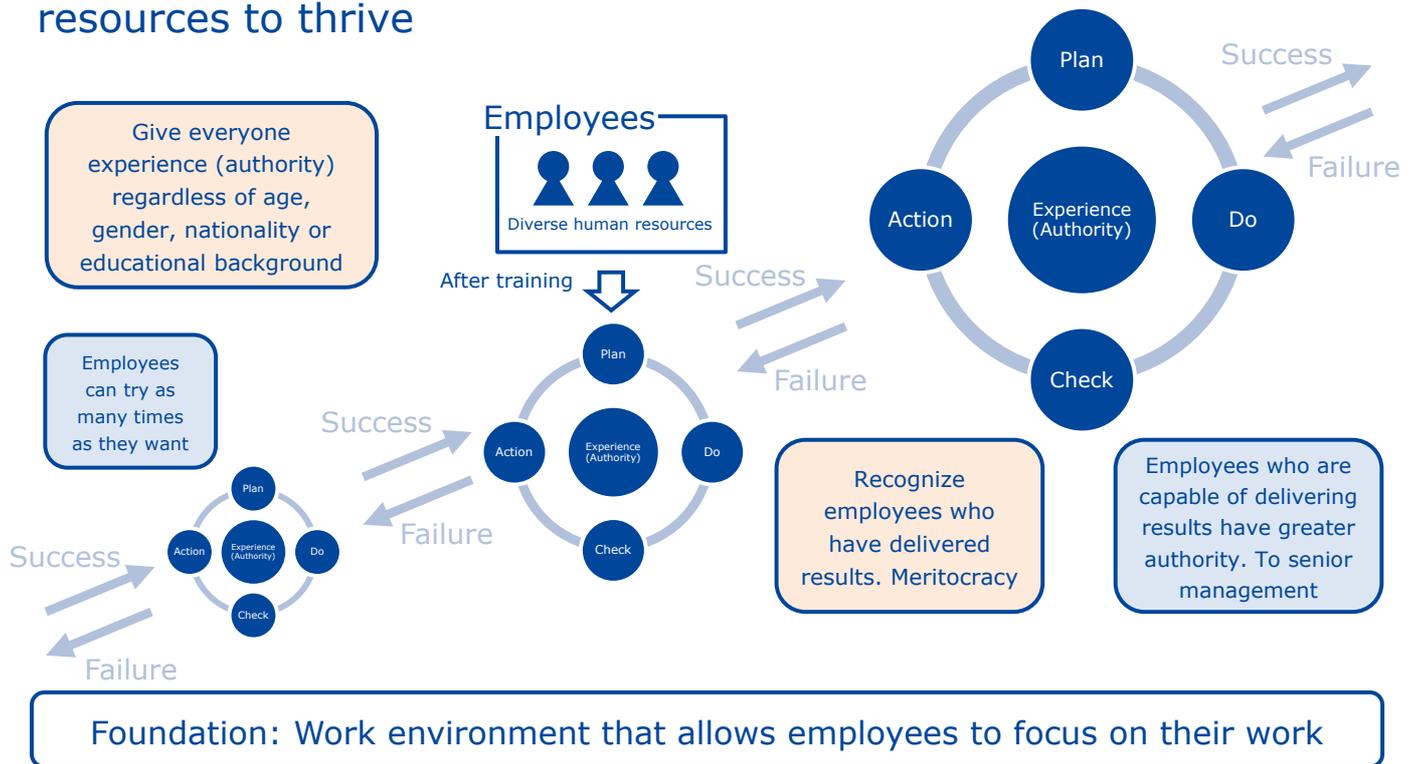
(2) Pursue Capital Efficiency

- Pursue high capital efficiency by avoiding focusing management resources on businesses with poor capital efficiency
- Improving capital efficiency with continual cost reduction and cash flow improvement regardless of business performance



(3) Human Resource Development

Environment that allows diverse human resources to thrive



(4) Speedy Management

Swift decision-making with a flatter organizational hierarchy and delegation to departments

5-levels Organization Hierarchy



- Decentralization allows for quick and decisive decision-making on opportunities and threats.
- Decisions can be made at the appropriate level and key issues can be addressed at each level of the organization.
- Employees can act on their own initiative.

Environment-1 Environmental Protection

We are implementing the following measures working with local communities, experts, etc.

Forest maintenance activity

Considering that a forest with a high function to conserve water source creates a high-quality water resource and generates a rich dietary life, we are maintaining forests by thinning, etc. to create healthy forests.

