

Securities Identification Code: 6430
June 11, 2025
(Electronic provision measures commencement date: June 4, 2025)

To All Shareholders

Masakatsu Kayamori
President and Representative Director
Daikoku Denki Co., Ltd.

1-43-5 Nagono, Nakamura-ku, Nagoya, Aichi, Japan

Convocation Notice of the 52nd Ordinary General Meeting of Shareholders

Dear Shareholders:

We would like to express our deep appreciation to each of you for your continuous support for us.

We would like to inform you that Daikoku Denki Co., Ltd. ("the Company") will hold the 52nd Ordinary General Meeting of Shareholders as follows.

The Company has taken measures for electronic provision of matters in calling this ordinary general meeting of shareholders, and the matters subject to measures for electronic provision are published on the website on the Internet indicated below.

Instead of attending on the day, you are entitled to vote in writing or via the Internet, etc. In this case, we cordially request you to kindly review the Reference Document for the Ordinary General Meeting of Shareholders and indicate "for" or "against" for each of the proposals following the instructions described below to exercise your voting right by no later than 6 p.m. on Wednesday, June 25, 2025 (Japan Standard Time).

Thank you very much for your cooperation.

Details of the 51st Ordinary General Meeting of Shareholders

1. Date and Time	Thursday, June 26, 2025 at 10:00 a.m.
2. Place	Bellevue Office Nagoya, 1-6-3 Noritake, Nakamura-ku, Nagoya, Aichi, Japan TKP Garden City PREMIUM Meieki Nishiguchi, 3rd floor, "Capella" Bellevue office Nagoya, 1-6-3 Noritake, Nakamura-ku, Nagoya, Aichi, Japan
3. Agenda: Matters for Reporting:	1. The 52nd Business Term (from April 1, 2024 to March 31, 2025) Report on the Business Report, the Consolidated Financial Statements, the Results on the Audits of Consolidated Financial Statements by the Accounting Auditor and the Board of Auditors 2. The 52nd Business Term (from April 1, 2024 to March 31, 2025) Report on the Non-Consolidated Financial Statements

Matters for Resolution

Proposal 1	Partial Amendments to the Articles of Incorporation
Proposal 2	Election of Six Directors
Proposal 3	Election of One Auditor
Proposal 4	Payment of Bonuses to Directors and Auditors for the 52nd Business Term

4. Website on Which Matters Subject to Measures for Electronic Provision Are Published

(1) The Company's website

<https://www.daikoku.co.jp/ir/>

(2) Website of Tokyo Stock Exchange

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

Access the above website, enter the Company name or the securities identification code for search, and select "Basic information" and then "Documents for public inspection/PR information."

(3) Kabunushi Soukai Portal (Shareholders' Meeting Portal) (Sumitomo Mitsui Trust Bank, Limited)

<https://www.soukai-portal.net>

Please read the QR Code on the enclosed Voting Right Exercise Form or access the above website and enter the login ID and password.

* These websites may be temporarily unavailable due to periodic maintenance.

If either of the websites is unavailable, access another one or access the website again after some time.

5. Matters Determined in Calling a Shareholders Meeting

(1) If neither approval nor disapproval of a proposal is indicated in writing (Voting Right Exercise Form), it shall be deemed you have voted to approve it.

(2) When shareholders exercise the right to vote twice, in writing and on the Internet, etc., the vote cast via the Internet, etc. shall be deemed valid.

(3) When shareholders exercise their rights to vote more than once via the Internet, etc., the final vote shall be deemed valid.

* When you attend the meeting in person, please submit the enclosed Voting Right Exercise Form at the reception counter.

* The following items are not included in the document sent to shareholders who have requested delivery of the document in accordance with the provisions of laws and regulations and Article 14 of the Company's Articles of Incorporation. Therefore, the said documents are part of documents audited by Accounting Auditors and Auditors in preparing Auditor's Report.

(1) "Notes to the Consolidated Financial Statements" of the consolidated financial statements

(2) "Notes to the Non-Consolidated Financial Statements" of the non-consolidated financial statements

* Any revision in matters subject to measures for electronic provision will be disclosed in detail on the websites on which the matters are published.

Information on Exercising the Right to Vote

Please exercise the right to vote using one of the methods shown below.

1. If you cannot attend on the day

- (1) Exercise of right to vote in writing

Deadline for exercise: Forms must arrive by 6 p.m. on Wednesday, June 25, 2025

Please indicate whether you approve or disapprove of the resolutions on the enclosed Voting Right Exercise Form and return the form so that it arrives at the Company's shareholder registry administrator by the deadline for exercising the right to vote. If neither approval nor disapproval of a proposal is indicated in Voting Right Exercise Forms, it shall be deemed you have voted to approve it.

- (2) Exercise of right to vote by smartphone, etc.

Deadline for exercise: Forms must arrive by 6 p.m. on Wednesday, June 25, 2025

- (i) Read the QR Code on the Voting Right Exercise Form (no need to enter ID and PW).
- (ii) Tap the button "Exercise Voting Rights" at the top of the Kabunushi Soukai Portal (Shareholders' Meeting Portal) site and open the page for exercising the right to vote.
- (iii) Enter either approval or disapproval following the instructions on the page.

- (3) Exercise by PC, etc.

Deadline for exercise: Forms must arrive by 6 p.m. on Wednesday, June 25, 2025

- (i) Access the Kabunushi Soukai Portal (Shareholders' Meeting Portal) site (<https://www.soukai-portal.net>) and enter the "Kabunushi Soukai Portal Login ID" and "Password."
- (ii) Tap the button "Exercise Voting Rights" at the top of the Kabunushi Soukai Portal (Shareholders' Meeting Portal) site and open the page for exercising the right to vote.
- (iii) Enter either approval or disapproval following the instructions on the page.

It is also possible to exercise the right to vote by accessing the website for exercising the right to vote (<https://www.web54.net>) and entering the code and password for exercising the right to vote stated on the enclosed Voting Right Exercise Form.

2. If you can attend on the day

- (1) Attendance at the general meeting of shareholders

Date and time of the general meeting of shareholders: Thursday, June 26, 2025, at 10 a.m.

Please bring the enclosed Voting Right Exercise Form with you and submit it to the reception counter. The reception counter will be very congested immediately prior to the start of the meeting, so please come to the venue early.

3. Handling of the right to vote exercised in duplicate

- (1) When shareholders exercise the right to vote twice, in writing and on the Internet, etc. (including "Smart exercise"), the vote cast via the Internet, etc. (including "Smart exercise") will have precedence and be treated as the valid exercise of the voting right.
- (2) Moreover, when shareholders exercise their rights to vote more than once via the Internet, etc. (including "Smart exercise"), previous votes will be overridden, making the final vote the valid one.

4. Inquiries

- (1) In case you need assistance operating the Kabunushi Soukai Portal (Shareholders' Meeting Portal) site and the website for exercising the right to vote, please contact the following support desk:
Securities Agent Web Support Hotline, Sumitomo Mitsui Trust Bank, Limited
[Toll-free number] 0120-652-031 (Hours of operation: 9 a.m. – 9 p.m.)
- (2) Please contact the following for any other inquiries.
Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited
[Toll-free number] 0120-782-031 (Hours of operation: 9 a.m. – 5 p.m.)

5. Electronic voting platform

The electronic voting platform operated by ICJ, Inc. is available to institutional investors.

Reference Documents for the Ordinary General Meeting of Shareholders

Proposals and references

Proposal 1 Partial Amendments to the Articles of Incorporation

(1) Reason for the proposal

In order to respond to new business by subsidiaries, a business purpose will be added to Article 2 (Purpose) of the current Articles of Incorporation.

(2) Details of the amendment

Details of the amendment are follows:

(Amended parts are underlined)

Current articles of incorporation	Amendment proposal
CHAPTER 1 General Provisions	CHAPTER 1 General Provisions
(Purpose)	(Purpose)
Article 2 The purpose of the Company is to engage in the following businesses:	Article 2 (As is)
(1) - (13) (Omitted)	(1) – (13) (As is)
(Newly established)	<u>(14) Trading, rental and administration of real estate</u>
(Newly established)	<u>(15) Planning and production of interior and exterior design</u>
(Newly established)	<u>(16) Hotel (ryokan) business</u>
(Newly established)	<u>(17) Cooking and restaurant management</u>
(Newly established)	<u>(18) Purchase and sale of foodstuffs</u>
(Newly established)	<u>(19) Import, export and sale of paintings and fine arts and crafts</u>
(Newly established)	<u>(20) Management of art museums and planning and operation of art and craft exhibition spaces</u>
(Newly established)	<u>(21) Import, export and sale of jewels, watches, precious metal products, leather products and accessories</u>
(Newly established)	<u>(22) (As is)</u>
<u>(14) (Article omitted)</u>	

Proposal 2 Election of Six Directors

The terms of office of all six Directors will expire at the close of this general meeting. In this regard, we request the election of six Directors, including two External Directors.

The candidates for Director are as follows:

Candidate No.	Name			Current position in the Company, etc.	Attendance at Board of Directors meetings
1	<input type="checkbox"/> Reappointment	Seiichiro Oue	Male	Chairman and Director	17/18 (94%)
2	<input type="checkbox"/> Reappointment	Masakatsu Kayamori	Male	President and Representative Director	18/18 (100%)
3	<input type="checkbox"/> Reappointment	Ken Kayamori	Male	Representative Director and Executive Director	18/18 (100%)
4	<input type="checkbox"/> Reappointment	Toshifumi Oonari	Male	Representative Director and Executive Director	17/18 (94%)
5	<input type="checkbox"/> Reappointment	Yumiko Sakurai	Female	Independent Director External Director	17/18 (94%)
6	<input type="checkbox"/> Reappointment	Masaki Komurasaki	Male	Independent Director External Director	15/15 (100%)

(Note) Mr. Masaki Komurasaki attendance record covers the Board of Directors meetings held after he was appointed as Director on June 26, 2024.

Candidate No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of Company shares held
1	Seiichiro Oue (February 15, 1963)	September 1990 Joined the Company April 2003 Manager, Okayama Sales Office, Information System Division April 2008 Control Systems Business Sector Deputy Group Manager, Sales Group April 2010 Control Systems Business Sector Group Manager, Sales Group April 2014 Director and Head of Control System Division June 2014 Director, Head of Control System Division April 2017 Managing Director, General Manager of Control System Division, Head of Business Development Office, in charge of Information System Division Director, Genki Co., Ltd. Director, Daikoku Sangyo Co., Ltd. Director, ALOFT Co., Ltd. April 2019 President and Representative Director Director, DAXEL INC. June 2019 Chairman, Director (incumbent) April 2023 Director, Nishimoto Industry Co., Ltd. (incumbent) April 2024 Director, Stadd Inc. August 2024 Director, LOGON SYSTEM CO., LTD. (incumbent) September 2024 Director, LOGON SYSTEM CO., LTD. (incumbent)	3,939 shares
< Reasons for election > After accumulating lots of knowledge mainly in the Information System Business, Mr. Seiichiro Oue served as the Director responsible for the Control System Business from April 2014. Until March 2019, he also served as General Manager of the Frontier Department, which looks after new business. Subsequently, from April 2019, he led the management of the Company group as President and Representative Director. Since April 2023, he has served as Director and Chairman. The Company continues to nominate him as a candidate for Director after judging that his wide-ranging experience and knowledge can be utilized in promotion and management of new business in the Company group.			

