To Our Shareholders

Internet Disclosure Items Concerning
the Notice of the 39th Ordinary General Meeting of Shareholders

Notes to Consolidated Financial Statements

Notes to Non-consolidated Financial Statements

Pursuant to the Companies Act and Article 14 of NISSO's Articles of Incorporation, the above are available to shareholders through our website (https://www.nisso.co.jp).

NISSO CORPORATION

Notes to Consolidated Financial Statements

1．Notes Concerning Significant Basic Items for Preparation of Consolidated Financial Statements

⑴ Scope of Consolidation

① Number of consolidated subsidiaries 3

・Names of consolidated subsidiaries

Nisso Brain Co., Ltd.

Nisso Pure Co., Ltd.

Nisso Nifty Co., Ltd.

② Names of non-consolidated subsidiaries

Not applicable.

⑵ Application of Equity Method

① Number of affiliated companies accounted for by the equity method 1

・Name of company

SHANGHAI NISSO HUMAN RESOURCES Co., Ltd.

② Non-consolidated subsidiaries and affiliated companies not accounted for by equity method

Not applicable.

③ Special notes on equity method application procedures

The affiliated company accounted for by the equity method uses financial statements related to the fiscal year of the company concerned, although the closing date differs from the consolidated closing date.

⑶ Fiscal Year of Consolidated Subsidiaries

The last day of the fiscal year of all consolidated subsidiaries is consistent with the consolidated closing date.

⑷ Significant Accounting Policies

① Criteria and methods of valuation of significant assets

Securities

Other securities

With fair market value

The fair market value method based on the market price on the closing date is used. (The full amount of valuation differences are included directly in net assets, and the cost of sales is calculated using the moving average method)

Without fair market value

Stated at cost using the moving average method.

② Depreciation method for significant depreciable assets

A Property, plant and equipment (excluding leased assets)

The declining balance method is used. However, for buildings (excluding attached facilities) that were acquired after April 1, 1998, as well as attached facilities and structures acquired after April 1, 2016, the straight-line method is used.

In addition, the service life of significant assets is as follows:

Buildings and structures 3~50 years

B Intangible assets (excluding leased assets)

The straight-line method is used.

In addition, software for in-house use is based on the estimated period of internal use (5 years).

C Leased assets

Leased assets related to finance lease transactions without transfer of ownership are depreciated over the lease period by using the straight-line method, assuming that the residual value is zero.

③ Reporting standards for significant allowances and provisions

A Allowance for doubtful accounts

In order to provide for losses due to bad debts, the estimated amount of uncollectable debts are recorded for general receivables based on actual bad debt ratios, and by individually reviewing the collectability for specific receivables including doubtful accounts receivable.

B Provision for bonuses

In order to provide for the payment of bonuses to employees, the burden amount in the current consolidated fiscal year (hereinafter, the "fiscal year under review") of the estimated amount of payment is recorded.

④ Accounting methods for defined (retirement) benefits

A Period attribution method of estimated retirement benefit amount

For the calculation of retirement benefit obligations, the method of attributing the estimated retirement benefit amount to the period up to the end of the fiscal year under review is based on a straight-line basis.

B Method of processing expenses of actuarial differences

Actuarial differences are amortized by the straight-line method over a fixed period within the average remaining service years for employees (9 years) at the time of recognition, and are allocated proportionately from the consolidated fiscal year following the respective consolidated fiscal year of recognition.

In addition, if pension assets that were recognized in the fiscal year under review exceeded the retirement benefit obligations, they are recorded as net defined (retirement) benefit assets under investment and other assets.

C Use of simplified method for small-scale enterprises

In some retirement benefit plans, the simplified method is applied to net defined (retirement) benefit liabilities and retirement benefit expenses.

⑤ Standards for translating assets or liabilities denominated in foreign currencies into Japanese yen

Foreign currency-denominated receivables and payables are translated into Japanese yen at the spot exchange rate on the consolidated closing date and the translation adjustment is treated as a profit or loss. In addition, the assets and liabilities of the overseas affiliated company accounted for by the equity method is translated into yen using the spot exchange rate at the closing date of the affiliated company. Moreover, the income and expenses are translated into Japanese yen at the average exchange rate during the period, and translation differences are included in the foreign currency translation adjustment category under the net assets category.