Mt. Fuji clean-up activity

We regularly participate in clean-up activities held by local communities and specialists to protect the environment surrounding Mt. Fuji.

PET Bottle Weight Reduction

We reduced the weight of plastics bottle by 20% compared to conventional bottles. We now use fewer plastics by installing these new bottles in 97% of the products.

Provision of water to welfare facilities

To effectively utilize home delivery water that Premium Water's users did not receive and help to improve welfare, we provide local welfare facilities for the disabled with water servers and home delivery water free of charge.

Environment-2 Reduce resources and waste

Non-possession

- Tangible fixed assets accounted for 1.8% of the total assets as of the end of the fiscal year ended March 202.

Reuse

- When purchasing furniture and fixtures, used items are selected in principle.
- Reused shelves are available for employees to share stationery and office supplies, and this reduces the number of new items purchased and waste.

Paperless

- Other efforts include promoting paperless meetings including the meetings of the Board of Directors.
- Encourage suppliers to digitize invoices and other mailed items.

Social-1 Development of management personnel

Promotion of diversity

- Through a thorough performance-based evaluation, the Group practices a fair performance evaluation that is free from bias based on age, gender, nationality and educational background.

Meritocracy

- Based on the idea that experience makes people grow, we give employees countless opportunities to tackle challenges, and highly evaluate those who deliver results. Those who can make achievements gain a greater authority and are promoted to executive positions.

Respect for human rights

- The Group respects human rights and the basic rights of workers, and strives to eliminate unfair discrimination, harassment, forced labor, and child labor.
- The Group focuses on allowing employees to perform activities in good mental and physical health by establishing a counseling desk for employees to talk about any troubles and worries that they may have.

Social-2 Creating a comfortable workplace

Working hours

- Long work hours and working on holidays are prohibited in principle.

Various systems

- The Group created a work environment that allows employees to work comfortably by developing systems including flextime, childcare leave and shortened work hours, and support systems for returning to work after childbirth.
- The Group promotes health improvement activities including subsidizing vaccination through the Group's health insurance association.

Setting up an opinion-box system

- We have established a system that allows employees to directly pass on their opinions, concerns, etc. to the management and executives while either disclosing their identity or doing so anonymously.

Social-3 Social contribution activities

Economic contributions

- The Group runs businesses all over Japan, and its continuous profit growth leads to economic growth of the entire society, job creations in a broad range of fields and revitalization of local communities.

Contribution to local government

- The Group donates to Toshima-ku (head office location) some of the shareholder benefit items given by companies in which the Group invests. In November 2021, the Group received a letter of appreciation from the Toshima Ward Residents Council of Social Welfare.
- The Group donates used stamps to Toshima-ku Residents Council of Social Welfare. (Used stamps are turned into money and used as funds for the welfare businesses.)
- The Group regularly cleans the vicinity of Ikebukuro Station in Toshima-ku.
- The Group supports the NPO Ecocap Promotion Association that collects plastic caps of PET (plastic) bottles to raise money for vaccinations.

Governance-1 Corporate Governance

Remuneration of executive directors

Remuneration of executive directors is determined based on indices including operating profit in order to incentivize executive directors to improve the intrinsic corporate value from a long-term perspective and to achieve performance targets from a short-term perspective.