Candidate No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions		Number of Company shares held	
2	Masakatsu Kayamori (December 26, 1966)	<p>March 1995 Director of the Company, in charge of the Office of Officers</p> <p>June 1996 Managing Director in charge of Information Promotion Office, Sales Headquarters</p> <p>June 1998 Senior Managing Director</p> <p>In charge of Information Strategy Office, Information System Division</p> <p>June 2000 Executive Vice President and Representative Director</p> <p>April 2005 President and Representative Director</p> <p>March 2006 Director, DAXEL INC. (incumbent)</p> <p>April 2012 Chairman, Representative Director and Head of Business Strategy Headquarters</p> <p>Director, Genki Co., Ltd. (incumbent)</p> <p>Representative Director, Daikoku Sangyo Co., Ltd.</p> <p>March 2013 Chairman, Representative Director</p> <p>April 2017 Chairman, Representative Director in charge of PE Promotion Office</p> <p>December 2022 Director, GLOBAL WISE Co. (incumbent)</p> <p>April 2023 President and Representative Director (incumbent)</p> <p>Daikoku Denki Communications PLUS Co., Ltd.</p> <p>Director (incumbent)</p> <p>April 2024 Director, Nishimoto Industry Co., Ltd. (incumbent)</p> <p>Director, LILIUM CO., LTD. (incumbent)</p> <p>August 2024 Director, Stadd Inc.</p> <p>September 2024 Director, Hakone Glass Forest Resort Co., Ltd. (incumbent)</p> <p>Director, LOGON SYSTEM CO., LTD. (incumbent)</p>			904,705 shares
<p>< Reasons for election ></p> <p>Mr. Masakatsu Kayamori led the management of the Company group as Representative Director and President from April 2005 and served as Representative Director and Chairman from April 2012, striving to further improve corporate governance. Since April 2023, he has served as Representative Director and President. The Company has re-elected him as a candidate for Director after judging that his rich experience and knowledge as a manager can be utilized in the management of the Company group.</p>					

Candidate No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions		Number of Company shares held
3	Ken Kayamori (August 29, 1970)	June 2000 April 2001 June 2002 April 2005 March 2006 April 2007 April 2012 March 2013 April 2017	Director in charge of Corporate Management Office Director and General Manager of Corporate Planning Office Managing Director and General Manager of Corporate Planning Office Representative Director and Executive Director Director, DAXEL INC. Representative Director and Executive Director and Head of Corporate Management Headquarters Representative Director and Executive Director and Head of Management Headquarters Director, Daikoku Sangyo Co., Ltd. Representative Director and Executive Director (incumbent)	445,192 shares
<p>< Reasons for election ></p> <p>Mr. Ken Kayamori has contributed to the strengthening of our management foundations by being involved in the Management Planning and Administration divisions over many years at the Company.</p> <p>He has served as the Head of the Corporate Management Headquarters since April 2007 and the Company has re-elected him as a candidate for Director after judging that his rich experience and knowledge as a manager can be utilized in the management of the Company group.</p>				

Candidate No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions		Number of Company shares held
4	Toshifumi Oonari (February 5, 1966)	August 1995 Joined the Company April 2010 Branch Manager of Kyushu Branch, Sales Center, Information System Sector April 2012 Branch Manager of Kyushu Branch, Sales Headquarters, Information System Division April 2015 General Manager of Information System Division and Manager of Sales Planning Department, Sales Headquarters, Information System Division April 2016 General Manager of Information System Division June 2017 Director of the Company General Manager of Information System Division April 2019 Managing Director, General Manager of Information System Division and General Manager of Frontier Department Managing Director, General Manager of Information System Division April 2020 Representative Director and Executive Director General Manager of Management Control Division June 2023 Director, Genki Co., Ltd. (incumbent) Director, Daikoku Denki Communications PLUS Co. Ltd. (incumbent) April 2025 Representative Director and Executive Director General Manager of Corporate Management Division (incumbent)		4,561 shares
<p>< Reasons for election ></p> <p>Mr. Toshifumi Oonari has been involved in the Information System Business over many years at the Company and has served as the person responsible for the Information System Business since April 2016. Since April 2023, he has served as Representative Director and Managing Director. The Company has re-elected him as a candidate for Director after judging that his rich sales experience and strong knowledge of business divisions can be utilized in promotion and management of the execution of duties of the Company group.</p>				

Candidate No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of Company shares held
5	Yumiko Sakurai (March 1, 1969)	October 1992 Joined Ito Audit Corporation January 2000 Established Yumiko Sakurai CPA Office, Representative (incumbent) June 2009 Appointed as External Auditor of Tosho Co., Ltd. August 2010 Appointed as External Auditor of I.K. Co., Ltd. June 2014 External Director, PROTO CORPORATION August 2016 Appointed as External Director (Audit and Supervisory Committee) of I.K. Co., Ltd. June 2019 External Auditor, JTEKT Corporation June 2022 External Director (incumbent) June 2024 External Auditor, Futaba Industrial Co., Ltd. (incumbent) October 1992 External Director of JTEKT Corporation (incumbent)	0
Reasons for the election of candidate for External Director Ms. Yumiko Sakurai has considerable experience and expertise in the finance and accounting field as a certified public accountant, and the Company selected her again as a candidate for External Director so that her knowledge and insight can be utilized in the supervision of the management of the Company. The Company expects her to fulfill her role in the fields of finance and accounting, and capital policy after being elected as an External Director of the Company. In addition, he will continue to serve as a member of the Nomination and Compensation Advisory Committee.			

Candidate No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions		Number of Company shares held		
6	Masaki Komurasaki (April 10, 1953)	April 1977	Joined Ministry of International Trade and Industry (current the Ministry of Economy, Trade and Industry)	2,000 shares		
		June 1984	Examiner, Examination Department, Export-Import Bank of Japan			
		June 1991	First Secretary/Counselor, Permanent Mission of Japan to the OECD			
		June 1997	Director, Electronics Technology Division, JETRO Singapore			
		April 2002	Part-time Lecturer of Waseda University			
		June	Director, Information Systems Management Division, Minister's Secretariat, Ministry of Economy, Trade and Industry			
		June 2004	Director of the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN			
		July 2006	The Japan Research and Development Center for Metals			
		March 2017	Senior Managing Director			
		April 2018	The Japan Research and development Center for Metals			
		October 2019	Executive Vice President (Representative Director) and Senior Managing Director (incumbent)			
		June 2024	Director of The Iron and Steel Institute of Japan (incumbent)			
			Director of Kawashima SOSEIKAI (incumbent)			
			External Director (incumbent)			
Reasons for the election of candidate for External Director						
Mr. Masaki Komurasaki has been nominated again as a candidate for External Director because he has extensive experience and expertise in the IT field, having served in the Ministry of Economy, Trade and Industry in charge of science and technology policy and information system policy, and is an expert who can oversee corporate management with a global perspective and opinions independent of the management team. Although he has no direct experience being involved in corporate management, for the reasons stated above, we believe that he will be able to adequately perform his duties as an External Director.						
The Company expects that after his election, he will execute duties such as decisions on important management matters and supervision of business execution as an External Director of the Company appropriately. In addition, he will continue to serve as a member of the Nomination and Compensation Advisory Committee.						

(Notes) 1. No specific conflict of interest exists between the Company and each candidate for Director.

2. Ms. Yumiko Sakurai and Mr. Masaki Komurasaki are candidates for External Directors.

3. Reasons for the election of candidate for External Director, independence as an External Director, and limited liability agreement with External Directors

(1) Reasons for the independence as an External Director

- (i) Neither of the candidates for External Directors has ever been an executive or an officer (excluding an executive) of a specified associated service provider of the Company in the past 10 years. In addition, neither of the candidates for External Directors has ever been an executive or an officer (excluding an executive) of any joint stock company or companies whose rights and obligations have been transferred to the Company as a result of a merger, absorption-type split, or business transfer, immediately prior to such merger, etc. in the past two years.
- (ii) Neither of the candidates for External Directors has any intention of receiving a large amount of money or other assets (excluding compensation as a Director) from the Company or its specified related business operations in the future, nor have they done so in the past two years.
- (iii) Neither of the candidates for External Directors is a relative within the third degree of kinship of an executive or an officer (excluding an executive) of the Company or its specified associated service provider.
- (iv) The Company has designated Ms. Yumiko Sakurai and Mr. Masaki Komurasaki as External Directors in accordance with the regulations of the Tokyo Stock Exchange and the Nagoya Stock Exchange, and has notified both exchanges of this designation.

(v) If the proposal for candidates for External Directors is approved and adopted at this ordinary general meeting of shareholders, the Company intends to continue to appoint Ms. Yumiko Sakurai and Mr. Masaki Komurasaki as independent officers.

(2) Term of office as an External Director of the Company

(i) The term of office of Ms. Yumiko Sakurai as an External Director of the Company will be three years from the conclusion of this Ordinary General Meeting of Shareholders.

(ii) The term of office of Mr. Masaki Komurasaki as an External Director of the Company will be one year from the conclusion of this Ordinary General Meeting of Shareholders.

(3) Liability limitation agreement

The Company stipulates in the current Articles of Incorporation to the effect that an agreement that limits the liability for damages to the Company caused by neglecting duties to a certain scope can be entered into with Directors (excluding Executive Directors, etc.) in order to enable the recruitment of qualified human resources as External Directors. As a result, the Company has entered into a liability limitation agreement with all current External Directors pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and Article 26 of the Company's Articles of Incorporation, and the maximum amount of liability is the higher of a predetermined amount of 1 million yen or more or the amount prescribed by law.

If the election of each External Director candidate is approved, the Company plans to continue the above contracts with Ms. Yumiko Sakurai and Mr. Masaki Komurasaki.

4. Regarding liability insurance contracts

The Company has concluded liability insurance (D&O liability insurance) contracts for officers, etc., established in Article 430-3, Paragraph 1 of the Companies Act with an insurance company covering all Directors as insured persons. The Company pays the full amount of insurance premiums, including for special provisions, and the insured persons do not have any substantial insurance premium burden.

These insurance policies cover damages that occur due to an officer, etc., who is an insured person, bearing responsibility for the execution of their duties or receiving a claim related to the pursuit of said responsibility. However, there are certain exemptions, such as damage caused by an act committed with the recognition that it is a violation of the laws and/or regulations.

If the candidates assume office as Directors, they will each be an insured person under this insurance policy and we plan to renew the insurance policy during their terms of office.

