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FOR THE NOTICE OF THE 80TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

MATTERS SUBJECT TO MEASURES FOR ELECTRONIC PROVISION

(MATTERS EXCLUDED FROM THE DELIVERED PAPER-BASED DOCUMENTS)

System to ensure the properness of operations
Overview of operational status of the system to ensure the properness of operations
Basic policy on company control
Consolidated Statement of Changes in Shareholders' Equity
Notes to Consolidated Financial Statements
Non-consolidated Statement of Changes in Shareholders' Equity
Notes to Non-consolidated Financial Statements
(From April 1, 2025 to March 31, 2026)

Bunka Shutter Co., Ltd.

In accordance with the provisions of laws and regulations and Article 21 of the Company's Articles of Incorporation, the above items are excluded from the paper-based documents delivered to shareholders who have made a request for delivery of such documents. Note that, for this ordinary general meeting of shareholders, paper-based documents stating items for which measures for provision in electronic format are to be taken, excluding the above items, will be delivered to all shareholders regardless of whether they have made a request for delivery of such documents.

System to ensure the properness of operations

An outline of the content of the decisions regarding the system to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation and any other system to ensure the properness of the Company's business is as follows.

1) System to ensure that the execution of duties by Directors and employees of the Company and its subsidiaries (hereinafter referred to as the "Group") complies with laws and regulations and the Articles of Incorporation

A. The Company has established a code of conduct for officers and employees of the Group under the Bunka Shutter Group CSR Charter to ensure that the execution by Directors and employees complies with laws and regulations and the Articles of Incorporation.

B. The Company's Audit and Supervisory Committee shall conduct audits, etc. of the execution of duties by Directors from the perspectives of legality and properness, including the status of development and operation of the internal control system from an independent standpoint.

C. The Company's Internal Audit Department shall conduct audits of each department, including subsidiaries, in accordance with the Internal Audit Regulations and other regulations, in cooperation with the Audit and Supervisory Committee, etc.

D. Based on the Financial Instruments and Exchange Act and related laws and regulations, the Company shall establish a system to respond to internal control over financial reporting and shall continue to develop the system in all of its operations.

E. For the purpose of prevention, early detection, and early resolution of problems, the Company has established an external whistleblower hotline in accordance with the Whistleblower Protection Regulations and has developed a system to receive reports from all employees of the Group.

F. In accordance with the Bunka Shutter Group CSR Action Guidelines, the Company shall not have any relationship with antisocial forces or groups that threaten the order and safety of civil society and shall work closely with lawyers, the police, and others to deal with unreasonable demands, etc. in a resolute manner.

G. Going forward, the Company shall continue to develop compliance and risk management systems as appropriate.

2) System for retaining and managing information regarding the execution of duties by Directors of the Group

Directors shall appropriately store and manage the minutes of the Board of Directors and other important meetings, internally approved documents, and other information pertaining to the execution of duties (including electromagnetic information) in accordance with laws and regulations, the Articles of Incorporation, and internal regulations such as the Regulations of the Board of Directors and the Document Management Regulations.

3) Regulations and other systems for the management of risk of loss of the Group

A. With regard to the management of information, internal information, etc. (including electromagnetic information) shall be appropriately managed in accordance with internal regulations such as the Internal Information Management Regulations.

B. In order to respond promptly to customer inquiries about products, the Company has established a system that clarifies internal rules and other rules, introduces a product history management system, and otherwise establishes a customer service office. The Company shall continue to develop this system in the future.

C. Responsibility for duties and authority are defined for Directors based on the resolution of the Board of Directors, and for employees based on internal regulations such as the Division of Duties Regulations, clarifying where responsibility lies. At the same time, the Company shall strengthen the compliance system and risk management system through company-wide education and enlightenment centered on the department in charge of CSR and other measures.

D. The Company has established the Management Crisis Response Regulations regarding the measures to be taken in the event of a crisis that could have an impact on the Group's management in preparation for the event of emergencies and shall continue to review them as necessary.

4) System to ensure the efficient execution of duties by the Group's Directors

A. Directors shall decide on management execution policies, including medium- and long-term management plans, as well as important management matters, such as matters stipulated by laws and regulations, and supervise the status of the execution of business by employees.

B. Duties, etc. each Director is responsible for are determined by resolution of the Board of Directors, and the authority is distributed to each duty a Director is responsible for.

C. In accordance with the Division of Duties Regulations and other regulations, the Company allocates roles and authority to each department and position, and at the same time, the approval authority of Directors and employees is clearly defined in the Internal Approval Regulations and other regulations.

5) System for reporting to the Company on matters pertaining to the execution of duties by directors of subsidiaries

A. Each subsidiary shall regularly report to the Company on the progress of its business, the state of its assets, and other important matters in accordance with the provisions of the Subsidiary Management Regulations and other regulations.

B. Officers and employees of subsidiaries shall promptly report and provide necessary information when requested to do so by the Company's Audit and Supervisory Committee.

6) System concerning employees to assist duties of the Audit and Supervisory Committee when such Committee requests to have such employees assigned

A. If the Audit and Supervisory Committee requests that employees be assigned to assist with its duties, the employees of the Company shall be appointed.

B. With regard to important matters, the Internal Audit Department, etc. shall, as appropriate, establish a subsidy system for the Audit and Supervisory Committee.

7) Matters concerning the independence of the employees set forth in the preceding item from Directors

In order to ensure the independence of the employees set forth in the preceding item, the consent of the Audit and Supervisory Committee shall be required for appointment, dismissal, and personnel changes.

8) Systems for reporting to the Audit and Supervisory Committee by the Group's Directors and employees and other systems for reporting to the Audit and Supervisory Committee

A. Directors shall report to the Audit and Supervisory Committee any matter resolved by the Board of Directors, which is the decision-making body for business execution, and any matter that may violate laws and regulations or the Articles of Incorporation, and any fact they find that may cause serious damage to the Company.

In addition, Directors who concurrently serve as Audit and Supervisory Committee Members may, when deemed necessary, attend important internal meetings and express their opinions.

B. An employee shall report to the Audit and Supervisory Committee any matter that is an act outside the scope of the Company's purpose or any other matter that may violate laws and regulations or the Articles of Incorporation and any fact that an employee finds that may cause significant damage to the Company.

C. In the event that the whistleblower hotline (outside the Company) receives a report from an officer or employee of the Group in accordance with the Whistleblower Protection Regulations, the whistleblower hotline shall report to the department responsible for whistleblowers of the Company, and the department responsible for whistleblowers of the Company shall report the status, etc. of whistleblowing to the Audit and Supervisory Committee.

D. The Group shall prohibit those who have made the above reports from being treated disadvantageously on the grounds that they have made such reports.

9) Matters concerning the procedures for advance payment or reimbursement of expenses arising from the execution of duties by Directors who concurrently serve as Audit and Supervisory Committee Members and other policies concerning the treatment of expenses or liabilities arising from the execution of such duties

If a Director who concurrently serves as an Audit and Supervisory Committee Member requests advance payment of expenses, etc. for the execution of his/her duties, such request shall be accepted, except in cases where it has been proven that the expenses or liabilities for such request are not necessary for the execution of the duties of the Director who concurrently serves as an Audit and Supervisory Committee Member.

10) Other systems to ensure effective audits by the Audit and Supervisory Committee

A. The Audit and Supervisory Committee may if it finds it necessary for the execution of its duties, request reports from Directors, employees, and the financial auditor.

B. The Audit and Supervisory Committee shall regularly exchange information and opinions with the Representative Directors, Executive Directors, etc.

C. The Audit and Supervisory Committee shall exchange information and opinions with the Internal Audit Department and the financial auditor from time to time.

D. A system shall be established in which the Audit and Supervisory Committee can access the minutes of important meetings, including the Board of Directors and the internally approved documents, etc.

Overview of operational status of the system to ensure the properness of operations

An overview of the operational status of the system for ensuring the properness of the Company's operations during the fiscal year is as follows.