⑥ Significant hedge accounting methods

A Hedge accounting method

For interest rate swaps, special treatment is applied when the necessary requirements for special treatment have been satisfied.

B Hedging instruments and hedged items

Hedging instruments	Interest rate swaps
Hedged items	Loans payable

C Hedging policy

Interest rate swap transactions are conducted to avoid interest rate fluctuation risks of borrowings, and hedged items are identified on an individual contract basis.

D Method of evaluating the effectiveness of hedging

For interest rate swaps, the evaluation of effectiveness is omitted since special treatment is applied.

⑦ Other significant matters for the preparation of consolidated financial statements

Accounting for consumption tax

Consumption taxes are accounted for by the tax-exclusion method.

⑸ Changes in Display Method

(Changes associated with the application of "Partial Revisions to 'Accounting Standards for Tax Effect Accounting'")

"Partial Revisions to 'Accounting Standards for Tax Effect Accounting'" (ASBJ [Accounting Standards Board of Japan] Statement No. 28, February 16, 2018) have been applied from the beginning of the fiscal year under review. Deferred tax assets are included in the investments and other assets category, and the method in which deferred tax liabilities are displayed have been changed, and are included in the non-current liabilities category.

2. Notes to Consolidated Balance Sheet

⑴ Assets Pledged as Collateral and Collateral for Debts

① Assets pledged as collateral

Buildings and structures	1,030,364 Thousand yen
Land	1,628,990 Thousand yen
"Other" item of intangible assets (Subleasing rights)	25,847 Thousand yen
Total	2,685,202 Thousand yen

② Collateral for debts

Current portion of long-term loans payable	183,202 Thousand yen
Long-term loans payable	750,652 Thousand yen
Total	933,854 Thousand yen

⑵ Accumulated Depreciation Related to Assets

Accumulated depreciation of property, plant and equipment	3,767,414 Thousand yen

(3) Electronically Recorded Monetary Claims

Electronically recorded monetary claims 153,136 Thousand yen

(4) The Company and its consolidated subsidiary (Nisso Brain Co., Ltd.) have concluded overdraft and commitment line agreements with 4 banks for the purpose of efficient procurement of operating capital. The outstanding balance related to overdraft and loan commitments as of the end of the fiscal year under review, for these agreements are as follows:

Limits of account overdraft and total amount of commitments	5,250,000 Thousand yen
Outstanding borrowing balance	-
Balance	5,250,000 Thousand yen

3. Notes to Consolidated Statement of Changes in Equity

(1) Type and total number of shares outstanding at the end of the fiscal year under review

Common stock 16,980,600 Shares

(2) Dividends of Surplus

① Dividend payment

Resolution	Type of Shares	Total Amount of Dividends (Thousand yen)	Dividend Per Share (Yen)	Record Date	Effective Date
June 28, 2018 Ordinary General Meeting of Shareholders	Common Stock	348,230	42.00	March 31, 2018	June 29, 2018

(Note) Although the Company's common stock was split at a ratio of 2 shares for 1 share on August 22, 2018, the dividend per share amount is calculated before the stock split.

② Dividends with a record date within the fiscal year under review but an effective date within the subsequent consolidated fiscal year

Expected Resolution	Type of Shares	Source of Dividends	Total Amount of Dividends (Thousand yen)	Dividend Per Share (Yen)	Record Date	Effective Date
June 27, 2019 Ordinary General Meeting of Shareholders	Common Stock	Retained Earnings	620,878	37.00	March 31, 2019	June 28, 2019

(Note) Although the Company's common stock was split at a ratio of 2 shares for 1 share on May 1, 2019, the dividend per share amount is calculated before the stock split.