[Reference] Specific areas of expectation for each candidate for Director

If Proposal 2 is approved, the composition of the Board of Directors will be as follows.

The Company has high expectations for the candidates for Director in the following areas in particular.

No.	Name	Areas where the Company has particularly high expectations						
		Business Strategy	Human Resource Development	Compliance	Financial	Growth Strategy (New Business/M&A)	DX	Sustainability/ESG
1	Seiichiro Oue	✓				✓		✓
2	Masakatsu Kayamori	✓				✓	✓	✓
3	Ken Kayamori			✓	✓			✓
4	Toshifumi Oonari		✓				✓	✓
5	Yumiko Sakurai	✓			✓			✓
6	Masaki Komurasaki	✓				✓	✓	

Proposal 3 Election of One Auditor

Of the current Auditors, Mr. Kenichi Nakashima's term of office will expire at the conclusion of this General Meeting of Shareholders, and the Company proposes to elect an Auditor.

This proposal has been approved by the Board of Auditors.

The candidates for Auditor are as follows:

Name		Current position in the Company, etc.	
Reappointment	Kenichi Nakashima	Male	External Director

Name (Date of birth)	Brief personal profile, position, and significant concurrent positions		Number of Company shares held
Kenichi Nakashima (February 14, 1968)	<p>April 1995 Registered with Nagoya Bar Association</p> <p>April 2001 Established Nakashima General Law Office Representative (incumbent)</p> <p>April 2004 Associate Professor, Law School, Meijo University</p> <p>April 2006 Chairman, Mie Prefecture Municipal Fairness Committee (incumbent)</p> <p>April 2007 Professor, Law School, Meijo University</p> <p>April 2014 Vice Chairman, Aichi Bar Association</p> <p>April 2016 Mediator, Nagoya Summary Court (incumbent)</p> <p>June 2019 Director (Audit and Supervisory Committee member) of Owari Precise Products Co., Ltd.</p> <p>June 2021 External Auditor of the Company (incumbent)</p> <p>January 2023 Member of the Ministry of Finance's Tenders and Bidding Monitoring Committee (incumbent)</p>		0

< Reason for nomination as candidate for External Auditor>
Mr. Kenichi Nakashima is a qualified attorney, and we have selected him again as a candidate for External Auditor in order to ensure the legality of our business operations by incorporating his advanced legal knowledge into our audits. Although he has never been involved in corporate management other than as an External Director, we have determined that he will be able to properly perform the duties of an External Auditor for the reasons stated above.

(Notes) 1. No specific conflict of interest exists between the Company and the candidate.

2. Mr. Kenichi Nakashima, a candidate for Auditor, is a candidate for External Auditor.

3. Candidates for External Auditor

(1) Independence as External Auditor

(i) The candidates for External Auditors have not been an executive officer or director (excluding those who are executive officers) of the Company or any business entity with a specific relationship with the Company within the past 10 years. And the candidates for External Auditors have not been an executive officer or director (excluding those who are executive officers) of a joint stock company to which the Company has succeeded rights and obligations through a merger, absorption-type division, incorporation-type division or business transfer, within the past two years immediately prior to the merger, etc.

(ii) The candidates for External Auditors do not plan to receive, and have not received within the past two years, a large amount of money or other property (other than remuneration as Auditor) from the Company or any business entity with a specific relationship with the Company.

(iii) The candidates for External Auditors have no family relationships within the third degree of kinship with any executive officer or director (excluding those who are executive officers) of the Company or any of our specified related business entities.

(iv) There were no instances of improper business execution during their term of office, nor were there any instances of prevention of such occurrences or responses thereto after occurrence.

(2) Term of office as an External Director of the Company

The term of office of Mr. Kenichi Nakashima as an External Auditor of the Company will be four years at the conclusion of this Ordinary General Meeting of Shareholders.

4. Liability limitation agreement

In order to ensure that Auditors can fully perform their expected duties, the current Articles of Incorporation of the Company provide that the Company may enter into an agreement with the Auditors to limit their liability for damages to the Company to a certain extent. As a result, the Company has entered into a liability limitation agreement with all current Auditors pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and Article 33 of the Company's Articles of Incorporation, and the maximum amount of liability is the higher of a predetermined amount of 1 million yen or more or the amount prescribed by law.

If the election of the candidates for Auditor is approved, the Company will continue the above agreement with Mr. Kenichi Nakajima.

5. Regarding directors and officers liability insurance policy

The Company has taken out a D&O insurance policy in accordance with Article 430-3, Paragraph 1 of the Companies Act with an insurance company, which covers all Auditors as insured persons. The company pays all insurance premiums, including the special

provisions, and the insured person does not have to pay any substantial insurance premiums.

These insurance policies cover damages that occur due to an officer, etc., who is an insured person, bearing responsibility for the execution of their duties or receiving a claim related to the pursuit of said responsibility. However, there are certain exemptions, such as damage caused by an act committed with the recognition that it is a violation of the laws and/or regulations.

If the candidate assumes office as Auditor, they will each be an insured person under this insurance policy and we plan to renew the insurance policy during their terms of office.

Proposal 4 Payment of Bonuses to Directors and Auditors for the 52nd Business Term

The Company proposes to pay bonuses to six Directors and four Auditors who were in office at the end of period under review, in the total amount of 247,610,000 yen (consisting of 226,030,000 yen for four Directors, 2,500,000 yen for two External Directors and 19,080,000 yen for four Auditors), as a reward for their contributions for the fiscal year under review.

The Company established a policy on decisions concerning the details of compensation, etc., for individual Directors. Based on the policy, the President and Representative Director submits the calculated amounts to the Compensation Advisory Committee. After deliberation by the Compensation Advisory Committee, the amounts are presented to the Board of Directors and the total payment amount is proposed to the general meeting of shareholders. Given this proposal is in conformity with the policy, the Company judges it is reasonable.

In addition, the Board of Auditors established a policy on decisions concerning the details of compensation, etc., for individual Auditors. Based on the policy, the total amount is set through deliberation by the Auditors and presented to the Board of Directors, before the total payment amount is proposed to the general meeting of shareholders. Given this proposal is in conformity with the policy, the Company judges it is reasonable.

The Company proposes that the decision as to the allocation of the amount to each Director and each Auditor be entrusted to the Board of Directors with regard to Directors and to the Board of Auditors with regard to Auditors.

End

Business Report

(From April 1, 2024
to March 31, 2025)

I. Current Status of the Company Group

1. Progress and results of operations

During the fiscal year under review (from April 1, 2024 to March 31, 2025), the Japanese economy showed a gradual recovery trend against the backdrop of a recovery in personal consumption, a revival in inbound demand, and a resurgence in capital expenditure, among other factors. However, the outlook remained uncertain primarily due to elevated energy prices, a weakening yen, slowing overseas economies, and persistent geopolitical risks.

In the pachinko industry, in which our Group operates, according to the National Police Agency (announced in April 2025), the number of pachinko halls in operation as of December 31, 2024, was 6,706 (94.7% year on year), and the number of installed games machines was 3,325,890 units (97.1% year on year), which broke down into 1,969,913 pachinko machines (94.8% year on year), remaining on a downward trend, and 1,355,839 pachislot machines (100.6% year on year), which increased for the first time in eight years. In addition, the number of machines installed per pachinko hall increased to 496.0 units, up 12.4 units year on year, and pachinko halls continued to grow in size. More than two years have passed since the introduction of smart games machines to the market. Looking at the introduction of smart games machines as of the end of the period under review, smart pachislot machines accounted for 52.1% of all pachislot machines installed (up 2.0 percentage points from the end of the 3rd quarter; up 15.7 percentage points year on year), and smart pachinko machines accounted for 14.1% of all pachinko machines installed (up 2.7 percentage points from the end of the 3rd quarter; up 9.4 percentage points year on year) (see our DK-SIS data).

Further, the average utilization status of games machines during the period from January to March 2025 was 99.7% compared to the same period of the previous fiscal year, and 102.0% compared to the previous fiscal year (from April 1, 2023 to March 31, 2024). In terms of utilization status by machine type, the utilization of pachislot machines was strong at 100.2% compared to the same period of the previous fiscal year, and 104.2% year on year. The utilization of pachinko machines remained largely flat at 99.0% compared to the same period of the previous fiscal year, and 100.1% year on year (see the same data).

In addition, looking at the utilization status of smart games machines during the period from January to March 2025, the utilization of smart pachinko machines was 121.2% compared to conventional machines, and that of smart pachislot machines was 127.0% compared to other AT-type machines. Smart games machines thus outperformed other machines in both the pachinko and pachislot categories.

We expect that the installation rate of smart pachinko/pachislot machines will continue to steadily increase while gaining approval from fans, and demand for capital investment in smart pachinko/pachislot machines is expected to remain strong.

In this market environment, in the information systems business, we have worked to expand sales of the VEGASIA card unit and update card units in an effort to meet the capital investment demand arising from the shift to smart games machines and the circulation of new banknotes. Furthermore, to accommodate growing equipment demand from customers for facilities that enhance the appeal of smart games machines to fans, we initiated the sale expansion of two new products, REVOLA II and DUALINA, which were unveiled at an exhibition in the previous period. In order to respond to changes in the market due to the introduction of smart games machines, we are aiming to further expand the MIRAIGATE service. To this end, we are actively promoting the spread of the cloud-based chain store management system, ClarisLink, and the Market-SIS commercial area analysis service, which provides valuable information on the state of customer attraction in surrounding areas. The Raku Raku Replacement Operation Option is another key product that contributes to operational efficiency, completing the complicated work involved in replacing models in a short time.

In the Amusement Business, we announced in February 2025 a planned release of a new smart pachislot machine “Classroom of the Elite” manufactured by DAXEL INC. We started taking orders for the machine in March and launched it on May 7.

Furthermore, we made strategic investments in multiple companies in order to expand the business domain of our Group and strengthen its revenue foundation. To be specific, we made Director, Nishimoto Industry Co., Ltd., a company engaged in a display business, and Stadd Inc., a company involved in system development, our subsidiaries. In addition, we subscribed to a third-party allotment of shares in Nanaha Co., Ltd., which operates matcha tea cafés, to enter the restaurant industry and acquired real estate of the Hakone Venetian Glass Museum to gain a foothold in the tourism industry. Through these efforts, we aim to strengthen the business foundation of the entire Group and create new opportunities to generate revenue.

As a result, the performance for the fiscal year under review recorded net sales of ¥57,415 million (up 6.6% year on year) and an operating profit of ¥12,212 million (up 1.8% year on year). We achieved an ordinary profit of ¥12,231 million (up 1.1% year on year), with a profit attributable to owners of parent of ¥7,727 million (down 8.7% year on year).

The results by segment are as follows:

Information Systems Business

In terms of business during the fiscal year under review, pachinko hall operators demonstrated consistent demand for

capital investment to introduce smart games machines and the need for capital investment to change card units in response to the circulation of new banknotes.