1) Initiatives to ensure compliance

The Company has established the Bunka Shutter Group CSR Charter and others to strengthen the compliance system and prevent illegal acts, and has established a whistleblower hotline at an external lawyer's office and an external dedicated hotline in accordance with the Whistleblower Protection Regulations as a measure aimed at early detection, correction, and recurrence prevention of illegal acts.

In addition, the Company regularly provides compliance education to all officers and employees mainly on various laws and regulations and others related to the Group's business activities and strives to have them acquire knowledge of laws and regulations and raise awareness of compliance.

2) Efforts to ensure appropriateness and efficiency in the execution of duties

The Company has adopted an operating officer system in order to separate management supervision from business execution, and at the same time, the duties each Director is responsible for are determined by resolution of the Board of Directors and the distribution of roles and authority is clarified.

In the fiscal year under review, the Board of Directors met nine times to discuss and make decisions on important matters based on the opinions, etc. of Outside Directors.

3) Initiatives for the management of risk of loss

In accordance with the provisions of the Management Crisis Response Regulations, the Company has established a system to deal with crises that could have an impact on the Group's management. During the fiscal year, there were no incidents that would require the establishment of a management crisis task force headed by the President in accordance with the said regulations.

In addition, the Company has established internal regulations related to product warranties in order to promptly respond to accidents caused by product troubles and complaints from customers. The Company has also established a customer service office, which reflects information received from customers in its business activities. The customer service office regularly communicates the information throughout the Company and strives to share the information.

With regard to information management, in accordance with the provisions of the Internal Information Management Regulations, the Information Security Policy, and other regulations, the Company implements countermeasures against cyber security threats and appropriately manages information prior to disclosure and for internal use only. In addition, the Company has established the Specific Personal Information Protection Regulations for the My Number System to ensure the proper management of information on customers and business partners.

4) Initiatives to establish a group governance system

In accordance with the provisions of the Subsidiary Management Regulations and other regulations, each subsidiary regularly reports the progress of its business, the status of its assets, and other important matters to the Director in charge and the department in charge.

In addition, the Company's Audit and Supervisory Committee and the Internal Audit Department conduct appropriate audits through on-site visits of subsidiaries.

5) Initiatives to ensure effective audits by the Audit and Supervisory Committee

The Company's Audit and Supervisory Committee consists of five members, including four Outside Directors. During the fiscal year under review, the Audit and Supervisory Committee held 12 meetings and three meetings with the Representative Directors, and all Directors who concurrently serve as Audit and Supervisory Committee Members attended the meetings.

In addition, Directors who concurrently serve as full-time Audit and Supervisory Committee Members attend the Board of Directors meetings, as well as the Meetings of Managing Operating Officers and other important meetings, and if necessary, express their opinions and audit the execution of business by Directors through on-site visits of each department and subsidiary (including remote audits and other audits).

Basic policy on company control

I Basic Policies for a Person Having Control Over Decisions on the Company's Financial and Business Policies

The Company believes that the transfer of the management control is one effective means for corporate activities and vitalization of the economy, and if a Large-scale Purchase etc. of Company shares commences (Note), in principle, the shareholders should decide whether or not to accept such purchase.

However, there is expected to be a Large-scale Purchase etc. of Company shares or a proposal relating thereto which may damage the Company's corporate value and common interests of shareholders, or may virtually force the shareholders to sell their Company shares.

Accordingly, from the perspective of securing and enhancing the Company's corporate value and common interests of shareholders, the Company will promptly take appropriate measures from time to time to the extent permitted by the Financial Instruments and Exchange Act, the Companies Act and any other related laws and regulations, such as securing the information and time necessary for the shareholders to give consideration etc. by seeking from the person who intends to carry out a Large-scale Purchase etc. of Company shares the information necessary and sufficient for the shareholders to appropriately approve or disapprove such action, and disclosing the opinion etc. of the board of directors with respect for the opinions of independent outside officers.

The Company's basic approach to a person having control over decisions on the Company's financial and business policies is as explained above, and the board of directors believes that when a Large-scale Purchaser intends to carry out a Large-scale Purchase etc., the ultimate conditions therefor should be the prior provision of sufficient time and information necessary for the Company's shareholders to consider the purpose, details etc. of the Large-scale Purchase etc. and approve or disapprove such purchase, and the consent of the shareholders to the Large-scale Purchase etc. From that viewpoint, as far as a Large-scale Purchaser complies with the procedures set forth under the Response Policies, prior to the board of directors implementing countermeasures pursuant to the Response Policies, the general meeting of shareholders (the "Shareholders' Intent Confirmation Meeting") will be held as a venue where the Company's shareholders can give consideration and make a decision. If the shareholders express their approval of the Large-scale Purchase etc. at the Shareholders' Intent Confirmation Meeting (approval or disapproval of the Large-scale Purchase etc. is to be expressed by a majority of the voting rights of the shareholders attending the Shareholders' Intent Confirmation Meeting who can exercise their voting rights adopting or rejecting the agenda item asking for approval of the Company taking certain countermeasures if the Large-scale Purchase etc. commences), the board of directors will not take any action which will substantially block the Large-scale Purchase etc. as far as such purchase is carried out in accordance with the conditions, particulars etc. disclosed at the Shareholders' Intent Confirmation Meeting.

Therefore, countermeasures (specifically, allotment of share options without contribution) pursuant to the Response Policies will be implemented with full respect for advice of the Independent Committee only (a) if such action was approved at the Shareholders' Intent Confirmation Meeting, and the Large-scale Purchaser does not cancel the Large-scale Purchase etc., or (b) if the Large-scale Purchaser does not comply with the procedures set forth in III. below, and intends to carry out a Large-scale Purchase etc.

(Note) Under the Response Policies (defined in III. below; hereinafter the same), a Large-scale Purchase etc. means an action reasonably determined to fall under any of the following (excluding those preapproved by the board of directors):

- i) a purchase of Company share certificates etc. (Note 3) for the purpose of increasing the voting rights ratio (Note 2) of a specified shareholder group (Note 1) to 21% or greater (including without limitation the commencement of a tender offer; hereinafter the same);
- ii) a purchase of Company share certificates etc. resulting in increasing the voting rights ratio of a specified shareholder group to 21% or greater; or
- iii) regardless of whether an action set forth in i or ii above is implemented, an action carried out by a specified shareholder group of the Company with another shareholder (including

cases of multiple shareholders;
hereinafter the same in this iii) of the Company and agreement and any other action as a result of which such another shareholder(s) falls under joint holder of such specified shareholder group, or any action with which a relationship is established between such specified shareholder group and such another shareholder(s) in which one of them substantially controls the other, or in which they engage in joint and concerted action (Note 4) (Note 5) (limited to a case where regarding share certificates etc. issued by the Company, the voting rights ratio of such specified shareholder group and such another shareholder(s) add up to 21% or greater),

and a "Large-scale Purchaser" means a person who carries out or intends to carry out such Large-scale Purchase etc. alone or engage in joint and concerted action with another person(s) as explained above.

(Note 1) A specified shareholder group means (i) a holder (meaning the holder set forth in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act, including persons falling under the holder pursuant to Paragraph 3 of said article) and its joint holder (meaning the joint holder set forth in Article 27-23, Paragraph 5 of said act, including a person deemed to be a joint holder pursuant to Paragraph 6 of said article; hereinafter the same) of Company share certificates etc. (meaning the share certificates etc. set forth in Article 27-23, Paragraph 1 of said act), (ii) a person who purchases etc. (meaning the purchase etc. set forth in Article 27-2, Paragraph 1 of said act; including any purchase etc. carried out on a financial instruments exchange market) Company share certificates etc. (meaning the share certificates etc. set forth in Article 27-2, Paragraph 1 of said act) and its specially related party (meaning the specially related party set forth in Article 27-2, Paragraph 7 of said act; hereinafter the same), (iii) a related party of a person set forth in (i) or (ii) above (a group combining an investment bank, a securities company or any other financial institution executing a financial advisory agreement with such person, or any other person sharing substantial interest with such person, a tender offer agent, an attorney, an accountant, a tax accountant and any other advisor, and a person reasonably determined by the board of directors to be a person who is substantially controlled by such person or who engages in joint and concerted action with such person), and (iv) a person who received Company shares from a person falling under any of (i) through (iii) above through negotiated trades outside the market or off-hours trading in the Tokyo Stock Exchange (ToSTNeT-1).