(3) Type and number of shares subject to share acquisition rights at the end of the fiscal year under review

Common stock 196,000 Shares

４．Notes Concerning Financial Instruments

⑴ Status of Financial Instruments

① Policy for handling financial instruments

The Group has procured essential funds primarily through bank loans and loan commitments. In addition, regarding the management of temporary surplus funds, it has been a policy of the Company to operate them on a large regular basis at banks on the premise of necessary funds according to its short- and mid-term financial plans.

② Contents of financial instruments and risks related to such financial instruments

Notes and accounts receivable (trade), which are operating receivables, are exposed to credit risks derived from clients. Investment securities, held mostly in corporations with which the Company maintains business relations with, are exposed to risks from changes in fair market values. In addition, the Company has provided loans to employees based on internal regulations.

Accrued expenses, which are operating payables, are mainly employee wages and social insurance, etc. Loans payable are primarily the procurement of funds related to business transactions, and parts of long-term loans payable (in principle, within 15 years), as well as lease obligations (in principle, within 5 years) related to finance lease transactions, are the procurement of funds related to capital investments. In addition, loans payable are exposed to liquidity risks.

③ Risk management system related to financial instruments

A Management of credit risks (risks of clients' non-fulfillment of a contractual obligations)

In accordance with its Credit Management Regulations, the Company has managed the due dates and balances for each business partner with respect to notes and accounts receivable (trade), and has ascertained the credit situation of major business partners regularly, or once every year. Moreover, the Company has continued to strive to ascertain and alleviate recovery concerns due to the worsening of financial situations at an early stage. The Company has also similarly managed the consolidated subsidiaries in accordance with its Credit Management Regulations.

B Management of market risks (market and interest rate fluctuation risks)

The Company has used interest rate swap transactions to reduce the risk of fluctuations in interest rates associated with loans payable. Also, with regards to investment securities, the Company has periodically ascertained fair market values and the financial situations of the issuers, and has continuously reviewed the holding status by taking into consideration the relationship with issuers, in addition to reporting it to the Board of Directors.

C Management of liquidity risks associated with procurement of funds (risks involving the inability to make payments on the due date)

The Company and its consolidated subsidiaries, based on reports submitted from each division/department, has had the division in charge of finance prepare and update cash flow plans on a timely basis and has ensured to maintain liquidity on-hand to manage liquidity risks.

④ Supplementary explanation of matters concerning the fair market value of financial instruments

The fair market values of financial instruments include values based on market prices, and values reasonably calculated when there are no market prices. Since various assumptions and factors are reflected in estimating fair market values, other different assumptions and factors could result in other different fair market values.

⑵ Fair Market Values of Financial Instruments

The amounts that are recorded in the consolidated balance sheet, the fair market values and the differences between the two are as follows. In addition, those which the fair market values are deemed to be extremely difficult to ascertain are included. (Please refer to (Note) 2).

	Consolidated Balance Sheet Amount	Fair Market Value	Difference
⑴ Cash and deposits	5,633,545 Thousand yen	5,633,545 Thousand yen	- Thousand yen
⑵ Notes and accounts receivable - trade	7,757,343	7,757,343	-
⑶ Investment securities	142,166	142,166	-
Asset total	13,533,055	13,533,055	-
⑴ Accrued expenses	4,751,535	4,751,535	-
⑵ Income taxes payable	742,813	742,813	-
⑶ Accrued consumption taxes	1,418,779	1,418,779	-
⑷ Long-term loans payable (including current portion)	933,854	956,276	22,421
Liabilities total	7,846,983	7,869,404	22,421
Derivative transactions	-	-	-

(Note) 1. Method of calculating the fair market value of financial instruments and securities/derivative transactions

Assets

(1) Cash and deposits, (2) Notes and accounts receivable - trade

Since these are settled in a short period of time, and the fair market values approximate the book values, thus they are based on the book values concerned.

(3) Investment securities

Fair market values of investment securities are based on the prices quoted on stock exchanges and other relevant markets.

Liabilities

(1) Accrued expenses, (2) Income taxes payable, (3) Accrued consumption taxes

Since these are settled in a short period of time, and the fair market values approximate the book values, thus they are based on the book values concerned.