In this market environment, sales of products for pachinko halls, etc., remained robust although the sales volume of the VEGASIA card unit was lower year on year. Revisions of card units and large sales volumes of the new REVOLA II and DUALINA information disclosure terminals also contributed to sales. Consequently, sales increased year on year. The sales of “Services” increased year on year due to steady performance in major services and an increase in the number of member stores using the MIRAIGATE service in response to market changes with the launch of smart gaming machines.

As a result, the business recorded net sales of ¥52,126 million (up 5.5% year on year) and an operating profit of ¥14,406 million (down 1.4% year on year).

Amusement Business

During the fiscal year under review, while sales of display units and other products decreased year on year as the pachinko hardware business of the Company was discontinued, orders of pachinko content and software increased year on year. In addition, the game business of Genki Co., Ltd. posted strong sales due to the release of a new title of TokyoXtremeRacer. Consequently, and sales grew year on year.

As a result, this business recorded net sales of ¥4,451 million (down 1.1% year on year) and an operating profit of ¥356 million (compared with the operating loss of ¥390 million in the same period the previous fiscal year).

Other

In the Other Business segment, net sales reached ¥889 million and segment loss amounted to ¥178 million.

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

2. Net sales by segment

(Millions of yen)

Segment	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025		Year-on-Year Comparison (%)
	Amount	Composition (%)	Amount	Composition (%)	
Information Systems Business	49,412	91.7	52,126	90.8	105.5
Amusement Business	4,449	8.3	4,401	7.7	98.9
Other	-	-	887	1.5	-
Total	53,861	100.0	57,415	100.0	106.6

(Note) The figures above do not include intersegment transactions.

3. Status of capital investment, etc.

Capital investment for the consolidated fiscal year under review amounted to 5,876 million yen. This was mainly due to product software upgrades and maintenance of in-house server facilities, as well as the acquisition of non-current assets for operation of the Hakone Venetian Glass Museum.

4. Status of financing

There are no particular matters to note in this regard.

5. Issues to be addressed by the group

In order to accomplish the projected net sales for the next consolidated fiscal year amid the tough market situation, our Group will seek to deal with the following challenges as “matters to be addressed” by segment for further enhancement of business results.

Information Systems Business

- (i) By building a new platform that consolidates hall operations and visualizing and centralizing the data and operations of a wide range of hall operations, we will strengthen our proposals to maximize the operational efficiency of hall management companies.
- (ii) By building a new system for attracting customers to pachinko halls and implementing marketing strategies that meet the needs of fans, we will promote measures that contribute to improving hall management companies' ability to attract customers.

- (iii) By utilizing the cloud to revamp MG Core Services and strengthen data integration, we will promote the integration of diverse data sources and the use of AI, and work to provide services that improve the accuracy of sales strategies and support advanced decision-making.
- (iv) By promoting internal digital transformation, we aim to improve the value we provide through revamping business processes and improving employees' digital skills, as well as building partnerships and customer support systems that maximize results with the same resources.

Amusement Business

- (i) We aim to improve the product appeal of our machines by strengthening our pachislot planning and development structure and in-house development and sophistication of functions from planning to ball output design.
- (ii) By continuously investing in content, we aim to secure promising works and promote their publicity and commercialization, thereby nurturing and growing our content business.
- (iii) We will work to improve our development capabilities and quality and continue to secure stable earnings through contract development of pachinko software. We will also work to strengthen profitability by establishing a direct sales system and increasing the in-house production ratio.
- (iv) We will work to expand the scope of our contract development business and improve profit margins, while also aiming to create core products and achieve sustainable growth by building repeat and stock-based businesses for our own titles and creating and discovering new IP.

Other

- (i) We will work to thoroughly manage revenue by project, expand the display area, and create synergies within the Group.
- (ii) We aim to improve profitability by promoting digital transformation through AI-based product development and human resource development and strengthening.
- (iii) We aim to increase our ability to attract customers by utilizing social media and improve profitability by increasing the length of time customers stay at facilities.
- (iv) With the aim of establishing an IP business, we will work to expand the scale of events, monetize the original work and rights business, and promote overseas expansion.

[Reference] Concepts and initiatives for sustainability

In order to drive sustainability activities continuously and systematically and promote management focusing on ESG and SDGs incorporated into the “Medium-term Management Plan 2022–2024” (announced on November 24, 2021), we have developed the “Sustainability Basic Policy” and identified “Materiality (material issues).”

We will strive to create medium- and long-term corporate value based on our management philosophy “We will consistently achieve sustainable growth through the creation of new value via innovation” to meet all stockholders’ expectations.

Sustainability Basic Policy

At Daikoku Denki Group, we will solve social issues through business activities based on our management philosophy as we aim to bring about a sustainable society and have the group grow together with our stakeholders.

Materiality (material issues)

ESG	Materiality	Themes to be tackled	SDGs
E	<u>Contribution to the global environment</u> Reducing environmental impact through our business activities and offering products and services that contribute to decarbonizing society	Reduction in emissions of greenhouse gases (including CO ₂) Energy-saving measures Utilization of renewable energy Waste reduction and promotion of recycling Offering of green products and services	     
S	<u>Promotion of human resource activities</u> Promoting the improvement of workplace environment and organizational culture so that each employee can perform to the best of their ability and feel satisfied with their job	Promotion of diversity and inclusion Promotion of human resource development and employee education Promotion of reform of working practices	  
	<u>Provision of solutions via innovation</u> Providing products and services to solve social issues by working on new technologies actively and creating new value	Offering products and services using AI and cloud computing Offering products and services that can lead to digital transformation (DX), energy saving and saving labor Improvement of in-house technology by self-manufacturing Promotion of in-house DX	
	<u>Response to addiction</u> Taking measures for and preventing the problem of addiction as a social issue	Provision of products and services for preventing addiction Provision of products and services that help pachinko halls address addiction	
G	<u>Enhancement of governance and compliance</u> Enhancing a framework for preventing injustice and a supervising function to ensure compliance and honest, equitable and fair business practices	Pursuit of a highly effective corporate governance system Dissemination and implementation of Compliance Action Criteria Enhancement of information security	  

“Major initiatives in the fiscal year ended March 2025”

E: Contribution to the global environment

- (i) Calculations for Scope 1, 2 and 3 have been made in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- (ii) For the second consecutive year, we received a management level score of "B" for our climate change response efforts from CDP, an international non-profit organization that evaluates and certifies environmental strategies and initiatives.

S: Provision of solutions through innovation

- (i) As part of the “Kizuna (Bond) Exchange” between Nagoya City and Rikuzentakata City in Iwate Prefecture, students from Rikuzentakata Municipal Junior High School had a work experience at “Robocube,” a programming school for elementary school students that we operate as a permanent classroom.
- (ii) “In fiscal 2024, we launched Wellph,” a noise-canceling earphone for connecting to an intercom that reduces strain on the ears of pachinko hall employees and protects them from noise problems. Many parlor employees are now using the product.

S: Promotion of human resource activities

- (i) In recognition of our efforts to promote work-life balance as a family-friendly company in Aichi Prefecture and our 100% use of childcare leave by male employees from 2021, we were interviewed by the Aichi Prefectural Labor Bureau as an example of a company that promotes the use of childcare leave by male employees.

S: Response to addiction

- (i) As part of our efforts to combat gambling addiction, a social issue, we have released the second gambling addiction check game, "The Wise Man's Teachings."

We will continue to promote our initiative particularly focusing on “Materiality (material issues)” to bring about a sustainable society and the growth of the Company group.

6. Changes in the status of assets and profits and losses

(1) Changes in assets and profit/loss of the group

Segment	49th Term (FY Ended March 2022)	50th Term (FY Ended March 2023)	51st Term (FY Ended March 2024)	52nd Term (Consolidated Fiscal Year under Review) (FY Ended March 2025)
Net sales (million yen)	24,390	31,824	53,861	57,415
Ordinary profit (million yen)	1,367	4,260	12,102	12,231
Profit attributable to owners of parent (million yen)	1,228	2,927	8,464	7,727
Profit per share (yen)	83.13	198.05	572.60	526.84
Total Assets (million yen)	41,489	48,298	59,281	57,266
Net assets (million yen)	31,141	33,399	40,720	45,287

(2) Changes in assets and profit/loss of the Company

Segment	49th Term (FY Ended March 2022)	50th Term (FY Ended March 2023)	51st Term (FY Ended March 2024)	52nd Term (Fiscal Year under review) (FY Ended March 2025)
Net sales (million yen)	23,161	30,354	52,695	54,741
Ordinary profit (million yen)	1,338	4,466	12,870	12,308
Profit (million yen)	1,060	3,007	8,666	7,634
Profit per share (yen)	71.75	203.44	586.24	520.49
Total Assets (million yen)	40,220	47,319	58,421	55,601
Net assets (million yen)	30,013	32,359	39,846	44,310

(Notes) Profit per share is computed based on the average number of shares outstanding during the period (excluding treasury shares). The number of treasury shares deducted in calculating the average number of shares during the period includes the DAIKOKU Shares held by Custody Bank of Japan, Ltd. (Trust Account) as stock benefit trust assets. Moreover, the number of treasury shares to be deducted when calculating the average number of shares during the period includes the number of DAIKOKU Shares acquired in the "Stock Supply and Demand Buffer Trust®."

7. Status of significant subsidiaries (as of March 31, 2025)

(1) Status of significant subsidiaries

Company name:	Share capital	Ratio of voting rights held by the Company	Main business lines
Genki Co., Ltd.	100 million yen	100.0%	Planning, development and distribution of amusement software
DAXEL INC.	40 million yen	100.0%	Planning, development, manufacturing and distribution of pachislot machines
Daikoku Denki Communications PLUS Co. Ltd.	35 million yen	100.0%	Planning and sales of pachinko hall support service
ALOFT Co., Ltd.	50 million yen	100.0%	Planning, development and control images of pachinko machines
GLOBAL WISE Co.	100 million yen	98.3%	Development of cloud services and other systems
Nishimoto Industry Co., Ltd.	50 million yen	99.9%	Display, decoration and maintenance business, rental mats and cleaning business, etc.
Stadd Inc.	81 million yen	100.0%	Planning, development and operation of smart digital services and system development
Hakone Glass Forest Resort Co., Ltd.	65 million yen	100.0%	Operation of Hakone Venetian Glass Museum
Riley Inc.	10 million yen	100.0%	Contract embedded software development
LILIYM Co. Ltd.	90 million yen	100.0%	Planning, production, operation and management of various events
LOGON SYSTEM CO., LTD.	15 million yen	100.0%	Development and design of computer software and program development

(Note) Daikoku Sangyo Co., Ltd. changed its name to Daikoku Denki Communications PLUS Co. Ltd. on April 1, 2024.

(2) Status of specific wholly owned subsidiaries

Not applicable.