(Note 2) A voting rights ratio means, depending on the specific method of purchase by a specified shareholder group, (i) in a case where the specified shareholder group is a holder or its joint holder of Company share certificates etc. (meaning the share certificates etc. set forth in Article 27-23, Paragraph 114 of the Financial Instruments and Exchange Act), the holding ratio of share certificates etc. (meaning the holding ratio of share certificates etc. set forth in Article 27-23, Paragraph 4 of said act) of such holder (in this case, the number of share certificates etc. held (meaning the number of share certificates etc. held set forth in said paragraph) by the joint holder of such holder is also taken into account in calculation), or (ii) in a case where the specified shareholder group is a person who purchases etc. Company share certificates etc. (meaning the share certificates etc. set forth in Article 27-2, Paragraph 1 of said act) or its specially related party, the sum of the ownership ratios of share certificates etc. (meaning the ownership ratio of share certificates etc. set forth in Article 27-2, Paragraph 8 of said act) of such person carrying out such purchase etc. and such specially related party. In calculating such holding ratio of share certificates etc., (a) a specially related party as defined in Article 27-2, Paragraph 7 of said act, (b) an investment bank, a securities company, or any other financial institution executing a financial advisory agreement with such specified shareholder, or a tender offer agent, a leading securities company, an attorney, an accountant, a tax accountant or any other advisor of such specified shareholder, and (c) a person who received Company share certificates etc. from a person falling under (a) or (b) above through negotiated trades outside the market or off-hours trading in the Tokyo Stock

Exchange (ToSTNeT-1) are deemed to be joint holders of such specified shareholder under the Response Policies unless the Independent Committee acknowledges that there is no problem in maximizing the Company's corporate value or common interests of shareholders. Also, in calculating such ownership ratio of share certificates etc., a joint holder (including those deemed as joint holders under the Response Policies) is deemed as a specially related party of such specified shareholder under the Response Policies. It should be noted that in calculating the holding ratio of share certificates etc. or the ownership ratio of share certificates etc., the securities report, the semiannual report, the report on the issuer's own stock repurchase, the financial results or the quarterly financial results, whichever was most recently submitted, can be referred to for the total number of issued shares (meaning the total number of issued shares set forth in Article 27-23, Paragraph 4 of said act) and the total number of voting rights (meaning the total number of voting rights set forth in Article 27-2, Paragraph 8 of said act).

(Note 3) Share certificates etc. means the share certificates etc. set forth in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act.

(Note 4) Whether "a relationship [has been] established between such specified shareholder group and such another shareholder(s) in which one of them substantially controls the other, or in which they engage in joint and concerted action" is determined on the basis of the Identification Criteria for Joint and Concerted Action (Exhibit 2; the Independent Committee can revise such criteria to the extent reasonable in light of amendment to laws and regulations, trends in court cases, or the like).

(Note 5) The decision as to whether or not the prescribed action in iii) of this sentence has been taken shall be made by the Board of Directors of the Company in a reasonable manner, respecting the recommendation of the Independent Committee to the maximum extent possible. (Note 5) The board of directors reasonably determines whether the action of iii above has been conducted with full respect for the advice of the Independent Committee. The board of directors may seek necessary information from the Company's shareholders to the extent necessary to determine whether the specific requirement of iii above will apply.

Also, under the Response Policies, if as of the time of announcement of the introduction of the Response Policies, the voting rights ratio of a specified shareholder group has already reached 21% or greater, or if the action of (iii) above has caused the sum of the voting rights ratios of a specified shareholder group and other shareholders to be 21% or greater, such specified shareholder group shall fall under a "Large-scale Purchaser", and in a relationship with such specified shareholder group, a new purchase set out in (i) or (ii) above (for the avoidance of doubt, including the action of newly acquiring one Company share certificate etc.), or a new action set out in iii) above carried out with other shareholders shall be treated as a "Large-scale Purchase etc."

For that reason, if as of the time of announcement of the introduction of the Response Policies, the voting rights ratio of a specified shareholder group has already reached 21% or greater, or if the action of (iii) above has caused the sum of the voting rights proportions as a specified shareholder group to be 21% or greater, a new purchase set out in (i) or (ii) above (for the avoidance of doubt, including the action of newly acquiring one Company share certificate etc.), or a new action set out in (iii) above carried out with other shareholders is required to undergo the procedures set forth in the Response Policies.

II Special measures to help achieve the Basic Policy

1. Measures to secure and enhance the corporate value of the Company and the common interests of shareholders

(1) Basic management policy of the company

Since its foundation in 1955, the Group has manufactured, sold, and installed shutters, doors, and other building materials for homes and other buildings in accordance with its corporate motto and management philosophy, which are stated below, with the aim of delivering to its customers “safety,” “security,” and “comfortable environments.” In addition to delivering “safety,” “security,” and “comfortable environments,” we also aim to contribute to the development of society through diverse manufacturing and service provision that is people-friendly, society-friendly, and eco-friendly. Moreover, we consider ourselves duty-bound to contribute to people’s happiness and well-being, and provide customers with products and services in such a way as to achieve this objective. In this way, we endeavor to make sustainable and long-term improvements in our corporate value and the common interests of shareholders.

1. Corporate motto

   Honesty: Honesty refers to heart-to-heart connections. Earnest, heartfelt connections generate trust.

   Hard work: Hard work is the ability to sustain acts of creation.

   Service: Service is a voluntary act that helps customers and society.

2. Management philosophy

   We will always act in the interests of our customers.

   We will contribute to the development of society by providing outstanding products.

   We will strive to move ever forward enterprisingly and harmoniously

Since its foundation, the Group has drawn on its creative idea and product development expertise to release a succession of industry-leading products and services, leading to the formation of an artisanal culture. This artisanal culture is a source of our corporate value alongside our other tangible and intangible corporate resources, which include human resources. We also believe that our corporate value is grounded in the Company’s relationship with its many stakeholders, including shareholders, customers, business partners, employees, and members of local communities.

To enhance its corporate value and ensure the common interests of its shareholders, and thus attract long- term and continuous investments from shareholders and investors, the Company has formulated the following special measures to help achieve its Basic Policy set forth in (1) above.

(2) Implementation of the Medium-Term Management Plan

The Group launched a new three-year Medium-term Management Plan for fiscal year 2024 through fiscal year 2026, with a basic theme of “Aiming to Create Permanent Corporate Value.” We will prioritize the visualization of tasks as we work to create a mechanism for creating permanent profits and developing human resources for the next generation.

To address the issues hindering productivity and growth that emerged with efforts for "Thorough Visualization of Business Processes," a theme in the initial year of the plan, in fiscal 2025, the plan's second year, we rebuilt our profit-generating mechanisms with new awareness, ideas and perspectives under the core theme of “Building Efficient Business Processes."

In fiscal 2026, the final year of the plan, we will proceed to implement a new mechanism for generating profits to address issues emerging over the past two years that hinder productivity and growth, under the underlying basic theme of "Implementing Structural Reforms Aimed at Making Profits Visible."

We will continue to evolve as a "Comfortable Environmental Solution Group" by creating a corporate culture that achieves sustainable results by steadily implementing the growth strategies developed in all divisions and turning these strategies into a habit.

2. Initiatives for corporate governance

(1) Advancing corporate governance

The Group believes that swift and appropriate business decisions are essential to enhance competitiveness amid the harsh business climate. The Company also considers it essential in the interests of management transparency to ensure that its oversight functions are rigorous and fair. Accordingly, the Company undertakes to improve its systems and disclosure of information in a precise and detailed manner to ensure thoroughgoing corporate governance.