(4) Long-term loans payable (including current portion to be repaid within 1 year)

Fair market values of long-term loans payable are calculated by the (then) present values based on the sum of principal and interest as discounted by the interest rates presumed in the case of new borrowings.

Derivative transactions

Those items given special treatment as interest rate swaps are treated together with long-term loans payable that are subject to hedging, and therefore, their fair market values are presented together with fair market values of related long-term loans payable.

2. Financial instruments with fair market values deemed to be extremely difficult to ascertain

Classification	Consolidated Balance Sheet Amount
Unlisted stock	25,000 Thousand yen

These items are not included in the "(3) Investment securities" since there are no market prices and it was deemed extremely difficult to ascertain their fair market values.

3. Scheduled redemption amounts after the consolidated closing date of monetary claims

	Within 1 Year
Cash and deposits	5,633,545 Thousand yen
Notes and accounts receivable - trade	7,757,343
Total	13,390,888

4. Scheduled repayment of long-term loans payable after the consolidated closing date

	Within 1 Year (Thousand yen)	Over 1 Year & Within 2 Years (Thousand yen)	Over 2 Years & Within 3 Years (Thousand yen)	Over 3 Years & Within 4 Years (Thousand yen)	Over 4 Years & Within 5 Years (Thousand yen)	Over 5 Years (Thousand yen)
Long-term loans payable	183,202	126,846	137,549	118,218	104,527	263,510

5. Notes Concerning Real Estate for Rent

Description is omitted due to the insignificance of the total amount of real estate for rent, etc.

6. Notes Concerning Per Share Information

Net assets per share amount 314.20 yen

Net income per share 61.58 yen

(Note) The Company's common stock was split at a ratio of 2 shares for 1 share on August 22, 2018, and then at a ratio of 2 shares for 1 share on May 1, 2019. "Net assets per share amount" and "net income per share" are calculated assuming that the shares were split at the beginning of the fiscal year under review.

7. Significant Subsequent Events

(Notice of Stock Split and Partial Amendment to the Articles of Incorporation)

By the resolutions made at the Board of Directors' Meeting held on March 15, 2019, the Company implemented a stock split and a partial amendment to the Articles of Incorporation on May 1, 2019.

1. Purpose of Stock Split

Due to the decrease in the number of shareholders of the Company at the end of February 2019 to approximately 2,000, the amount per investment unit was lowered to create an environment in which investors can easily invest in. The Company implemented a stock split with the aim of improving the liquidity of its shares and expanding the investor base.

2. Overview of Stock Split

(1) Method of Split

With the record date of April 30, 2019 (actual date: April 26, 2019), the Company's common stock held by shareholders listed or recorded on the same day's final register of shareholders was split at a ratio of 2 shares for 1 share.

(2) Number of Shares Increased by Split

Total number of shares outstanding before stock split	16,982,200 Shares
Number of shares increased by this split	16,982,200 Shares
Total number of shares outstanding after stock split	33,964,400 Shares
Total number of authorized shares after stock split	102,400,000 Shares

(3) Schedule of Split

Record Date Notification Date	Apr 12, 2019
Record Date	Apr 30, 2019
Effective Date	May 1, 2019

(4) Impact on Per Share Information

The impact of the stock split is described in the “Notes Concerning Per Share Information”.

3. Partial Amendment to the Articles of Incorporation Associated with Stock Split

(1) Reason for Amendment to the Articles of Incorporation

As a result of the stock split, the Company's Articles of Incorporation was partially amended in accordance with the provisions of Article 184, paragraph 2 of the Companies Act.

(2) Contents of Amendment to the Articles of Incorporation

The contents of the amendment to the Articles of Incorporation are as follows. (Changes are underlined.)

Before Amendment	After Amendment
(Total number of authorized shares) Article 6 The total number of authorized shares of the Company shall be <u>51,200,000</u> shares.	(Total number of authorized shares) Article 6 The total number of authorized shares of the Company shall be <u>102,400,000</u> shares.