8. Main business lines (as of March 31, 2025)

Segment	Main products
Information Systems Business	Development, manufacturing and distribution of computing systems for pachinko halls
Amusement Business	Hardware development, manufacturing, sales and software development related to pachinko and pachislot machines

9. Main business locations and plants (as of March 31, 2025)

Daikoku Denki Co., Ltd.	Head Office	1-43-5 Nagono, Nakamura-ku, Nagoya, Aichi, Japan
	Division offices	Sakashita (Aichi), Kasugai (Aichi), and Sotokanda OS Office (Tokyo)
	Branches	Higashinihon (Tokyo), Chubu (Aichi) Nishinihon (Osaka), and Kyushu (Fukuoka)
	Sales offices	Sapporo (Hokkaido), Morioka (Iwate), Sendai (Miyagi), Ibaraki (Ibaraki), Kitakanto (Saitama), Niigata (Niigata), Kanazawa (Ishikawa), Matsumoto (Nagano), Shizuoka (Shizuoka), Okayama (Okayama), Takamatsu (Kagawa), Hiroshima (Hiroshima), and Kagoshima (Kagoshima)
Genki Co., Ltd.	Head Office	Nakano-ku, Tokyo
DAXEL INC.	Head Office	Nagoya City, Aichi Prefecture
Daikoku Denki Communications PLUS Co. Ltd.	Head Office	Nagoya City, Aichi Prefecture
ALOFT Co., Ltd.	Head Office	Chiyoda-ku, Tokyo
GLOBAL WISE Co.	Head Office	Nagoya City, Aichi Prefecture
Director, Nishimoto Industry Co., Ltd.	Head Office	Soka City, Saitama Prefecture
Stadd Inc.	Head Office	Chiyoda-ku, Tokyo
Hakone Glass Forest Resort Co., Ltd.	Head Office	Nagoya City, Aichi Prefecture
Riley Inc.	Head Office	Takasaki City, Gunma
LILIYM Co. Ltd.	Head Office	Sumida-ku, Tokyo
LOGON SYSTEM CO., LTD.	Head Office	Chuo-ku, Sapporo City, Hokkaido

10. Status of employees (as of March 31, 2025)

(1) Status of employees of the group

Number of employees	Change from the previous consolidated fiscal year
736	Increase of 92

(Note) The increase in the number of employees compared to the end of the previous fiscal year is mainly due to Director, Nishimoto Industry Co., Ltd. and Stadd Inc. becoming our consolidated subsidiaries.

(2) Status of employees of the Company

Number of employees	Change from the previous fiscal year	Average age of employees	Average length of service per employee
423	Increase of 30	46.7 years old	19.2 years

(Note) The increase in the number of employees compared to the end of the previous fiscal year is mainly due to the employment of employees who had previously been seconded from subsidiaries as contract employees of the Company.
The number of employees indicates the number of working employees and does not include the 38 employees seconded to other companies.

11. Main lenders (as of March 31, 2025)

Not applicable.

II. Matters Regarding the Shares of the Company

1. Number of Shares Authorized	66,747,000
2. Number of Shares Issued	14,797,232 (including 1,279 treasury shares)
3. Number of Shareholders	19,426
4. Major Shareholders (Top 10 Shareholders)	

Name of Shareholder	Number of Shares Owned	Investment Ratio
TSUBURAYA FIELDS HOLDINGS INC	1,989,800	13.44%
KC Plus Co., Ltd.	1,199,200	8.10%
The Master Trust Bank of Japan, Ltd. (Trust Account)	965,300	6.52%
Masakatsu Kayamori	904,705	6.11%
Kayamori Foundation of Informational Science Advancement	750,000	5.06%
Daikokuya Co., Ltd.	750,000	5.06%
Shinji Kayamori	510,000	3.44%
Michiko Kayamori	490,000	3.31%
Ken Kayamori	445,192	3.00%
Custody Bank of Japan, Ltd. (Trust Account)	444,500	3.00%

(Note) Investment ratios are calculated excluding treasury shares (1,279 shares).

The 313 thousand shares held by Custody Bank of Japan Ltd. (trust account) are DAIKOKU shares related to the "Employee Stock Ownership Plan Trust (RS Trust)" introduced by the Company. These shares are not included in treasury shares deducted from the total number of issued shares.

5. Status of shares delivered to company officers as compensation for the execution of duties during the current fiscal year

Segment	Number of shares	Number of recipients
Directors (excluding External Directors)	8,172 shares	4

III. Matters Regarding Share Acquisition Rights, etc. of the Company

Not applicable.

IV. Matters Regarding Corporate Officers

1. Names and other information regarding Directors and Auditors (as of March 31, 2025)

Position	Name	Responsibilities in the Company and significant concurrent positions	
Chairman and Director	Seiichiro Oue	Director, Nishimoto Industry Co., Ltd. Stadd Inc. LOGON SYSTEM CO., LTD.	Director Director Director
* President and Director	Masakatsu Kayamori	Genki Co., Ltd. DAXEL INC. Daikoku Denki Communications PLUS Co., Ltd. GLOBAL WISE Co. Director, Nishimoto Industry Co., Ltd. Stadd Inc. Hakone Glass Forest Resort Co., Ltd. LILIUM CO., LTD. LOGON SYSTEM CO., LTD.	Director Director Director Director Director Director Director Director Director
* Senior Managing Director	Ken Kayamori	-	
* Senior Managing Director	Toshifumi Oonari	Management Control Division Genki Co., Ltd. Daikoku Denki Communications PLUS Co. Ltd.	General Manager Director Director
Director	Yumiko Sakurai	Certified public accountant Futaba Industrial Co., Ltd. JTEKT Corporation	(Representative of Yumiko Sakurai CPA Office) External Auditor External Director
Director	Masaki Komurasaki	The Japan Research and development Center for Metals The Iron and Steel Institute of Japan Kawashima SOSEIKAI	Vice President (Representative Director) and Senior Managing Director Director Director
Full-time Auditor	Mitsuo Nishio	Genki Co., Ltd. DAXEL INC. Daikoku Denki Communications PLUS Co. Ltd. ALOFT Co., Ltd. GLOBAL WISE Co. Director, Nishimoto Industry Co., Ltd. Stadd Inc. Hakone Glass Forest Resort Co., Ltd. Riley Inc. LILIUM CO., LTD. LOGON SYSTEM CO., LTD.	Auditor Auditor Auditor Auditor Auditor Auditor Auditor Auditor Auditor Auditor Auditor

Position	Name	Responsibilities in the Company and significant concurrent positions	
Auditor	Kenichi Nakashima	Attorney at law	(Representative of Nakashima Law Office)
		Mie Prefecture Municipal Equity Committee	Chair
		Nagoya Summary Court	Mediation Committee Member
		Ministry of Finance Bid Monitoring Committee	Member
Auditor	Yukinori Morita	Meiji Yasuda Life Insurance Company	Advisor
Auditor	Nobuyuki Imai	Certified public accountant	(Representative of Nobuyuki Imai CPA Office)

(Notes) 1. An asterisk * indicates a Representative Director.

2. Directors, Ms. Yumiko Sakurai and Mr. Masaki Komurasaki, are both External Directors as specified in Article 2, Item 15 of the Companies Act. The Company has notified the Tokyo Stock Exchange and the Nagoya Stock Exchange that Ms. Yumiko Sakurai and Mr. Masaki Komurasaki are independent directors pursuant to the provisions of both exchanges.
3. Auditors, Messrs. Kenichi Nakashima, Yukinori Morita and Nobuyuki Imai are all External Auditors as specified in Article 2, Item 16 of the Companies Act.
4. Auditor Mr. Nobuyuki Imai is qualified as a certified public accountant and has deep insight into financial affairs and accounting.
5. At the 51st Ordinary General Meeting of Shareholders held on June 26, 2024, Mr. Masaki Komurasaki was newly elected as Director and Mr. Mitsuo Nishio was newly appointed as Auditor and they took office.
6. At the conclusion of the 51st Ordinary General Meeting of Shareholders held on June 26, 2024, Mr. Yoshihiro Adachi retired from his position as Director due to the expiration of his term of office.
7. At the conclusion of the 51st Ordinary General Meeting of Shareholders held on June 26, 2024, Mr. Koji Yoshikawa resigned from his position as full-time Auditor.

(Reference) The Company has introduced an Executive Officer system, and Executive Officers who do not concurrently serve as Directors as of April 1, 2025, are as follows.

Position	Name	Director in charge
Senior Executive Officer	Tadayoshi Kato	General Manager of Information System Division
Senior Executive Officer	Takao Ozeki	General Manager of Corporate Planning Office
Executive Officer	Hisashi Maki	General Manager of AMS Management Department and Manager of Production Division
Executive Officer	Atsunori Okamoto	Deputy General Manager, Corporate Management Division.
Executive Officer	Norihisa Ishihara	General Manager of Business Strategy Office, Information Systems Division
Executive Officer	Toshimitsu Ikai	General Manager, Sales Headquarters, Information Systems Division
Executive Officer	Yasuhiro Iida	General Manager, MG Development HQ, Information Systems Division and General Manager, MG Promotion Department
Executive Officer	Akira Irie	Deputy General Manager, PE Promotion Office, Corporate Management Division; seconded to Daikoku Denki Communications PLUS Co., Ltd.

2. Outline of the liability limitation agreement

The Company entered into an agreement with all External Directors and Auditors to limit their liability for damages provided for in Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability under such contract shall be the higher of a predetermined amount of 1 million yen or more or the amount prescribed by law.

3. Overview of the details of the liability insurance contract for officers, etc.

The Company has entered into a liability insurance contract for officers, etc., as provided for in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company covering all Directors and Auditors of the Company and its registered subsidiaries (Genki Co., Ltd., DAXEL INC., Daikoku Denki Communications PLUS Co., Ltd., ALOFT Co., Ltd., GLOBAL WISE Co., Director, Nishimoto Industry Co., Ltd., Liley Inc., LILIUM CO., LTD., LOGON SYSTEM CO., LTD. and Hakone Glass Forest Resort Co., Ltd.). The Company pays the full amount of insurance premiums, including for special provisions, and the insured persons do not have any substantial insurance premium burden. These insurance policies cover damages that occur due to an officer, etc., who is an insured person, bearing responsibility for the execution of their duties or receiving a claim related to the pursuit of said responsibility. However, there are certain exemptions, such as damage caused by an act committed with the recognition that it is a violation of the laws and/or regulations.

4. Matters concerning the policy on decisions related to the amount of compensation, etc., for Directors and Auditors or the method for calculating such amounts

(1) Policy on decisions concerning the details of compensation, etc., for individual Directors

(i) Method for deciding said policy

The authority to decide the policy (including regulations and standards established based on the policy) belongs to the Board of Directors and the Compensation Advisory Committee may express its opinions in that decision-making process.