Looking at our management structure, we shifted to a company with an audit and supervisory committee in June 2017. The Company will ensure further compliance and transparency by developing a system that allows the Audit and Supervisory Committee, which consists of five (5) members who are Directors who concurrently serve as Audit and Supervisory Committee Members with voting rights in the Board of Directors, to audit and supervise the execution of duties of Directors.

In addition, at a meeting of the Board of Directors held on August 31, 2021, the Company resolved to establish the Nomination/Remuneration Committee as a voluntary advisory body to the Board of Directors on the same date, in order to strengthen the independence, objectivity, and accountability of the Board of Directors' functions related to the appointment/dismissal of Directors, etc., and the determination of their remuneration, etc. and to subsequently appoint an independent Outside Director to chair this committee to further strengthen its functions.

With regard to the internal control system, in line with the Basic Policy on the Internal Control System, the Company is making efforts to ensure that all executives and employees throughout the Group are able to carry out all their duties efficiently and fairly, in compliance with laws and regulations, and in a manner that preserves assets.

The Group believes that fulfilling corporate social responsibility is essential for the sustainable improvement of corporate value. In accordance with the Group's "CSR Charter" "CSR Action Guidelines," the Group places emphasis on business activities based on the viewpoint of ESG (Environment, Society and Governance), an important theme for corporate development. The Group seeks customer satisfaction by all employees, ensure honest corporate management by deployment of a corporate compliance system across the Group, promote decarbonization and reduce environmental impact, such as responding to climate change risks. The Group will strive to innovate the way we work to ensure that all our employees are engaged in their work with great value, and also strengthen our efforts to promote sustainable development goals (SDGs), the common global goals. The Group will strengthen our Group's efforts to enhance corporate value and develop a sustainable society.

(2) Other

Please refer to the Company's Corporate Governance Report for details of its corporate governance structure.

III. Efforts to Prevent A Person Who is Inappropriate in Light of the Basic Policies from Controlling Decisions on the Company's Financial and Business Policies

From the perspective of securing the Company's corporate value and common interests of shareholders, the board of directors, at a meeting held on September 3, 2025, reviewed part of the basic policies for a person having control over decisions on the Company's financial and business policies (meaning the "basic policies" set forth in the main paragraph of Article 118, Item (iii) of the Regulations for Enforcement of the Companies Act; hereinafter referred to "Basic Policies for Control of the Company"), and also passed a resolution that as efforts to prevent the determination of financial and business policies of the Company from being controlled by an inappropriate person in light of the Basic Policies for Control of the Company ((b)(2) of said Item), the Company will introduce response measures (hereinafter referred to as "Response Policies") for 1) the Share Buying Up of Company share certificates etc. by Dalton Parties (Note), and 2) other Large-scale Purchase etc. which may be contemplated under the circumstances where the Large-scale Purchase etc. of Company share certificates etc. by Dalton Parties continues.

The Response Policies are to be introduced in accordance with I. “Basic Policies for a Person Having Control Over Decisions on the Company’s Financial and Business Policies” above for the purpose of maximizing the Company’s medium-to-long-term corporate value and common interests of shareholders.

The board of directors believes that the shareholders should make the ultimate decision on whether to accept a Large-scale Purchase etc. from the perspective of maximizing the Company’s medium-to-long-term corporate value and common interests of shareholders. In order for the shareholders to make an appropriate decision on whether to accept a Large-scale Purchase etc., it is necessary to ensure an opportunity, prior to the commencement of the Large-scale Purchase etc., in the form of the Shareholders’ Intent Confirmation Meeting to confirm the shareholders’ general intent, and in order to substantially confirm such intent based on deliberations, it is necessary to demand sufficient information from the Large-scale Purchaser and ensure time for the shareholders to give consideration in advance.

With the understanding above, in a case where a Large-scale Purchase etc. is proposed, in order for the shareholders to determine whether the Large-scale Purchase etc. will block the maximization of the Company’s medium-to-long-term corporate value and common interests of shareholder on the basis of sufficient information provided in advance, as a framework in which the Company seeks the required information from the Large-scale Purchaser and ensures the time necessary for the shareholders to consider the pros and cons of the Large-scale Purchase etc. on the basis of such information, the board of directors will decide on the Response Policies as procedures for responding to a Large-scale Purchase etc. as follows. The purpose of such procedures is to provide information and time necessary and sufficient for the shareholders to determine whether or not to accept a Large-scale Purchase etc., and the Company believes that such procedures will contribute to maximizing the Company’s medium-to-long-term corporate value and common interests of shareholders.

Therefore, the board of directors will require a Large-scale Purchaser to comply with the Response Policies, and if the Large-scale Purchaser does not comply with the Response Policies, from the perspective of maximizing the Company’s medium-to-long-term corporate value and common interests of shareholders, will take certain countermeasures with full respect for the opinion of the Independent Committee.

It should be noted that because it is reasonably determined that Dalton Parties are highly likely to carry out a purchase etc. of Company share certificates etc. to increase their voting rights ratio to 21% or greater (i.e., a Large-scale Purchase etc.) through Share Buying Up, the board of directors has decided to introduce the Response Policies with the determination that it is necessary to establish certain procedures for the Large- scale Purchase etc. of Company share certificates etc. by Dalton Parties from the perspective of maximizing the Company’s medium-to-long-term corporate value and common interests of shareholders. In this mechanism, whether the Company will take certain countermeasures against a Large-scale Purchase etc. will ultimately be decided by the shareholders’ intent at the Shareholders’ Intent Confirmation Meeting as far as the Large-scale Purchaser complies with the procedures set forth under the Response Policies. Therefore, on the assumption that the time and information necessary and sufficient to evaluate and consider the details of a Large-scale Purchase etc. are ensured, if the board of directors performs its responsibility to provide explanations to shareholders, and a majority of the voting rights of the shareholders in attendance at the Shareholders’ Intent Confirmation Meeting who can exercise their voting rights approves implementing the countermeasures, the Company understands that the countermeasures rely on the shareholders’ reasonable intent, and determines that the reasonableness of the countermeasures is not an issue.

For details of the Response Policy, please refer to the "Notice Concerning Introduction of Response Policy to Large-scale Purchase etc. of Company Share Certificates etc. in Preparation for Large-scale Purchase etc. of Company Share Certificates etc. by Dalton Parties" disclosed on September 3, 2025.

https://ssl4.eir-parts.net/doc/5930/tdnet/2683773/00.pdf

The Response Policies came into effect on September 3, 2025, but the effective period is until the conclusion of the board of directors meeting that is first convened after the Company’s annual general meeting of shareholders convened in June 2026. However, if at the time of conclusion of the board of directors meeting that is first convened after the Company’s annual general meeting of shareholders convened in June 2026, there is a person that is actually conducting a Large-scale Purchase etc. or a person contemplating such conduct that has been specified by the board of directors, to the extent necessary to respond to such conduct or contemplated conduct, such effective period shall be extended. Note that as set forth above, the Response Policies are to be introduced focusing on the response to the Large-scale Purchase etc. including the Share Buying Up which has already materialized, and thus there is no plan to maintain the Response Policies after the specific Large-scale Purchase etc. is no longer contemplated.

Note that even before the expiration of the effective term, if the board of directors composed of directors elected at general meetings of shareholders of the Company resolve to abolish the Response Policies, the Response Policies will be abolished at such point in time.

(Note) “Dalton Parties” means collectively Dalton Investments, Inc. (“Dalton”), Nippon Active Value Fund PLC (“NAVF”), NAVF Select LLC (“NAVF Select”), Dalton Investments LLC (“Dalton LLC”), Dalton Advisory KK (“Dalton Advisory”), Rosenwald Capital Management, Inc., Rising Sun Management Ltd. (“RSM”), Hikari Acquisition, Michael 1925, and JMBO Fund Limited (“JMBO”).

