

**Balance Sheet**  
As of March 31, 2019

(Yen)

| Item  | Current fiscal year | Previous fiscal year | Change        |
|---|---------------------|----------------------|---------------|
| <b>I. Assets</b>  |                     |                      |               |
| 1. Current Assets   |                     |                      |               |
| Cash and Deposits   | 112,437,361         | 89,697,568           | 22,739,793    |
| Accounts receivable   | 0                   | 10,000               | -10,000       |
| Prepayments   | 1,509,912           | 2,031,912            | -522,000      |
| Total Current Assets  | 113,947,273         | 91,739,480           | 22,207,793    |
| 2. Fixed Assets   |                     |                      |               |
| (1) Specified Assets  |                     |                      |               |
| Accumulated Assets for Operating Costs                            | 199,360,000         | 23,480,000           | 175,880,000   |
| Assets for the Fund   | 500,000,000         | 500,000,000          | 0             |
| Total specified assets  | 699,360,000         | 523,480,000          | 175,880,000   |
| (2) Other Fixed Assets  |                     |                      |               |
| Buildings   | 4,168,847           | 2,059,547            | 2,109,300     |
| Cumulative depreciation of buildings (-)                          | -2,451,911          | -1,475,504           | -976,407      |
| Furniture, Fixtures and Equipment                                 | 3,022,456           | 1,361,456            | 1,661,000     |
| Accumulated Depreciation of Furniture, Fixtures and Equipment (-) | -1,190,199          | -1,045,368           | -144,831      |
| Long-term guarantee deposits                                      | 6,284,400           | 6,284,400            | 0             |
| Total Other Fixed Assets  | 9,833,593           | 7,184,531            | 2,649,062     |
| Total Fixed Assets  | 709,193,593         | 530,664,531          | 178,529,062   |
| Total assets  | 823,140,866         | 622,404,011          | 200,736,855   |
| <b>II. Liabilities</b>  |                     |                      |               |
| 1. Current Liabilities  |                     |                      |               |
| Accounts Payable - Other  | 17,650,781          | 26,946,329           | -9,295,548    |
| Income Taxes Payable  | 70,000              | 70,000               | 0             |
| Accrued consumption taxes   | 28,230,900          | 14,693,000           | 13,537,900    |
| Deposits Taken  | 8,984               | 214,410              | -205,426      |
| Total Current Liabilities   | 45,960,665          | 41,923,739           | 4,036,926     |
| 2. Long-term Liabilities  |                     |                      |               |
| Allowance for Relocation Work Expenses                            | 6,167,218           | 5,335,683            | 831,535       |
| Total Long-term Liabilities                                       | 6,167,218           | 5,335,683            | 831,535       |
| Total Liabilities   | 52,127,883          | 47,259,422           | 4,868,461     |
| <b>III. Net Assets</b>  |                     |                      |               |
| 1. Fund   | 500,000,000         | 500,000,000          | 0             |
| (Amount allocated to Specified Assets)                            | (500,000,000)       | (500,000,000)        | (0)           |
| 2. Designated Net Assets  | 0                   | 0                    | 0             |
| 3. General Net Assets   | 271,012,983         | 75,144,589           | 195,868,394   |
| (Amount allocated to Specified Assets)                            | (199,360,000)       | (23,480,000)         | (175,880,000) |
| Total Net Assets  | 771,012,983         | 575,144,589          | 195,868,394   |
| Total Liabilities and Net Assets                                  | 823,140,866         | 622,404,011          | 200,736,855   |

Statement of Changes in Net Assets  
April 1, 2018 to March 31, 2019

(Yen)