(ii) Overview of the details of the policy

(a) Basic policy

The Company has established a Compensation Advisory Committee chaired by an independent director and aimed at making compensation decisions. The remuneration of the Board of Directors consists of cash compensation, including a fixed monthly salary, performance-based compensation (paid as Directors' bonuses upon approval by the Ordinary General Meeting) and retirement benefits (paid in a lump sum or in installments upon retirement), and non-cash remuneration in the form of restricted stock. The Company has adopted a remuneration system that takes into account factors including the position of each Director, the Company's business results and the management environment in order to increase Directors' motivation to improve results and to contribute to the enhancement of the Company group's corporate value.

(b) Policy on the determination of individual amounts of fixed compensation

With regard to monthly compensation for Directors, the President and Representative Director submits amounts calculated based on predetermined standards in accordance with the position of each Director under the upper limit of total compensation determined by a resolution at the Ordinary General Meeting of Shareholders for the 27th term (June 26, 2000) (no more than 20 million yen per month, not including Directors concurrently serving as employees) to the Compensation Advisory Committee. After deliberation by the Compensation Advisory Committee, the

amounts are presented to the Board of Directors, which determines individual monthly compensation amounts by resolution.

(c) Policy on the details and method for calculating performance-linked compensation, and for determining its proportion of individual compensation

The President and Representative Director calculates performance-linked compensation (Directors' bonuses) using consolidated operating profit and profit attributable to owners of parent as indices and taking into comprehensive consideration the business environment, payment standards for bonuses to employees, the position of each Director, etc. The reason for selecting these indicators was because they are considered to be the most appropriate as objective indices for judging the state of achievement of management objectives and as indices for measuring the results of business execution. The President and Representative Director submits the calculated amounts to the Compensation Advisory Committee. After deliberation by the Compensation Advisory Committee, the amounts are presented to the Board of Directors and the total payment amount is proposed to the general meeting of shareholders. After the resolution for approval by the general meeting of shareholders, the amount to be paid to each Director is allocated by the President and Representative Director within the scope of the total payment amount taking into comprehensive consideration the position and degree of contribution, etc., of each Director. The amounts are then determined by the Board of Directors.

(d) Policy on the determination of the details and method for calculating retirement benefits

The President and Representative Director calculates retirement benefits based on the "Regulations on Directors' Retirement Benefits." After these amounts are deliberated by the Compensation Advisory Committee, they are submitted to the Board of Directors, which makes a proposal to the general meeting of shareholders. After the resolution of the general meeting of shareholders, the Board of Directors determines the payment amounts and payment method.

(e) Details of restricted stock awards and policy for determining the amount of individual's remuneration

With respect to individual restricted stock awards, the President and Representative Director will submit to the Compensation Advisory Committee the amounts calculated based on predetermined criteria (not more than 20% of the amount of performance-based compensation paid within the same fiscal year) in accordance with each Director's position under the cap on total compensation (up to 160 million yen per year, excluding External Directors) resolved at the Ordinary General Meeting of Shareholders held on June 26, 2024. After the Compensation Advisory Committee deliberates on the amount calculated on the basis of the above, it will be submitted to the Board of Directors for its decision. The number of shares to be granted to each individual as remuneration shall be determined by the Board of Directors based on the amount of remuneration approved for each individual and the market price of the shares as of a predetermined record date, unless the amount is particularly favorable to the person to be paid. The total number of shares of restricted stock granted in this form is limited to 40,000 shares per year, and the agreement with the grantee establishes a 30-year transfer prohibition period and provides for the lifting of the Restriction on Transfer under certain conditions or for the purchase of the shares by the Company without compensation without lifting the Restriction on Transfer.

(iii) Reason why the Board of Directors judged that the details of compensation, etc., for individual Directors are in line with the policy on decisions

In order to ensure the fairness and transparency of the deliberation process at the Company, the Compensation Advisory Committee deliberates upon the compensation proposal, which is calculated by the Representative Director based on predetermined standards within the compensation limit approved by the general meeting of shareholders, and the Board of Directors then determines the proposal. Consequently, the Company has judged that those details are in line with the policy on decisions.

(2) Policy on decisions concerning the details of compensation, etc., for individual Auditors

(i) Method for deciding said policy

The policy (including regulations and standards established based on the policy) is determined by the Board of Auditors.

(ii) Overview of the details of the policy

(a) Policy on the determination of individual amounts of fixed compensation

Individual monthly compensation for Auditors is determined by the Board of Auditors under the upper limit of total compensation determined by a resolution at the Ordinary General Meeting of Shareholders for the 27th term (June 26, 2000) (no more than 3 million yen per month).

(b) Policy on the details and method for calculating performance-linked compensation, and for determining its proportion of individual compensation

With regard to performance-linked compensation (Auditors' bonuses), the total amount is determined by the Board of Auditors based on the duties expected of each Auditor and also taking consolidated business performance and the evaluation of each Auditor comprehensively into account. After submission to the Board of Directors, the total amount is then proposed to the general meeting of shareholders. The payment amount to each Auditor is determined by the Board of Auditors.

(c) Policy on the determination of the details and method for calculating retirement benefits

Retirement benefits are calculated by the Board of Auditors based on the "Regulations on Auditors' Retirement Benefits" and submitted to the Board of Directors for a proposal to the general meeting of shareholders. After the resolution for approval by the general meeting of shareholders, the payment amount and method, etc., are determined by the Board of Auditors.

(3) Matters concerning resolutions by a general meeting of shareholders on the compensation, etc., of Directors and Auditors

With regard to the monthly compensation of Directors, the President and Representative Director, who is delegated by the Board of Directors, submits amounts calculated based on the predetermined calculation standards in accordance with the position of each Director to the Compensation Advisory Committee under the upper limit of total compensation determined by a resolution at the Ordinary General Meeting of Shareholders for the 27th term (June 26, 2000) (no more than 20 million yen per month, not including Directors concurrently serving as employees), and after deliberation by the Compensation Advisory Committee, the amounts are presented to the Board of Directors who determine them by resolution. The number of Directors at the time of said resolution is six. In addition, separate from the said monetary compensation framework, at the 51st Ordinary General Meeting of Shareholders (June 26, 2024), a resolution was passed setting the monetary compensation claim to be paid for the grant of restricted stock at a maximum of 160 million yen per year, with an upper limit of 40,000 shares per year (not applicable to External Directors). At the conclusion of the said Ordinary General Meeting of Shareholders, there are four (4) eligible Directors.

The Board of Auditors determines the monthly compensation of Auditors under the upper limit of total compensation determined by a resolution at the Ordinary General Meeting of Shareholders for the 27th term (June 26, 2000) (no more than 3 million yen per month). The number of Auditors at the time of said resolution is four.

(4) Total amount of compensation, etc., for Directors and Auditors

Unit: Millions of yen

Segment	Total amount of compensation	Total amount by type of compensation, etc.			Number of eligible officers (persons)
		Fixed compensation	Performance-linked compensation (Directors' bonuses)	Retirement benefits	
Director	315	70	228	16	7
(of which, amount for External Directors)	(8)	(6)	(2)	(-)	(3)
Auditor	34	15	19	-	5
(of which, amount for External Auditors)	(12)	(9)	(3)	(-)	(3)
Total	350	86	247	16	12

Note 1: Performance-linked compensation (Directors' bonuses) is calculated and determined based on "(1) Policy on decisions concerning the details of compensation, etc., for individual Directors." The targets and results related to the calculation were a result for consolidated operating profit of 12,212 million yen against a target of 4.2 billion yen, and a result for profit attributable to owners of parent of 7,727 million yen against a target of 3.0 billion yen. Performance-linked compensation for Auditors (Auditors' bonuses) is calculated and determined based on "(2) Policy on decisions concerning the details of compensation, etc., for individual Auditors."

2. Retirement benefits are the provision for retirement benefits for directors (and other officers) recorded in the fiscal year under review.

5. Matters regarding External Directors and Auditors

(1) Relationship between significant office(s) concurrently held and the Company

There are no significant transactions or relationships between the Company and Yumiko Sakurai CPA Office for which Director Ms. Yumiko Sakurai serves as Representative. In addition, she is an External Auditor for Futaba Industrial Co., Ltd. and an External Director for JTEKT Corporation, however, neither of these companies have any significant business transactions or other relationships with the Company.

There are no significant transactions or other relationships between the Company and the Metals Research and Development Center, a general incorporated foundation in which Director Masaki Komurasaki serves as Vice Chairman (Representative Director) and Managing Director, the Iron and Steel Institute of Japan, a general incorporated foundation, and the Kawashima SOSEIKAI, a public interest incorporated foundation, in both of which he serves as Director.

There are no significant transactions or relationships between the Company and Nakashima Law Office for which Auditor Mr. Kenichi Nakashima serves as Representative.

There are no significant transactions or relationships between the Company and Meiji Yasuda Life Insurance Company for which Auditor Mr. Yukinori Morita serves as Advisor.

There are no significant transactions or relationships between the Company and Nobuyuki Imai CPA Office for which Auditor Mr. Nobuyuki Imai serves as Representative.

(2) Main activities during the fiscal year ended March 31, 2025

Segment	Name	Attendance and opinions
Director	Yumiko Sakurai	Ms. Yumiko Sakurai attended 17 out of 18 Board of Directors meetings held during the current fiscal year, and expressed opinions needed to promote sound and efficient management, where appropriate, from an objective standpoint and based on a high level of expert insight and knowledge as a certified public accountant. In addition, she also attended these committee meetings as the member of the Nomination Advisory Committee and the member of the Compensation Advisory Committee, and played a leading role in the enhancement of deliberations, etc.
Director	Masaki Komurasaki	Mr. Yoshihiro Adachi attended 15 out of 15 Board of Directors meetings held during the current fiscal year, and expressed opinions needed to promote sound and efficient management, where appropriate, from an objective standpoint and based on specialized knowledge and insight in the IT field. In addition, he also attended these committee meetings as the Chair of the Nomination Advisory Committee and the Chair of the Compensation Advisory Committee, and played a leading role in the enhancement of deliberations, etc.
Auditor	Kenichi Nakashima	Mr. Kenichi Nakashima attended 18 out of 18 Board of Directors meetings and 13 out of 13 Board of Auditors meetings held during the current fiscal year, and expressed opinions, where appropriate, mainly from the expert viewpoint of an attorney at law.
Auditor	Yukinori Morita	Mr. Yukinori Morita attended 18 out of 18 Board of Directors meetings and 13 out of 13 Board of Auditors meetings held during the current fiscal year, and expressed opinions, where appropriate, mainly based on his ample experience and views at the National Police Agency of Japan.
Auditor	Nobuyuki Imai	Mr. Nobuyuki Imai attended 18 out of 18 Board of Directors meetings and 13 out of 13 Board of Auditors meetings held during the current fiscal year, and expressed opinions, where appropriate, mainly from the expert viewpoint of a certified public accountant.

(Notes) 1. In addition to the number of meetings of the Board of Directors mentioned above, there were two written resolutions that are deemed to have been passed at meetings of the Board of Directors pursuant to Article 370 of the Companies Act and Article 23 of the Company's Articles of Incorporation.