IV. The Company's Board of Directors' Judgment of these Efforts and the Reasons Therefor

For the following reasons, the Board of Directors of the Company believes that the above efforts are in line with the "Basic Policies for a Person Having Control Over Decisions on the Company’s Financial and Business Policies" under 1. above, and are not detrimental to the common interests of shareholders, nor are they intended to maintain the status of the Company's officers.

(1) The Response Policies Take Into Account the Purport of Guidelines etc. Concerning Response Policies Introduced During Normal Phases

The Response Policies differ from so-called “proactive anti-takeover measures” that are adopted during normal phases, but they were formulated in light of the contents of the “Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests” announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005, the contents of the proposal entitled “Takeover Defense Measures in Light of Recent Changes in the Environment” announced by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry on June 30, 2008, the purport of the “Guidelines for Corporate Takeovers: Enhancing Corporate Value and Securing Shareholders’ Interests” announced by the Ministry of Economy, Trade and Industry on August 31, 2023, and the Tokyo Stock Exchange’s rules on response policies to be introduced during normal phases and “Principle 1.5 Anti-Takeover Measures” in the “Corporate Governance Code” (as amended on June 11, 2021) that came into effect on June 1, 2015 after it was introduced by an amendment to the Securities Listing Regulations, and requirements under such guidelines that apply to response policies during an emergent phase are satisfied by the Response Policies.

(2) Respect for Shareholders’ Intent (Response Policies are Mechanisms that Directly Reflect the Intent of Shareholders)

The Response Policies are to be adopted by a resolution of the board of directors meeting, and there is no plan to obtain the approval of the shareholders at a general meeting of shareholders, but in principle, in the implementation of countermeasures pursuant to the Response Policies, the Company will reflect the intent of the shareholders by convening a Shareholders’ Intent Confirmation Meeting. As long as the Large-scale Purchaser complies with the designated procedures, the decision on whether to implement countermeasures will be made solely based on the intent of the shareholders confirmed at the Shareholders’ Intent Confirmation Meeting.

Moreover, if the Large-scale Purchaser does not comply with the designated procedures, and intends to carry out a Large-scale Purchase etc., countermeasures will be implemented only by the board of directors with full respect for the opinion of the Independent Committee, but such action by the Large-scale Purchaser is based on the Large-scale Purchaser’s decision not to grant shareholders the opportunity to carefully consider necessary and sufficient information before making a decision on whether to support or oppose the Large-scale Purchase etc., and implementation of countermeasures against such Large-scale Purchase etc. that ignores the intent of the shareholders is believed to be unavoidable to secure the Company's corporate value and the common interests of shareholders.

In addition, as mentioned above, the Response Policies came into effect on September 3, 2025, but in principle, the effective period will be until the conclusion of the board of directors meeting that is first convened after the Company's annual general meeting of shareholders convened in June 2026.

In such a way, the Response Policies fully respect the intent of shareholders.

(3) Elimination of Arbitrary Decisions by Directors

As set forth in (2) above, the Company will convene a Shareholders' Intent Confirmation Meeting and will decide whether to implement countermeasures against the Large-scale Purchase etc. in accordance with the intent of the shareholders. Provided that the Large-scale Purchaser complies with the designated procedures, the decision on whether to implement countermeasures will be made based on whether the proposal for implementation of countermeasures is approved at the Shareholders' Intent Confirmation Meeting. Further, if the Large-scale Purchaser does not comply with the designated procedures, and intends to carry out a Large-scale Purchase etc., the board of directors will fully respect the opinion of the Independent Committee in the implementation of the prescribed countermeasures. Consequently, countermeasures will not be implemented based on the arbitrary discretion of the board of directors.

Further, the Company will receive recommendations of the Independent Committee concerning the advisability of implementation of countermeasures and other matters necessary to respond in accordance with the Response Policies to ensure the necessity and appropriateness of the Response Policies, and to prevent management from abusing the Response Policies to protect their interests. In addition, to ensure the fairness of its decision and to eliminate any arbitrary decisions by the board of directors, the board of directors will fully respect the opinion of the Independent Committee. Furthermore, when necessary, the Independent Committee will be able to obtain the advice of external experts (such as financial advisors, attorneys, certified public accountants, and tax accountants) who are independent from the board of directors and the Independent Committee. The objectivity and reasonableness of determinations of the Independent Committee are ensured from the foregoing.

Accordingly, the Response Policies eliminate arbitrary decisions by directors.

(4) The Response Policies Are Not Dead Hand-Type Anti-Takeover Measures or Slow Hand-Type Anti-Takeover Measures

Because the Response Policies can be abolished at any time by a resolution of the board of directors composed of directors elected at general meetings of shareholders, they are not the so called "dead hand-type anti-takeover measures" (anti-takeover measures that cannot be prevented from implementation even if a majority of the members of the board of directors are replaced) or "slow hand-type anti-takeover measures" (anti-takeover measures that, because members of the board of directors cannot be replaced all at once, require time to prevent implementation).

Consolidated Statement of Changes in Shareholders’ Equity

From April 1, 2025 to March 31, 2026

(Millions of yen)

	Shareholders’ equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders’ equity
Balance on April 1, 2025	15,051	11,292	78,919	(1,079)	104,183
Changes during period					
Dividends of surplus			(5,614)		(5,614)
Profit attributable to owners of parent			12,639		12,639
Purchase of treasury shares				(2,000)	(2,000)
Change in treasury shares arising from change in equity in entities accounted for using equity method				(0)	(0)
Net changes in items other than shareholders’ equity					
Total changes during period	-	-	7,025	(2,000)	5,024
Balance on March 31, 2026	15,051	11,292	85,944	(3,079)	109,208

	Other cumulative comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Cumulative adjustments for retirement benefits	Total other cumulative comprehensive income		
Balance on April 1, 2025	4,179	0	(45)	2,030	2,939	9,104	162	113,450
Changes during period								
Dividends of surplus								(5,614)
Profit attributable to owners of parent								12,639
Purchase of treasury shares								(2,000)
Change in treasury shares arising from change in equity in entities accounted for using equity method								(0)
Net changes in items other than shareholders’ equity	1,770	4	(0)	(726)	484	1,533	1	1,534
Total changes during period	1,770	4	(0)	(726)	484	1,533	1	6,559
Balance on March 31, 2026	5,950	5	(46)	1,304	3,424	10,637	164	120,009

Notes to Consolidated Financial Statements

I. Significant matters constituting the basis for preparing consolidated financial statements

(1) Matters related to scope of consolidation

1) Consolidated companies

Number of consolidated subsidiaries: 28

Principal consolidated subsidiaries: BX Shinsei Seiki Co., Ltd.
Bunka Shutter Services Co., Ltd.
BX Yutoriform Co., Ltd.
BX Tenpal Co., Ltd.
BX Nishiyama Tetsumou Co., Ltd.
BX BUNKA AUSTRALIA PTY LTD

As of the fiscal year under review, BX Tetsuya Co., Ltd. and BX Tohoku Tetsuya Co., Ltd., which were consolidated subsidiaries of the Company, have been excluded from the scope of consolidation, as they were extinguished in an absorption-type merger with BX TR Co., Ltd., another consolidated subsidiary of the Company, as the surviving company.

Additionally, as of the fiscal year under review, BX Kensei Co., Ltd. and BX Bunka Panel Co., Ltd., which were consolidated subsidiaries of the Company, have been excluded from the scope of consolidation, as they were extinguished in an absorption-type merger with BX Rootes Co., Ltd., another consolidated subsidiary of the Company, as the surviving company.

2) Non-consolidated subsidiaries

Not applicable

(2) Matters related to application of the equity method

1) Non-consolidated subsidiaries to which the equity method was applied

Number of affiliates to which the equity method was applied: 2

Principal companies: FUJISASH CO., LTD.
EUROWINDOW, JSC.

2) Non-consolidated subsidiaries and affiliates to which the equity method was not applied

Principal companies: Bunka Shutter Akita Sales Co., Ltd.
Bunka Shutter Takaoka Sales Co., Ltd.