Risk Management

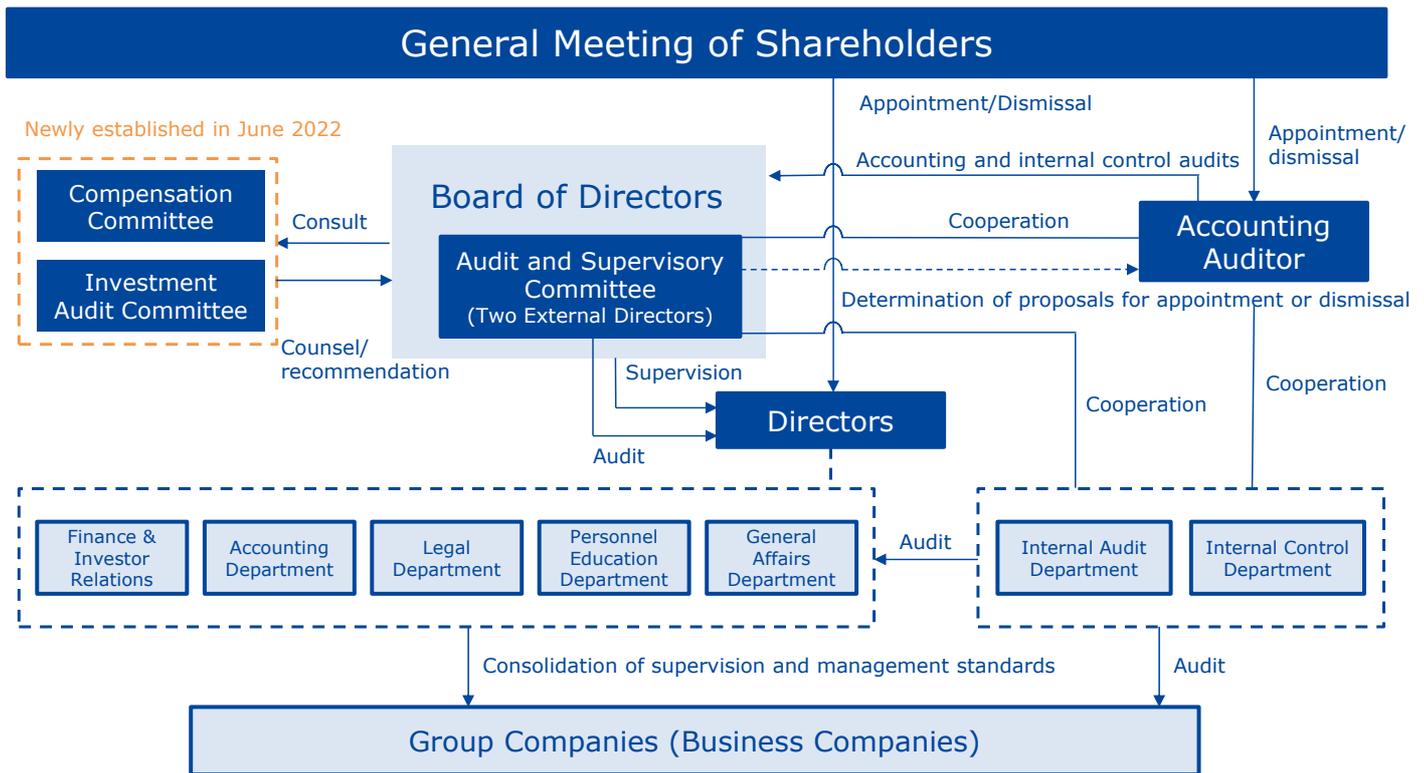
As part of our response to the basic policy for internal control determined by the Board of Directors, we hold regular meetings to gather internal risk information and report to the Audit and Supervisory Committee.

Information Security / Business Continuity Plan

To manage the personal information of our customers and employees properly, we are trying to establish a system that allows us to comply with laws and regulations, prevent breaches of contracts, gather and manage information, and propose an appropriate operational procedures.

In addition, we have set crisis management rules for the risks that would occur in our daily business operations and the risks caused by external factors such as disasters, and are creating a BCP system.

Corporate Governance Structure



ESG data (consolidated)

		Unit	FY2022	
E (Environment)	CO ₂ emissions (Scope 1 & 2)		t-CO ₂	8,088
	S (Social)	Number of employees (regular employees)	Total	Persons
Ratio of females			%	42
Number of employees in managerial positions (regular employees)		Total	Persons	952
		Ratio of females	%	18
Number of female employees who took childcare leave		Persons	195	
Average overtime hours per month (regular employees)		Hours	16	
Utilization of paid leave (regular employees)		%	64	

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The forward-looking statements contained in this material are prepared as of the date of this material (or the date otherwise specified) as mentioned above. The Company neither has an obligation nor policy to update such forward-looking statements with the latest information whenever necessary.

Furthermore, information in regard to matters other than the Company or Group companies stated in this material are cited from sources such as public information. The accuracy and adequacy of such information are not verified by the Company, and therefore are not guaranteed. The Company will not be held responsible for any damage that may occur as a result of the use of this material.

Notes in Regard to Insider Trading

An investor (primary information receiver) who has received non-public material facts directly from a company shall not make sales or purchases of stocks, etc. before such information is "publicized" (Article 166 of Financial Instruments and Exchange Act). In accordance with the provisions of Article 30 of the Order for Enforcement of the Financial Instruments and Exchange Act, information is deemed to have been made "public" 12 hours after such information has been publicized in two or more journalistic organizations, or when notification to the security exchange is made by the company and further listed via electronic means (TDnet's Timely Disclosure Information Viewing Service and EDINET public website) as provided by the Cabinet Office Ordinance.