(3) Schedule of Amendment to the Articles of Incorporation

Board of Directors Resolution Date	Mar 15, 2019
Effective Date	May 1, 2019

4. Other

(1) Change in Amount of Capital

There is no change in the amount of capital at the time of this stock split.

(2) Adjustment of Exercise Value of Share Acquisition Rights

As a result of this stock split, from May 1, 2019 onwards, the exercise value per share of share acquisition rights issued by the Company was adjusted as follows:

Board of Directors Resolution Date	Name of Share Acquisition Rights	Exercise Value before Adjustment	Exercise Value after Adjustment
March 22, 2016	5th Share Acquisition Rights	105 Yen	53 Yen

Notes to Non-consolidated Financial Statements

1． Significant Accounting Policies

(1) Criteria and Methods of Valuation of Significant Securities

① Stock of affiliated companies

Stated at cost using the moving average method.

② Other securities

With fair market value

The fair market value method based on the market price on the closing date is used. (The full amount of valuation differences are included directly in net assets, and the cost of sales is calculated using the moving average method)

Without fair market value

Stated at cost using the moving average method.

(2) Depreciation Method for Non-current Assets

① Property, plant and equipment (excluding leased assets)

The declining balance method is used. However, for buildings (excluding attached facilities) that were acquired after April 1, 1998, as well as attached facilities and structures acquired after April 1, 2016, the straight-line method is used.

In addition, the service life of significant assets is as follows:

Buildings and structures 3~50 years

② Intangible assets (excluding leased assets)

The straight-line method is used.

In addition, software for in-house used is based on the estimated period of internal use (5 years).

③ Leased assets

Leased assets related to finance lease transactions without transfer of ownership are depreciated over the lease period by using the straight-line method, assuming that the residual value is zero.

(3) Reporting standards for allowances and provisions

① Allowance for doubtful accounts

In order to provide for losses due to bad debts, the estimated amount of uncollectable debts are recorded for general receivables based on actual bad debt ratios, and by individually reviewing the collectability for specific receivables including doubtful accounts receivable.

② Provision for bonuses

In order to provide for the payment of bonuses to employees, the burden amount in the current fiscal year (hereinafter, also the “fiscal year under review”) of the estimated amount of payment is recorded.

③ Provision for retirement benefits

In order to provide for the payment of employees' retirement benefits, they are recorded and based on the estimated amount of retirement benefit obligations and pension assets at the end of the fiscal year under review.

A. Period attribution method of estimated retirement benefit amount

For the calculation of retirement benefit obligations, the method of attributing the estimated retirement benefit amount to the period up to the end of the fiscal year under review is based on a straight-line basis.

B. Method of processing expenses of actuarial differences

Actuarial differences are amortized by the straight-line method over a fixed period within the average remaining service years for employees (9 years) at the time of recognition, and are allocated proportionately from the fiscal year following the respective fiscal year of recognition.

In addition, if pension assets that were recognized in the fiscal year under review exceeded the amount deducted from actuarial differences from the retirement benefit obligations, they are recorded as prepaid pension costs under investment and other assets.

(4) Hedge Accounting Method

① Hedge accounting method

For interest rate swaps, special treatment is applied when the necessary requirements for special treatment have been satisfied.

② Hedging instruments and hedged items

Hedging instruments	Interest rate swaps
Hedged items	Loans payable

③ Hedging policy

Interest rate swap transactions are conducted to avoid interest rate fluctuation risks of borrowings, and hedged items are identified on an individual contract basis.

④ Method of evaluating the effectiveness of hedging

For interest rate swaps, the evaluation of effectiveness is omitted since special treatment is applied.

(5) Other Significant Matters for the Preparation of Non-consolidated Financial Statements

① Accounting for defined (retirement) benefits

The method of accounting for unrecognized actuarial differences related to retirement benefits is different from those in these consolidated financial statements.

② Accounting for consumption tax

Consumption taxes are accounted for by the tax-exclusion method.