2. Mr. Masaki Komurasaki attendance record covers the Board of Directors meetings held after he was appointed as Director on June 26, 2024.

V. Status of Accounting Auditor

1. Name: KPMG AZSA LLC
2. Amount of compensation for Accounting Auditor

	Amount of compensation
Amount of compensation, etc., to be paid by the Company to the Accounting Auditor pertaining to the fiscal year under review	41 million yen
Sum of money and other financial profits to be paid by the Company and its subsidiaries to the Accounting Auditor	41 million yen

(Notes)

1. It has been determined that the Board of Auditors of the Company complies with the provisions on compensation for Accounting Auditors, etc., as defined in Article 399, Paragraph 1 of the Companies Act, as a result of examining the details of the audit plan performed by the Accounting Auditor, the execution of duties in the past fiscal years, and the computation basis for compensation estimates, as well as fully understanding the situations of the Board of Directors and the internal departments.
2. The audit agreement entered into by the Accounting Auditor and the Company does not distinguish the amount derived from the audit under the Companies Act and the one derived from the audit under the Financial Instruments and Exchange Act, and the two amounts cannot be substantially distinguished from each other. Therefore, the amount of compensation, etc., to be paid by the Company to the Accounting Auditors pertaining to the fiscal year under review indicates the total of these two kinds of amounts.

3. Details of services other than auditing

Not applicable.

4. Policy for determining the dismissal or non-reappointment of the Accounting Auditor

In cases where the Accounting Auditor is deemed to have conflicted with any of the following provisions, the Board of Auditors will determine a proposal on dismissal or non-reappointment of the Accounting Auditor. Upon determination of the proposal, the Board of Directors will submit the proposal to the general meeting of shareholders:

- (1) When the Accounting Auditor's behavior falls under causes for disqualification as set forth in the provisions of the Act;
- (2) When the authorities impose a significant punishment on the Accounting Auditor;
- (3) When the Accounting Auditor commits a violation of obligations in the course of its duties or neglects to perform its duties;
- (4) When the Accounting Auditor commits inappropriate behavior as an accounting Auditor; or
- (5) When the Company determines that the Accounting Auditor's behavior could damage the shareholders' interests in other aspects.

VI. The Company's Framework and Guidelines

1. Overview of the resolution of the framework to ensure the appropriateness of business operations

Overview of the basic concepts related to the internal control system, which was resolved in the Company's Board of Directors meetings, is as follows:

- (1) Framework to ensure compliance of the execution of duties by Directors, Employees, etc. with laws, regulations and the Articles of Association of the Company
 - (i) The Company set up the Compliance Risk Management Committee (CPR Committee) whose members include the Company's legal advisor, and requires the committee to hold a meeting periodically.
 - (ii) In promoting adherence to compliance with laws and regulations, the CPR Committee is required to play a central role in planning and implementing measures with an emphasis on improving the Directors' and Employees' awareness of adherence to compliance with laws and regulations.
 - (iii) The Company established a consultation system and an internal whistleblower hotline (in 2004) so as to ensure effective and prompt collection of information related to potential risks in the consideration of whistleblower protection.

(2) Framework for storage and management of information related to execution of duties by Directors

Documents concerning the execution of duties of Directors (including electromagnetic records) shall be stored and managed in consideration of several features, such as confidentiality, searchability, preservability, archive attributes and availability, in accordance with the rules for the storage of documents.

(3) Regulations and other frameworks concerning risk management against damages or losses incurred by the Company

- (i) Pursuant to the Risk Management Rules, the Company shall take appropriate preventive measures against the risks and also secure proper response to the occurrence of the risks so as to minimize damages or losses incurred by the Company.
- (ii) Under the initiative of the CPR Committee, the Company shall identify specific risks implied in each division. On that basis, the Company shall formulate rules and criteria, and examine effective measures for prevention and avoidance of these division-specific risks, with the aim of establishing a sustainable framework to cope with these risks on an ongoing basis.

(4) Framework to ensure efficient execution of duties by Directors

The Company shall formulate rules and criteria about the establishment, composition, division of duties and management of committee meetings with the aim of encouraging prompt and appropriate managerial judgments based on adequate and accurate information, while ensuring appropriate collection, transmission and sharing of information.

(5) Framework to ensure propriety of operations by the Company and by the group consisting of the Company as a parent company and its subsidiaries

With regard to each group company's business management, the Company shall define the rules on matters to be reported and reporting methods by each group company to the Parent Company. On that basis, the Company shall have meetings between each group company and the Company on a regular basis and also unify the internal audit framework on a group-wide basis so as to figure out business management and risk information on each group company.

(6) Matters related to employees, etc. assigned to assist the Auditors in their duties in the event Auditors request such employees, etc.

- (i) The Company shall immediately assign employees to support the auditing work as staff to the Auditors upon request from the Auditors.
- (ii) The nomination and selection of staff supporting the auditing work shall be performed by the Personnel Department, and the appointment shall be determined by the Board of Auditors.

(7) Matters related to independence of the employees, etc. prescribed in the preceding paragraph from the Directors

The Board of Auditors shall conduct a personnel review of staff supporting the auditing work. Personnel relocation of staff supporting the auditing work shall be conducted through consultation between the Auditors and the Director in charge of personnel affairs based on the decision by the Board of Auditors.

(8) Framework to ensure reporting from Directors and Employees, etc. to Auditors, other framework relating to reporting to Auditors, and framework to ensure that auditing by Auditors is performed effectively

- (i) Directors and Employees, etc. shall immediately notify the Board of Auditors of significant matters having an impact on business operations or business results each time.
- (ii) Auditors are entitled to have opportunities to attend the Board of Directors meetings and other important meetings (collectively called “Important Meetings, etc.”) and ask questions to any participants. These opportunities given to Auditors shall be incorporated when the rules on running Important Meetings, etc. are formulated.
- (iii) In cases where it is deemed necessary to carry out the duties on audit works, Auditors may require the Board of Directors to provide support staff, accept on-site investigations, disclose required documents, or cooperate or provide assistance for these requests. In cases where Auditors have any obstacle in conducting auditing work, Auditors may require the Directors to eliminate the cause of the obstacle or take remedial actions.
- (iv) With respect to the provision set forth in the preceding paragraph, the group companies shall take the same measures.
- (v) The Company shall put in place and manage appropriate and efficient rules in line with the scale and framework of each group company so that Auditors will be able to properly collect necessary information (including information on subsidiaries) to perform their duties.
- (vi) Given the recognition that any reports or notifications to the Auditors (hereinafter, “Reports, etc.”) meet the purposes of compliance, the Company shall provide the same protection to those who provide Reports, etc. to the Auditors as whistleblowers as described in the Compliance Action Policy. In addition, any unjustifiable treatment against those who provide Reports, etc. shall be subject to sanctions.
- (vii) With regard to any prepayment and reimbursement of expenses arising from the execution of the duties of an Auditor, the Company shall put in place and manage rules or regulations allowing for a prompt payment procedure pursuant to a request from the Auditor.

2. Outline of the operational status of the framework to ensure the appropriateness of business operations

The implementation status regarding the enhancement of the Company’s Corporate Governance in the past year (one-year period, from the last day of the fiscal year under review) is as follows.

- (1) We held 20 Board of Directors meetings (including written resolutions) and determined the material facts regarding management matters (such as matters stipulated in laws and regulations and development of budget) and reviewed analyses, measures, and evaluations of monthly business performance. We also deliberated on the performance in light of compatibility with laws, regulations, the Articles of Incorporation, and other rules and adequacy of business operations.
- (2) We held 13 Board of Auditors meetings and discussed and determined audit policies and plans. We also audited the status of attendance at important internal meetings, business operations and assets, Directors’ execution of duties, and compliance with laws, regulations, the Articles of Incorporation, and other rules.
- (3) We held 4 Compliance Risk Management Committee (CPR Committee) meetings to promote various activities related to internal control. Specifically, we aimed to ensure smooth operation of internal control over compliance and risk management, information security management, internal and external reporting systems, and financial reporting.

- (4) Under the initiative of the CPR Committee, we identified daily risks in each division and examined the countermeasures on a semi-annual basis. Out of these initiatives, we formulated the Compliance Guidelines to summarize the basic concept and criteria of daily activities that should be shared by all employees. We disseminated the guidelines on a company-wide level to improve compliance awareness.
- (5) With regard to the storage and management of information documents relating to the Directors' execution of the duties (including electromagnetic records), we committed ourselves to strict information management and prevention of confidential information leakage, based on the Document Management Rules and Regulations.
- (6) In view of the importance of the impact on the reliability of financial reporting, we held 4 Financial Reporting Council meetings to enhance the internal control system, specifically with the aim of collecting risk information, fraudulent or fallacious information, and deficiency information of internal control, and deliberate on measures and corrective actions against them.

3. Basic policies regarding control of the Company

The Company does not prescribe specific basic policies on so-called takeover defense measures.

However, the Company will take appropriate measures against buyers who attempt a large-scale acquisition of the Company's shares through scrutinizing all information on the purpose of acquisition declared by the buyers, a management plan after acquisition and others while explaining the opinions of the Board of Directors to shareholders fully and clearly and taking account of ensuring proper information disclosure and opportunities to exercise shareholders' rights.

The Board of Directors will take appropriate measures against a large-scale acquisition of the Company's shares with no medium- to long-term perspective, including a tender offer that does not contribute to the Company's corporate value and shareholders' common interests, while taking account of shareholders' interests.

4. Policy for deciding the dividends of surplus and other related matters

The Company identifies the return of profits to shareholders as one of the important corporate management policies while expanding its business scale. Therefore, the Company's basic policy for profit allocation is to provide stable dividends to its shareholders in consideration of a comprehensive assessment of business environments, earnings conditions and payout ratio.

The dividend amount and timing of its payment will be carefully determined at the Board of Directors' meeting.

The Company also has the policy to invest retained earnings in new business opportunities and operational efficiency purposes with a long-term perspective with the aim of improving its competitiveness in the market and profitability.

With respect to the 52nd term dividend, we have decided on a total payment of 120 yen per share for this fiscal year (80 yen year-end dividend plus 40 yen interim dividend) in accordance with the above policy.