| Item  | Current fiscal year | Previous fiscal year | Change        |
|---|---------------------|----------------------|---------------|
| I. Changes in General Net Assets                    |                     |                      |               |
| 1. Changes in Ordinary Revenue and Expenses         |                     |                      |               |
| (1) Ordinary Revenue                                |                     |                      |               |
| Membership Dues                                     | 606,345,000         | 514,348,000          | 91,997,000    |
| (Expense Contributions)                             | (606,345,000)       | (514,348,000)        | (91,997,000)  |
| Operating Expense Contributions                     | 606,345,000         | 514,348,000          | 91,997,000    |
| Enrollment Fees                                     | 175,880,000         | 0                    | 175,880,000   |
| Enrollment Fees                                     | 175,880,000         | 0                    | 175,880,000   |
| Revenue from Management of Specified Assets         | 44,025              | 34,778               | 9,247         |
| Interest Received from Specified Assets             | 44,025              | 34,778               | 9,247         |
| Miscellaneous Revenue                               | 1,237,260           | 596,643              | 640,617       |
| (Miscellaneous Revenue)                             | (1,237,260)         | (596,643)            | (640,617)     |
| Interest Received                                   | 981                 | 586                  | 395           |
| Miscellaneous Revenue                               | 1,236,279           | 596,057              | 640,222       |
| Total Ordinary Revenue                              | 783,506,285         | 514,979,421          | 268,526,864   |
| (2) Ordinary Expenses                               |                     |                      |               |
| Operating Expenses                                  | 344,201,950         | 319,174,380          | 25,027,570    |
| (Personnel Expenses)                                | (241,409,100)       | (201,577,768)        | (39,831,332)  |
| Payroll allowance                                   | 229,977,310         | 191,259,018          | 38,718,292    |
| Retirement benefit expenses                         | 11,431,790          | 10,318,750           | 1,113,040     |
| (Public Relations Expenses)                         | (1,176,100)         | (1,270,100)          | (-94,000)     |
| Public Relations Expenses                           | 1,176,100           | 1,270,100            | -94,000       |
| (Membership and Meeting Expenses)                   | (2,024,228)         | (2,635,651)          | (-611,423)    |
| Membership Expenses                                 | 50,000              | 50,000               | 0             |
| Meeting Expenses                                    | 1,974,228           | 2,585,651            | -611,423      |
| (Business Expenses)                                 | (50,236,753)        | (52,725,668)         | (-2,488,915)  |
| Travel and Transportation Expenses                  | 5,051,006           | 8,504,044            | -3,453,038    |
| Communication and Transport Expenses                | 38,821,676          | 38,741,407           | 80,269        |
| Printing and Binding Expenses                       | 4,696,398           | 4,781,258            | -84,860       |
| Consumable Supplies Expenses                        | 1,461,166           | 468,795              | 992,371       |
| Books and Newspaper Expenses                        | 206,507             | 230,164              | -23,657       |
| (Outsourcing Expenses)                              | (5,599,200)         | (629,200)            | (4,970,000)   |
| Outsourcing Expenses                                | 5,599,200           | 629,200              | 4,970,000     |
| (Asset Management Expenses)                         | (5,482,663)         | (2,710,394)          | (2,772,269)   |
| Rental Fees   | 3,262,326           | 1,648,405            | 1,613,921     |
| Repair Costs  | 267,564             | 50,000               | 217,564       |
| Depreciation  | 1,121,238           | 180,454              | 940,784       |
| Provision of Allowance for Relocation Work Expenses | 831,535             | 831,535              | 0             |
| (Taxes and Dues)                                    | (37,600)            | (20,000)             | (17,600)      |
| Taxes and Dues                                      | 37,600              | 20,000               | 17,600        |
| (Miscellaneous Expenses)                            | (38,236,306)        | (57,605,599)         | (-19,369,293) |
| Miscellaneous stipends                              | 30,536,238          | 51,492,267           | -20,956,029   |
| Miscellaneous Expenses                              | 7,700,068           | 6,113,332            | 1,586,736     |
| Administrative Expenses                             | 243,365,941         | 244,421,079          | -1,055,138    |
| (Personnel Expenses)                                | (196,841,758)       | (207,032,797)        | (-10,191,039) |
| Payroll allowance                                   | 187,419,332         | 197,151,575          | -9,732,243    |
| Retirement benefit expenses                         | 9,422,426           | 9,881,222            | -458,796      |
| (Public Relations Expenses)                         | (6,159,000)         | (210,000)            | (5,949,000)   |
| Public Relations Expenses                           | 6,159,000           | 210,000              | 5,949,000     |
| (Business Expenses)                                 | (5,647,830)         | (5,675,128)          | (-27,298)     |
| Travel and Transportation Expenses                  | 2,753               | 2,752                | 1             |
| Communication and Transport Expenses                | 4,960,831           | 5,164,724            | -203,893      |
| Printing and Binding Expenses                       | 124,500             | 90,600               | 33,900        |
| Consumable Supplies Expenses                        | 559,746             | 417,052              | 142,694       |
| (Outsourcing Expenses)                              | (8,612,800)         | (7,425,800)          | (1,187,000)   |
| Outsourcing Expenses                                | 8,612,800           | 7,425,800            | 1,187,000     |
| (Asset Management Expenses)                         | (17,885,006)        | (15,690,534)         | (2,194,472)   |
| Building Management Expenses                        | 1,149,865           | 900,919              | 248,946       |
| Rental Fees   | 15,720,058          | 14,441,829           | 1,278,229     |