(6) Changes in Display Method

"Partial Revisions to 'Accounting Standards for Tax Effect Accounting'" (ASBJ [Accounting Standards Board of Japan] Statement No. 28, February 16, 2018) have been applied from the beginning of the fiscal year under review. Deferred tax assets are included in the investments and other assets category, and the method in which deferred tax liabilities are displayed have been changed, and are included in the non-current liabilities category.

２．Notes to Balance Sheet

⑴ Assets Pledged as Collateral and Collateral for Debts

① Assets pledged as collateral

Buildings and structures	952,424 Thousand yen
Land	1,534,931 Thousand yen
"Other" item of intangible assets (Subleasing Rights)	25,847 Thousand yen
Total	2,513,202 Thousand yen

② Collateral for debts

Current portion of long-term loans payable	67,500 Thousand yen

⑵ Accumulated Depreciation Related to Assets

Accumulated depreciation of property, plant and equipment	3,581,074 Thousand yen

⑶ Guarantee obligations

The Company provides debt guarantees for borrowings from financial institutions of the following affiliated company:

Nisso Nifty Co., Ltd.	866,354 Thousand yen

⑷ Electronically Recorded Monetary Claims

Electronically recorded monetary claims	153,136 Thousand yen

⑸ Monetary claims or monetary liabilities to affiliated companies

① Short-term monetary claims	6,601 Thousand yen
② Short-term monetary liabilities	29,146 Thousand yen

⑹ The Company has concluded overdraft and commitment line agreements with 4 banks for the purpose of efficient procurement of operating capital. The outstanding balance related to overdraft and loan commitments as of the end of the fiscal year under review, for these agreements are as follows:

Limits of account overdraft and total amount of commitments	5,200,000 Thousand yen
Outstanding borrowing balance	-
Balance	5,200,000 Thousand yen

３．Notes to Statement of Income

Transaction volume with affiliated companies

Sales transactions	627,997 Thousand yen
Transactions other than sales transactions	44,625 Thousand yen

4. Notes to Statement of Changes in Equity

Type and number of treasury shares at the end of the fiscal year

Common stock	200,087 Shares

5. Notes Concerning Tax Effect Accounting

Breakdown by main factors of occurrence of deferred tax assets and deferred tax liabilities

Deferred tax assets	
Provision for bonuses	194,751 Thousand yen
Accrued expenses	30,694 Thousand yen
Accrued enterprise tax	60,138 Thousand yen
Impairment loss	104,955 Thousand yen
Loss on valuation of shares of subsidiaries and associates	89,812 Thousand yen
Loss on valuation of investment securities	38,553 Thousand yen
Other	135,748 Thousand yen
Subtotal deferred tax assets	654,654 Thousand yen
Valuation allowance	(283,141) Thousand yen
Total deferred tax assets	371,512 Thousand yen
Deferred tax liabilities	
Valuation difference on available-for-sale securities	18,227 Thousand yen
Other	9,944 Thousand yen
Total deferred tax liabilities	28,172 Thousand yen
Net amount of deferred tax assets	343,339 Thousand yen

６．Notes Concerning Transactions with Related Parties

⑴　Subsidiaries and Affiliated Companies

Type	Name of Company	Location	Capital stock or investments in capital (Thousand yen)	Business Contents	Voting rights ownership ratio (held)	Relationship with related parties	Transaction content	Transaction amount (Thousand yen)	Item	Balance at end of period (Thousand yen)
Subsidiary	Nisso Nifty Co., Ltd.	Yokohama, Kanagawa	450,000	Nursing care · welfare/ real estate leasing businesses	Owner-ship Direct 100%	Lease of real estate, concurrent posting of officers, loan of funds	Lease of real estate (Note) 2	226,812	–	–
							Loan of funds	302,000	Other, current assets (Short-term loans receivable)	612
							Collection of loans	220,000		
							Interest income received (Note) 3	13,895	Other, current assets (Accrued income)	513
							Debt guarantees (Note) 4	866,354	–	–

(Note) 1.　Of the above amounts, although transaction amounts do not include consumption taxes, the balances at the end of the period include consumption taxes.

2.　The terms and conditions of real estate leasing transactions were determined by referring to transaction examples in neighboring areas.