Reason why the equity method was not applied:
Two affiliates were excluded from the scope of consolidation because even the exclusion would have little effect on the consolidated financial statements and they were insignificant in view of profit (loss) (equity interest value) and retained earnings (equity interest value).

Matters regarding fiscal year: For companies to which the equity method was applied and whose balance sheet date differs from that of the Company, the non-consolidated financial statements for the fiscal year of such companies were used.

(3) Matters regarding the fiscal year for consolidated subsidiaries

December 31 of each year is the balance sheet date for BX BUNKA VIETNAM CO., LTD. and BX BUNKA AUSTRALIA PTY LTD., and eight other companies, among consolidated subsidiaries, and Steel-Line Garage Doors Australia Pty Ltd., a subsidiary of it, and BX SHINSEI VIETNAM Co., Ltd., and BX

BUNKA NEW ZEALAND LIMITED, and its subsidiary, Windsor Doors Limited, so their financial statements on the balance sheet date are used for preparing consolidated financial statements. However, adjustments required for consolidation were made regarding significant transactions that occurred during the period until the consolidated balance sheet date.

The balance sheet date of other consolidated subsidiaries is identical to the consolidated balance sheet date.

(4) Matters related to accounting policies

1) Standards and methods for valuation of significant assets

A. Investment securities

• Available-for-sale securities

Securities other than stocks, etc. with no quoted market price

Stated at fair value (valuation difference is accounted for by using the direct net asset adjustment method, and cost of securities sold is calculated by the gross average method)

Stocks, etc. with no quoted market price:

Stated at cost by using the gross average method

B. Inventories

Stated at cost (carrying amount is calculated by the book value write-down method due to a decline in profitability)

Finished goods and work in process

Stated mainly by using the gross average method

Raw materials

Stated mainly at the latest purchase price

Merchandise and supplies

Stated mainly by using the specific identification method

2) Methods for depreciation and amortization for significant depreciable and amortizable assets

A. Property, plant and equipment (except for lease assets and right-of-use assets)

The declining-balance method is used by the Company and its domestic consolidated subsidiaries, and the straight-line method is used by overseas consolidated subsidiaries. However, the straight-line method is used by the Company and its domestic consolidated subsidiaries for buildings (excluding building auxiliary equipment) acquired on or after April 1, 1998, and building auxiliary equipment and structures acquired on or after April 1, 2016.

Main useful lives are as follows.

Buildings and structures	3–65 years
Machinery, equipment and vehicles	3–17 years

Depreciable assets whose acquisition cost is 100,000 yen or more but less than 200,000 yen are depreciated by the straight-line method over three years.

B. Intangible assets (except for lease assets and right-of-use assets)

Intangible assets (except for lease assets and right-of-use assets) are amortized by using the straight-line method

Internal-use computer software is amortized by the straight-line method over an internal useful life (five years)

Customer-related assets and technology-related assets, etc. are amortized in accordance with their economic useful lives.

C. Lease assets

• Lease assets related to finance lease transactions with title transfer

Lease assets related to finance lease transactions with title transfer are depreciated by a depreciation method applied to non-current assets held by the Company

• Lease assets related to finance lease transactions without title transfer

Lease assets related to finance lease transactions without title transfer are depreciated to a residual value of zero by the straight-line method with the lease periods as their useful lives.

D. Right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of their useful life and the lease time.

3) Recognition standards for significant allowances and provisions

A. Allowance for doubtful accounts

To prepare for potential defaults on accounts receivable - trade and loans receivable, an allowance for doubtful accounts is recorded in the estimated amounts of unrecoverable receivables: i) in accordance with actual rates of bad debts incurred in the past for ordinary receivables; and ii) by estimating collectable amounts individually for specific receivables such as those feared to be defaulted on.

B. Provision for bonuses

To prepare for paying bonuses to employees, a provision for bonuses is recorded in an amount projected to be paid out.

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

To prepare for paying bonuses to directors (and other officers), a provision for bonuses for directors (and other officers) is recorded in an amount projected to be paid out.

D. Provision for loss on construction contracts

To prepare for loss on work sure to occur due to work completion, a provision for loss on construction contracts is recorded in a loss amount projected to be incurred for the next fiscal year onward on works whose work cost in excess of their order intake value has become able to be estimated reasonably, among works in progress at fiscal year-end whose estimated work cost is highly likely to exceed their order intake value.

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

To prepare for paying retirement benefits to directors (and other officers), the Company and its consolidated subsidiaries recorded a provision for retirement benefits for directors (and other officers) in a total amount required to be paid out at the end of each fiscal year under their internal rules.

F. Provision for share awards for directors (and other officers)

To provide for the issuance of Company's shares to Directors in accordance with share issuance rules, the Company records an amount based on the estimated share issuance obligation as of the end of the fiscal year under review.

4) Accounting methods for retirement benefits

A. Method to attribute estimated retirement benefit to periods

In calculating retirement benefit obligations, a benefit calculation standard is used for attributing an estimated retirement benefit value to the period until the balance sheet date for the fiscal year under review.

B. Amortization methods for actuarial gains and losses and prior service costs

Prior service costs are amortized by the straight-line method over a fixed number of years (10 years) within the average remaining service years of employees when they occur.

Actuarial gains or losses are amortized in an amount prorated by the straight-line method over a fixed number of years (10 years) within the average remaining service years of employees when they occur in a fiscal year, starting from the fiscal year after the fiscal year in which they occur.

(Additional information)

The Company and certain consolidated subsidiaries thereof have decided on and disseminated changes to their retirement regulations with an effective date of April 1, 2026, and have revised their lump-sum severance pay and pension plans to accompany an increase in the maximum age for salary increases. As a result, retirement benefit obligations increased and prior service costs of 665 million yen were incurred.

C. Accounting treatment of unrecognized actuarial gains and losses and unrecognized prior service costs

Unrecognized actuarial gains and losses and unrecognized prior service costs are recorded after adjustment of tax effect as cumulative adjustments for retirement benefits under other cumulative comprehensive income in net assets.

D. Use of a simplified method for small enterprises

Certain consolidated subsidiaries use a simplified method which deems, as liability for retirement benefits, an amount required to be paid as retirement benefits if all employees retired voluntarily as of the balance sheet date for calculating liability for retirement benefits as well as retirement benefit expenses.

5) Recognition standard for significant revenues and expenses

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The primary business activities of the Group are the manufacturing and sale of shutters for factories and warehouses, shutters for stores, etc. in the shutter business, of doors for commercial and residential buildings, partitions for schools, and doors and exteriors, etc. for construction-related materials business. With regard to the sales of these products, the Company recognizes revenue at the time of delivery of a product since it considers that the customer obtains control over the product and performance obligations are fulfilled at the time of delivery of the product. For revenue related to maintenance services, which mainly relate to the maintenance of merchandise and finished products, the Company has a performance obligation to provide maintenance services based on the contract with the customer. Said maintenance contracts stipulate a transaction for which performance obligation is fulfilled over a certain time and the revenue is recognized according to the degree of progress toward fulfillment of performance obligation. Revenues related to the refurbishment business consist primarily of alterations to and/or extensions of houses, and replacement and repair of household equipment, and are recognized as revenues when the performance obligations are fully satisfied.

When the Group is involved in sales for merchandise as an agent, the revenue is recognized at the net amount.

Moreover, the revenue is measured at the amount of consideration promised in the contract with the customer after deduction of returned goods, trade discounts, and rebates.

With regard to construction contracts, the revenue is recognized over a certain period of time as it satisfies its performance obligations. For construction for which the progress rate in the fulfillment of performance obligations cannot be estimated reasonably, the cost recovery method is applied. In addition, for construction contracts with a short duration, revenue is recognized at the point when the performance obligations are completely fulfilled, instead of applying the cost recovery method.

The contracts do not contain a significant financing component as the consideration for transactions is received within one year after the performance obligation is fulfilled.