Consolidated Balance Sheet

(As of March 31, 2025)

(Thousand yen)

Account	Amount	Account	Amount
Net assets		Liabilities	
Current assets	36,122,959	Current liabilities	10,974,440
Cash and deposits	16,960,449	Notes and accounts payable - trade	1,970,627
Notes receivable - trade	350,833	Electronically recorded obligations - operating	2,025,046
Electronically recorded monetary claims - operating	3,220,853	Accounts payable - other	1,642,273
Accounts receivable - trade	3,607,467	Accrued expenses	926,822
Contract assets	203,755	Income taxes payable	2,104,801
Merchandise and finished goods	10,670,773	Contract liabilities	57,472
Work in process	33,541	Provision for product warranties	59,058
Raw materials and supplies	570,549	Provisions for quality warranties	558,049
Other	780,616	Provision for bonuses for directors (and other officers)	266,219
Allowance for doubtful accounts	-275,881	Provision for share awards for employees	152,956
Non-current assets	21,143,317	Other	1,211,113
(Property, plant and equipment)	11,184,981	Non-current liabilities	1,004,402
Buildings and structures	4,571,173	Provision for retirement benefits for directors (and other officers)	498,270
Machinery, equipment and vehicles	54,448	Retirement benefit liability	295,330
Tools, furniture and fixtures	803,321	Other	210,801
Land	5,739,993	Total liabilities	11,978,843
Construction in progress	16,043	Net assets	
(Intangible assets)	4,857,345	Shareholders' equity	45,112,755
Software	3,714,756	Share capital	700,530
Goodwill	1,072,257	Capital surplus	706,538
Other	70,332	Retained earnings	44,557,149
(Investments and other assets)	5,100,990	Treasury shares	-851,463
Investment securities	296,151	Accumulated other comprehensive income	174,581
Shares of subsidiaries and associates	766,137	Valuation difference on available-for-sale securities	6,612
Retirement benefit asset	159,185	Remeasurements of defined benefit plans	167,969
Deferred tax assets	863,420	Non-controlling interests	94
Investment property	832,746		
Membership	230,393		
Leasehold and guarantee deposits	489,436		
Other	1,621,936		
Allowance for doubtful accounts	-158,418	Total net assets	45,287,432
Total assets	57,266,276	Total liabilities and net assets	57,266,276

(Note) Fractions less than 1,000 yen are discarded.

Consolidated Statement of Income

(From April 1, 2024
to March 31, 2025)

(Thousand yen)

Account	Amount
Net sales	57,415,710
Cost of sales	30,722,622
Gross profit	26,693,087
Selling, general and administrative expenses	14,480,733
Operating profit	12,212,354
Non-operating income	
Interest income	3,008
Dividend income	7,342
Royalty income	23,440
Rental income from real estate	77,016
Other	51,184
	161,992
Non-operating expenses	
Interest expenses	543
Commission expenses	21,260
Rental expenses on real estate	46,604
Treasury shares disposal expense	58,347
Other	15,795
	142,550
Ordinary profit	12,231,796
Extraordinary income	
Gain on sale of non-current assets	6,419
Gain on sale of investment securities	1,551
	7,971
Extraordinary losses	
Loss on sale of non-current assets	8,169
Loss on retirement of non-current assets	39,770
Impairment losses	686,250
Loss on valuation of investment securities	52,772
Other extraordinary losses	6,270
	793,234
Profit before income taxes	11,446,533
Income taxes - current	3,808,772
Income taxes - deferred	-89,711
Profit	3,719,061
Profit attributable to non-controlling interests	7,727,472
Profit attributable to owners of parent	44
	7,727,428

(Note) Fractions less than 1,000 yen are discarded.

Consolidated Statement of Changes in Equity

(From April 1, 2024
to March 31, 2025)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2024	674,000	680,008	39,206,726	-2,713	40,558,021
Changes during the period					
Dividends of surplus	-	-	-2,070,104	-	-2,070,104
Issuance of new shares	26,530	26,530	-	-	53,061
Profit attributable to owners of parent	-	-	7,727,428	-	7,727,428
Purchase of treasury shares	-	-	-	-3,100,552	-3,100,552
Disposal of treasury shares	-	-306,901	-	2,251,803	1,944,901
Transfer of gain on disposal of treasury shares	-	306,901	-306,901	-	-
Increase in consolidated subsidiaries - non-controlling interests	-	-	-	-	-
Net changes in items other than shareholders' equity during the period	-	-	-	-	-
Total changes during the period	26,530	26,530	5,350,422	-848,749	4,554,734
Balance at March 31, 2025	700,530	706,538	44,557,149	-851,463	45,112,755

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2024	22,111	140,174	162,285	-	40,720,307
Changes during the period					
Dividends of surplus	-	-	-	-	-2,070,104
Issuance of new shares	-	-	-	-	53,061
Profit attributable to owners of parent	-	-	-	-	7,727,428
Purchase of treasury shares	-	-	-	-	-3,100,552
Disposal of treasury shares	-	-	-	-	1,944,901
Transfer of gain on disposal of treasury shares	-	-	-	-	-
Increase in consolidated subsidiaries - non-controlling interests	-	-	-	67	67
Net changes in items other than shareholders' equity during the period	-15,499	27,795	12,296	26	12,322
Total changes during the period	-15,499	27,795	12,296	94	4,567,125
Balance at March 31, 2025	6,612	167,969	174,581	94	45,287,432

(Note) Fractions less than 1,000 yen are discarded.

Balance Sheet

(As of March 31, 2025)

(Thousand yen)

Account	Amount	Account	Amount
Net assets		Liabilities	
Current assets		Current liabilities	
Cash and deposits	33,488,495	Notes payable - trade	10,591,625
Notes receivable - trade	14,863,958	Electronically recorded obligations - operating	318,198
Electronically recorded monetary claims - operating	336,585	Accounts payable - trade	2,024,011
Accounts receivable - trade	3,266,019	Accounts payable - other	1,595,661
Contract assets	3,304,239	Accrued expenses	1,806,465
Merchandise and finished goods	3,048	Income taxes payable	760,373
Work in process	10,651,911	Contract liabilities	1,912,332
Raw materials and supplies	9,295	Provision for product warranties	37,387
Other	345,216	Provisions for quality warranties	59,058
Allowance for doubtful accounts	794,146	Provision for share awards for employees	558,049
	-85,927	Provision for bonuses for directors (and other officers)	152,956
Non-current assets	22,113,107	Other	247,610
(Property, plant and equipment)	7,859,021	Non-current liabilities	1,119,523
Buildings	2,861,245	Provision for retirement benefits	699,330
Structures	70,682	Provision for retirement benefits for directors (and other officers)	82,845
Machinery and equipment	43,963	Other	452,784
Vessels	0	Total liabilities	163,700
Vehicles	696,590		11,290,955
Tools, furniture and fixtures	4,162,117	Net assets	
Land	16,368	Shareholders' equity	
Construction in progress	3,538,754	Share capital	44,286,753
(Intangible assets)	3,506,667	Capital surplus	700,530
Software	32,087	Legal capital surplus	706,538
Other	10,715,331	Retained earnings	706,538
(Investments and other assets)	242,753	Legal retained earnings	43,731,147
Investment securities	2,880,129	Other retained earnings	30,000
Shares of subsidiaries and associates	13,440,026	General reserve	43,701,147
Long-term loans receivable from subsidiaries and associates	640,522	Retained earnings brought forward	20,000,000
Deferred tax assets	226,793	Treasury shares	23,701,147
Membership	3,984,108	Valuation and translation adjustments	-851,463
Investment property, etc.	440,069	Valuation difference on available-for-sale securities	23,892
Leasehold and guarantee deposits	1,485,020	Total net assets	23,892
Other	-12,624,091		44,310,646
Allowance for doubtful accounts		Total liabilities and net assets	55,601,602
Total assets	55,601,602		

(Note) Fractions less than 1,000 yen are discarded.

Statement of Income

(From April 1, 2024 to
March 31, 2025)

(Thousand yen)

Account	Amount
Net sales	54,741,898
Cost of sales	29,649,915
Gross profit	25,091,982
Selling, general and administrative expenses	12,859,452
Operating profit	12,232,529
Non-operating income	
Interest income	5,308
Dividend income	6,670
Rental income from real estate	161,523
Rental income from non-current assets	46,560
Other	48,400
	268,463
Non-operating expenses	
Interest expenses	36
Commission expenses	21,260
Treasury shares disposal expense	58,347
Rental expenses on real estate	109,251
Other	3,897
	192,792
Ordinary profit	12,308,201
Extraordinary income	
Gain on sale of non-current assets	3,513
	3,513
Extraordinary losses	
Impairment losses	10,970
Loss on sale of non-current assets	8,171
Loss on retirement of non-current assets	39,761
Loss on valuation of shares of subsidiaries and associates subsidiaries and associates	224,539
Provision of allowance for doubtful accounts for subsidiaries and associates	701,234
Other extraordinary losses	51,360
	1,036,037
Profit before income taxes	11,275,677
Income taxes - current	3,680,593
Income taxes - deferred	-39,270
Profit	3,641,323
	7,634,353

(Note) Fractions less than 1,000 yen are discarded.

Statement of Changes in Equity

(From April 1, 2024
to March 31, 2025)

(Thousand yen)

	Shareholders' equity		
	Share capital	Capital surplus	
		Legal capital surplus	Total capital surplus
Balance at April 1, 2024	674,000	680,008	680,008
Changes during the period			
Issuance of new shares	26,530	26,530	26,530
Dividends of surplus	-	-	-
Profit	-	-	-
Purchase of treasury shares	-	-	-
Disposal of treasury shares	-	-306,901	-306,901
Transfer of gain on disposal of treasury shares	-	306,901	306,901
Net changes in items other than shareholders' equity during the period	-	-	-
Total changes during the period	26,530	26,530	26,530
Balance at March 31, 2025	700,530	706,538	706,538

	Shareholders' equity			
	Retained earnings			
	Legal retained earnings	Other retained earnings		Total retained earnings
		General reserve	Retained earnings brought forward	
Balance at April 1, 2024	30,000	20,000,000	18,443,799	38,473,799
Changes during the period				
Issuance of new shares	-	-	-	-
Dividends of surplus	-	-	-2,070,104	-2,070,104
Profit	-	-	7,634,353	7,634,353
Purchase of treasury shares	-	-	-	-
Disposal of treasury shares	-	-	-	-
Transfer of gain on disposal of treasury shares	-	-	-306,901	-306,901
Net changes in items other than shareholders' equity during the period	-	-	-	-
Total changes during the period	-	-	5,257,348	5,257,348
Balance at March 31, 2025	30,000	20,000,000	23,701,147	43,731,147

(Note) Fractions less than 1,000 yen are discarded.

(Thousand yen)

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance at April 1, 2024	-2,713	39,825,094	21,557	39,846,651
Changes during the period				
Issuance of new shares	-	53,061	-	53,061
Dividends of surplus	-	-2,070,104	-	-2,070,104
Profit	-	7,634,353	-	7,634,353
Purchase of treasury shares	-3,100,552	-3,100,552	-	-3,100,552
Disposal of treasury shares	2,251,803	1,944,901	-	1,944,901
Transfer of gain on disposal of treasury shares	-	-	-	-
Net changes in items other than shareholders' equity during the period	-	-	2,335	2,335
Total changes during the period	-848,749	4,461,659	2,335	4,463,995
Balance at March 31, 2025	-851,463	44,286,753	23,892	44,310,646

(Note) Fractions less than 1,000 yen are discarded.