3.　With regards to interest, interest rates were reasonably determined in consideration of market interest rates.

4.　Debt guarantees were made for bank borrowings, and no guarantee commissions have been received.

⑵　Officers and Major Individual Investors

Type	Name	Location	Capital stock or investments in capital (Thousand yen)	Occupation	Voting rights ownership ratio (held)	Relationship with related parties	Transaction content	Transaction amount (Thousand yen)	Item	Balance at end of period (Thousand yen)
Officer	Tadao Shimizu	–	–	Chairman, CEO & Representative Director of the Company	(held) Direct 5.9%	–	Exercise of share acquisition rights (Note)	11,991	–	–

(Note) Exercise of share acquisition rights is the description of the exercise of rights during the fiscal year under review of stock options which were granted in accordance with the resolution of the Board of Directors on March 22, 2016. The transaction amount represented is the amount obtained by multiplying the granted shares due to the exercise of rights of stock options by the amount paid during the fiscal year under review.

7. Notes Concerning Per Share Information

Net assets per share amount	293.58 yen
Net income per share	67.18 yen

(Note) The Company's common stock was split at a ratio of 2 shares for 1 share on August 22, 2018, and then at a ratio of 2 shares for 1 share on May 1, 2019. "Net assets per share amount" and "net income per share" are calculated assuming that the shares were split at the beginning of the fiscal year under review.

8. Significant Subsequent Events

(Notice of Stock Split and Partial Amendment to the Articles of Incorporation)

By the resolutions made at the Board of Directors' Meeting held on March 15, 2019, the Company implemented a stock split and a partial amendment to the Articles of Incorporation on May 1, 2019.

1. Purpose of Stock Split

Due to the decrease in the number of shareholders of the Company at the end of February 2019 to approximately 2,000, the amount per investment unit was lowered to create an environment in which investors can easily invest in. The Company implemented a stock split with the aim of improving the liquidity of its shares and expanding the investor base.

2. Overview of Stock Split

(1) Method of Split

With the record date of April 30, 2019 (actual date: April 26, 2019), the Company's common stock held by shareholders listed or recorded on the same day's final register of shareholders was split at a ratio of 2 shares for 1 share.

(2) Number of Shares Increased by Split

Total number of shares outstanding before stock split	16,982,200 Shares
Number of shares increased by this split	16,982,200 Shares
Total number of shares outstanding after stock split	33,964,400 Shares
Total number of authorized shares after stock split	102,400,000 Shares

(3) Schedule of split

Record Date Notification Date	Apr 12, 2019
Record Date	Apr 30, 2019
Effective Date	May 1, 2019

(4) Impact on Per Share Information

The impact of the stock split is described in the "Notes Concerning Per Share Information".

3. Partial Amendment to the Articles of Incorporation Associated with Stock Split

(1) Reason for Amendment to the Articles of Incorporation

As a result of the stock split, the Company's Articles of Incorporation was partially amended in accordance with the provisions of Article 184, paragraph 2 of the Companies Act.

(2) Contents of Amendment to the Articles of Incorporation

The contents of the amendment to the Articles of Incorporation are as follows. (Changes are underlined.)

Before Amendment	After Amendment
（Total number of authorized shares） Article 6　The total number of authorized shares of the Company shall be <u>51,200,000</u> shares.	（Total number of authorized shares） Article 6　The total number of authorized shares of the Company shall be <u>102,400,000</u> shares.

(3) Schedule of Amendment to the Articles of Incorporation

Board of Directors Resolution Date	Mar 15, 2019
Effective Date	May 1, 2019

4. Other

(1) Change in Amount of Capital

There is no change in the amount of capital at the time of this stock split.

(2) Adjustment of Exercise Value of Share Acquisition Rights

As a result of this stock split, from May 1, 2019 onwards, the exercise value per share of share acquisition rights issued by the Company was adjusted as follows:

Board of Directors Resolution Date	Name of Share Acquisition Rights	Exercise Value before Adjustment	Exercise Value after Adjustment
March 22, 2016	5th Share Acquisition Rights	105 Yen	53 Yen