6) Standard for translating significant foreign currency-denominated assets and liabilities into Japanese yen

Foreign currency-denominated monetary claims and liabilities are translated into Japanese yen at a spot exchange rate prevailing on the balance sheet date, and any foreign currency translation difference is accounted for as profit or loss. Assets and liabilities of overseas subsidiaries are translated into Japanese yen at a spot exchange rate prevailing on the balance sheet date, and revenues and expenses are translated into Japanese yen at the average exchange rate for each fiscal year. Any foreign currency translation difference is accounted for under foreign currency translation adjustments under net assets.

7) Method of significant hedge accounting

A. Method of hedge accounting

Deferred hedge accounting is applied. The furiate-shori (designated exceptional hedge accounting under the Japanese GAAP) is applied to hedge a foreign exchange fluctuation risk that meets designated hedge accounting requirements.

B. Hedging instrument and hedged item

Hedging instrument and hedged item to which hedge accounting is applied are as follows.

Hedging instrument:	Forward exchange contracts
Hedged item:	Foreign currency-denominated trade payables due to the import of merchandise and foreign currency-denominated forecast transactions

C. Hedge policy

Hedging is carried out within a balance of foreign currency-denominated trade payables mainly for the purpose of avoiding foreign exchange fluctuation risk for import purchasing.

D. Method of assessing hedge effectiveness

The Company assesses hedge effectiveness by using a fluctuation rate as determined by comparing a cumulative hedged item's market fluctuation or cash flow fluctuation with a cumulative hedging instrument's market fluctuation or cash flow fluctuation.

8) Goodwill amortization method and amortization period

Goodwill is amortized by the straight-line method over a period during which the effect is reasonably estimated to be recognized.

2. Notes to Changes in Method of Presentation

(Notes to Consolidated Statements of Income)

"Surrender value of insurance policies" under non-operating income, which was separately presented in the previous fiscal year, has been included in "Other" under non-operating income as of the fiscal year under review due to it becoming insignificant in terms of amount.

3 Note on accounting estimates

Shown below are items whose values were recognized in the consolidated financial statements for the fiscal year under review due to accounting estimates and which could potentially affect the consolidated financial statements for the next fiscal year.

(Valuation of goodwill)

The Group holds intangible fixed assets such as customer-related assets (hereinafter referred to as goodwill, etc.) included in goodwill and other intangible fixed assets acquired through a business combination, including goodwill related to BX BUNKA AUSTRALIA PTY LTD and BX BUNKA NEW ZEALAND LIMITED. These are all amortized on a straight-line basis over the period through which benefits are expected from the future business activities of the company acquired. In valuing goodwill, etc., signs of impairment of goodwill, etc. are identified by examining the achievement of operating income and of operating cash flow based on the business plan projected at the time of acquisition. The key assumptions for future business plans are sales volumes based on market trends and transaction prices based on price trends. Thus, impairment losses could potentially be recognized in the consolidated statements of income for the following fiscal year if conditions and matters premised for valuation alter due to a marked change in the operating environment or due to revenue deterioration.

Goodwill ··· 9,702 million yen

Other intangible assets ··· 6,434 million yen

(Deferred tax assets)

The Company Group recognizes deferred tax assets for future deductible temporary differences judged to be recoverable from taxable income calculated based on a future business plan. Also, with regard to the Group's business plans, they will be formulated based on key assumptions regarding market forecasts on the numbers of new housing starts and fluctuations in raw material prices. Recoverability for deferred tax assets depends on future taxable income estimates and thus when any changes in conditions and matters on which the estimates are premised cause a decrease in the future taxable income, this could affect the consolidated financial statements for the following fiscal year.

Deferred tax assets ··· 4,706 million yen

4. Notes to consolidated balance sheet

(1) Among net sales, the amount of revenue from contracts with customers ··· 236,282 million yen

(2) Among notes and accounts receivable - trade, and contract assets, the individuals amounts of receivables and contract assets from contracts with customers are as follows.

Bills receivable ··· 1,414 million yen

Accounts receivable - trade ··· 36,364 million yen

Contract assets ··· 6,058 million yen

(3) Discount of electronically recorded monetary claims - operating: ··· 20 million yen

(4) Electronically recorded receivables assignment: ··· 140 million yen

5. Notes to consolidated statement of income

(1) Among net sales, the amount of revenue from contracts with customers 236,282 million yen

(2) Main breakdown of extraordinary income

Gain on sale of non-current assets ··· 165 million yen

Gain on sale of investment securities ··· 131 million yen

(3) Main breakdown of extraordinary loss

Loss on retirement of non-current assets ··· 143 million yen

Loss on sale of non-current assets ··· 9 million yen

6. Notes to consolidated statement of changes in shareholders' equity

(1) Total number of shares outstanding on the balance sheet date for the fiscal year under review

Common stock ··· 72,196,000 shares

(2) Dividend of surplus paid during the fiscal year under review

1) The following were resolved by the 79th Ordinary General Meeting of Shareholders held on June 17, 2025.

Information on dividend for common stock

Total dividends ········ 3,001 million yen
Dividend per share ········ 42.00 yen
Record date ········ March 31, 2025
Effective date ········ June 18, 2025

(Note) The total amount of dividends resolved at the 79th Ordinary General Meeting of Shareholders held on June 17, 2025, includes 11 million yen of dividends for the Company's shares held by the trust related to the performance-linked and share-based remuneration plan for Directors.

2) The following were resolved by a Board of Directors meeting held on November 5, 2025.

Information on dividend for common stock

Total dividends ········ 2,613 million yen
Dividend per share ········ 37.00 yen
Record date ········ September 30, 2025
Effective date ········ December 1, 2025

(Note) The total amount of dividends resolved by the Board of Directors on November 5, 2025 includes 10 million yen of dividends for the Company's shares held by the trust related to the performance-linked and share-based remuneration plan for Directors.

(3) Dividend of surplus to be paid after the balance sheet date for the fiscal year under review

The following will be resolved by the 80th Ordinary General Meeting of Shareholders to be held on June 17, 2026.

Information on dividend for common stock

Source of dividend .... Retained earnings
Total dividends .... 2,613 million yen
Dividend per share .... 37.00 yen
Record date .... March 31, 2026
Effective date .... June 18, 2026

(Note) The total amount of dividends in the proposal to be submitted to the 80th Ordinary General Meeting of Shareholders to be held on June 17, 2026 includes 10 million yen of dividends for the Company's shares held by the trust related to the performance-linked and share-based remuneration plan for Directors.

7. Notes on financial instruments

(1) Conditions of financial instruments

1) Management policy for financial instruments

The Group obtains financing required in light of its business plan for engaging in the business of manufacturing and selling shutters and building materials. We obtain needed working capital through loans from financial institutions such as banks. We enter into derivative transactions to avoid the following risks and have a policy not to carry out any speculative transactions.

2) Financial instruments and risks

Trade receivables including notes and accounts receivable - trade and contract assets, and electronically recorded monetary claims - operating are exposed to customer's credit risk.

Investment securities are stocks of companies to which the Company has business relations and listed stocks are exposed to market price fluctuation risk.

Maturities of trade payables including notes and accounts payable - trade as well as electronically recorded obligations - operating are mostly within four months.

Short-term loans payable and long-term loans payable are mainly for financing pertaining to the operating transactions, and lease liabilities related to finance lease transactions are mainly for financing pertaining to the facility investment. Corporate bonds are for financing pertaining to the mergers and acquisitions funds. A portion of these borrowings is exposed to interest rate fluctuation risk because the interest rates on such borrowings are primarily variable.

The Company has entered into derivative transactions, which are foreign exchange forward contracts for hedging future fluctuation of foreign exchange rates of trade payables denominated in foreign currency. Details of the hedging instrument and hedged item, hedge policy, and method of assessing hedge effectiveness, etc. related to hedge accounting are provided in “7) Method of significant hedge accounting” in “(4) Matters related to accounting policies” in “1. Significant matters constituting the basis for preparing consolidated financial statements.”