| Item  | Current fiscal year | Previous fiscal year | Change      |
|---|---------------------|----------------------|-------------|
| Repair Costs  | 995,323             | 339,896              | 655,427     |
| Insurance expenses  | 19,760              | 7,890                | 11,870      |
| (Taxes and Dues)  | (464,659)           | (224,275)            | (240,384)   |
| Taxes and Dues  | 464,659             | 224,275              | 240,384     |
| (Miscellaneous Expenses)  | (7,754,888)         | (8,162,545)          | (-407,657)  |
| Training expenses   | 504,745             | 920,576              | -415,831    |
| Miscellaneous stipends  | 6,518,489           | 6,414,381            | 104,108     |
| Miscellaneous Expenses  | 731,654             | 827,588              | -95,934     |
| Total Ordinary Expenses   | 587,567,891         | 563,595,459          | 23,972,432  |
| Changes in Ordinary Expenses<br>during the Current Year               | 195,938,394         | -48,616,038          | 244,554,432 |
| 2. Changes in Non-recurring Revenue and Expenses                      |                     |                      |             |
| (1) Non-recurring Revenue   |                     |                      |             |
| Total Non-recurring Revenue   | 0                   | 0                    | 0           |
| (2) Non-recurring Expenses  |                     |                      |             |
| Total Non-recurring Expenses  | 0                   | 0                    | 0           |
| Changes in Non-recurring Expenses<br>during the Current Year          | 0                   | 0                    | 0           |
| Changes in General Net Assets<br>during the Current Year Before Taxes | 195,938,394         | -48,616,038          | 244,554,432 |
| Income Tax, Resident Tax, and Business Tax                            | 70,000              | 70,000               | 0           |
| Changes in General Net Assets<br>during the Current Year              | 195,868,394         | -48,686,038          | 244,554,432 |
| Beginning Balance of Net Assets                                       | 75,144,589          | 123,830,627          | -48,686,038 |
| Ending Balance of Net Assets  | 271,012,983         | 75,144,589           | 195,868,394 |
| II. Changes in Designated Net Assets                                  |                     |                      |             |
| Changes in Designated Assets<br>during the Current Year               | 0                   | 0                    | 0           |
| Beginning Balance of Designated Net Assets                            | 0                   | 0                    | 0           |
| Ending Balance of Designated Net Assets                               | 0                   | 0                    | 0           |
| III. Changes in Fund  |                     |                      |             |
| Changes in the Fund during the Current Year                           | 0                   | 0                    | 0           |
| Beginning Balance of Fund   | 500,000,000         | 500,000,000          | 0           |
| Ending Balance of Fund  | 500,000,000         | 500,000,000          | 0           |
| IV. Balance of Net Assets at Year End                                 |                     |                      |             |
| Balance of Net Assets at Year End                                     | 771,012,983         | 575,144,589          | 195,868,394 |

## Notes to Financial Statements

### 1. Important accounting policies

#### (1) Depreciation method for fixed assets

##### i. Buildings, structures, and furniture, fixtures and equipment

Declining-balance method. However, the straight-line method is applied to equipment attached to buildings and structures acquired on or after April 1, 2016.

##### ii. Software

Straight-line method

##### iii. Leased assets (leased assets from finance lease transactions excluding those accompanied by a transfer of ownership)

The lease period is set as the service life and the straight-line method is used until the residual value reaches zero.

#### (2) Basis for accruing allowances

##### o Allowance for Relocation Work Expenses

The estimated costs required for removal work at the current Zengin Centers associated with the completion of the contract of the Zengin System (planned for November 2019), which commenced operations in November 2011, has been recorded equally over the period from start to finish of the contract.

#### (3) Accounting treatment of consumption tax, etc.

The tax exclusion method is used when accounting for consumption tax, etc.

### 2. Change in specified assets and balances

Changes in specified assets and the respective balances are as follows:

(Yen)

| Item                                   | Balance at end of previous year | Increase in current year | Decrease in current year | Balance at end of current year |
|--|---------------------------------|--------------------------|--------------------------|--------------------------------|
| Specified Assets                       |                                 |                          |                          |                                |
| Accumulated Assets for Operating Costs | 23,480,000                      | 175,880,000              | 0                        | 199,360,000                    |
| Assets for the Fund                    | 500,000,000                     | 0                        | 0                        | 500,000,000                    |
| Total                                  | 523,480,000                     | 175,880,000              | 0                        | 699,360,000                    |

### 3. Breakdown of source of specified assets

Specified assets are broken down as follows:

(Yen)

| Item                                   | Balance at end of current year | (Amount Allocated from the Fund) | (Amount Allocated from General Net Assets) | (Amount for liabilities) |
|--|--------------------------------|----------------------------------|--|--------------------------|
| Specified Assets                       |                                |                                  |  |                          |
| Accumulated Assets for Operating Costs | 199,360,000                    | —                                | 199,360,000                                | —                        |
| Assets for the Fund                    | 500,000,000                    | 500,000,000                      | —  | —                        |
| Total                                  | 699,360,000                    | 500,000,000                      | 199,360,000                                | —                        |

4. Cash and Marketable securities held as collateral

7,912,673,850,000 yen in Cash and 1,671,527,481,839yen (the market value at the end of the current year) in Marketable securities are held from member financial institutions as collateral in accordance with the Domestic Fund Transfer System.

5. Changes in fund and balances

Changes in the fund and the respective balances are as follows:

(Yen)

| Item  | Balance at end<br>of previous year | Increase in<br>current year | Decrease in<br>current year | Balance at end<br>of current year |
|-------|------------------------------------|-----------------------------|-----------------------------|-----------------------------------|
| Fund  |                                    |                             |                             |                                   |
| Fund  | 500,000,000                        | 0                           | 0                           | 500,000,000                       |
| Total | 500,000,000                        | 0                           | 0                           | 500,000,000                       |

Concluded.