3) Financial instruments risk management

A. Credit risk (risk relating to breach of contract by business partner) management

The Group regularly monitors major business partners’ status and performs due date and balance controls by business partner, and rapidly understands and mitigates the collectability issues due to deterioration of financial condition, etc. of trade receivables.

In utilizing derivative transactions, because the counterparties to the derivatives are limited to financial institutions with high credit ratings, the Company anticipates very little credit risk.

B. Market risk (foreign exchange or interest-rate fluctuation risk) management

To mitigate the interest payment rate fluctuation risk of loans payable and corporate bonds, the Group mainly raises funds with fixed interest rate. For borrowings with variable interest rates, the Company seeks to reduce risk by periodically monitoring market interest rates.

Regarding investment securities, the Group regularly monitors a stock price and an issuer’s (business partner’s) financial status, and continuously considers whether the Group holds the stock with taking into account market conditions and relations with business partners.

The respective department executed and managed derivative transactions in accordance with the transaction authority and the transaction limit by obtaining an in-charge approval.

C. Funding liquidity risk (risk of being unable to make payments on due date) management

The Group manages liquidity risk through the funds management plans, which are prepared and updated on a timely basis by a department in charge based on reports submitted by each business unit, as well as by maintaining sufficient liquidity on hand at all times.

4) Supplemental explanation regarding fair value of financial instruments

Because fair value of financial instruments is calculated based on a variable factor, the fair value concerned might differ if different assumptions are used.

(2) Information on fair values of financial instruments

Carrying amounts recorded on the consolidated balance sheet, fair values, and the difference between them on March 31, 2026, are as follows. Note that stocks, etc. with no quoted market price are not included in investment securities. Since notes on cash are omitted and fair value for deposits, notes and accounts receivable - trade, and contract assets, electronically recorded monetary claims - operating, notes and accounts payable - trade, electronically recorded obligations - operating, short-term loans payable, and long-term loan payables within one year, etc. approximates to the carrying amount due to being settled within a short period of time, notes are omitted.

(Millions of yen)

	Carrying amounts recorded on consolidated balance sheet	Fair value	Difference
Investment securities			
Available-for-sale securities	10,942	10,942	-
Investments in affiliates	6,467	2,571	(3,895)
Total assets	17,409	13,514	(3,895)
Bonds payable	10,000	9,625	(374)
Long-term borrowings	1,600	1,583	(16)
Lease liabilities	7,683	7,637	(46)
Total liabilities	19,283	18,846	(436)

Stocks with no quoted market price

(Millions of yen)

Category	Carrying amounts recorded on consolidated balance sheet
Unlisted equity securities (Note)	4,693

(Note) As unlisted equity securities have no market value, they are excluded from fair value presentation.

(3) Matters concerning fair value of financial instruments and breakdown by input level

Fair values of financial instruments are classified into the following three (3) levels depending on the observability and significance of the input in connection with the fair value calculation.

Level 1 fair values: Among those inputs connected to the calculation of observable fair value, these are fair values calculated based on reasonable market prices for assets or liabilities that are the object of fair value calculations that will be formed in an active market

Level 2 fair values: Among those inputs connected to the calculation of observable fair value, these are fair values calculated using inputs related to the calculation of fair value other than the inputs for Level 1

Level 3 fair values: Fair values calculated using inputs related to the calculation of unobservable fair value

If multiple inputs with a significant impact are used for the fair value calculation, the fair value of a financial instrument is classified to the lowest priority level of fair value calculation in which each input belongs.

1) Financial instruments carried on the consolidated balance sheet at fair value

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	10,942	-	-	10,942
Total assets	10,942	-	-	10,942

2) Financial instruments other than those financial instruments carried on the consolidated balance sheet at fair value

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Investments in affiliates	2,571	-	-	2,571
Total assets	2,571	-	-	2,571
Bonds payable	-	9,625	-	9,625
Long-term borrowings	-	1,583	-	1,583
Lease liabilities	-	7,637	-	7,637
Total liabilities	-	18,846	-	18,846

(Note) Description of the valuation techniques used in the fair value calculation and inputs connected to the fair value calculation

Assets

Investment securities

Fair value of listed stocks is based on the quoted price on the securities exchange. As listed stocks are traded on active markets, their fair value is classified as Level 1.

Liabilities

Bonds payable

The fair value of corporate bonds is calculated based on the present value of the total principal and interest discounted at an interest rate that takes into account the remaining period and credit risk, and is classified as Level 2 fair value.

Long-term borrowings

Fair value of long-term borrowings is measured at present value determined by discounting total principal at a rate likely to apply if a comparable new borrowing were made and is classified as Level 2.

Lease liabilities

Fair value of lease liabilities is measured at present value determined by discounting total principal at a rate likely to apply if a comparable contract were entered into and is classified as Level 2.

8. Notes on revenue recognition

(1) Information on disaggregation of revenue

The Group is composed of four reported segments: Shutter Business; Construction-Related Materials Business; Service Business and Refurbishment Business. The operating results of these reported segments are regularly reviewed by the Company’s Board of Directors for making decisions about allocation of corporate resources and assessing their performance. Therefore, revenue recorded from these four businesses is presented as sales. The relationship between the disaggregated revenue and segment sales is as follows.

(Millions of yen)

	Revenue from contracts with customers	Other revenue	Sales to external customers
Shutter Business	94,193	-	94,193
Construction-Related Materials Business	93,511	-	93,511
Service Business	32,596	-	32,596
Refurbishment Business	6,940	-	6,940
Reported segments total	227,241	-	227,241
Other (Note)	9,040	-	9,040
Total	236,282	-	236,282

(Note) The category “Other” is an operating segment which is not included in the reported segments, and it includes water-sealing business, heat-shielding business, solar power system business, real estate leasing business, insurance agency business and architecture design business.

(2) Information that serves as a basis for understanding revenues

The Group has branches by area, and makes an overall strategy by area of the products and services it handles and develops business activities. Shutter Business manufactures and sells shutters for factories and warehouses and shutters for stores. Construction-Related Materials Business manufactures and sells doors for commercial and residential buildings, partitions for schools and doors or exteriors for houses. Service Business provides maintenance and repair services for existing shutters and building materials. Refurbishment Business offers services of alteration to and/or extension of houses and replacement and repair of household equipment.

Timing of fulfillment of the performance obligations and transaction prices under contracts with customers, and circulation method of amounts allocated to the performance obligations are as stated in“5) Recognition standard for significant revenues and expenses” in “(4) Matters related to accounting policies” in “1. Significant matters constituting the basis for preparing consolidated financial statements.”

(3) Information for understanding the amount of revenue of the fiscal year under review and the next fiscal year and beyond

A. Balance of contract assets and contract liabilities, etc.

Receivables from contracts with customers (balance at beginning of period) ···· 48,269 million yen

Receivables from contracts with customers (balance at end of period) ··········· 48,739 million yen

Contract assets (balance at beginning of period) ··································· 6,649 million yen

Contract assets (balance at end of period) ·· 6,058 million yen

Contract liabilities (balance at beginning of period) ······························ 4,503 million yen

Contract liabilities (balance at end of period) ····································· 4,033 million yen

Contract assets are unclaimed receivables from construction contracts and are reclassified to receivables when the right to payment becomes unconditional. Contract liabilities are consideration received in advance of performance under a contract and are reclassified to revenue as (or when) the Company and its consolidated subsidiaries perform under the contract.

B. Transaction price allocated to the remaining performance obligations

The total transaction price allocated to the remaining performance obligations at the end of the fiscal year under review is 108,597 million yen, and the Group expects to recognize the revenue over periods of 1 to 3 years as performance obligations are fulfilled.

9. Notes on per-share information

(1) Net assets per share ··· 1,703.84 yen

(2) Profit (loss) per share ··· 179.09 yen

(Note) In calculating the amount of net assets per share and current profit (loss) per share, the Company’s shares held by the trust for the share-based remuneration for Directors are included in the number of treasury shares, which are deducted from the numbers of shares at the end of the fiscal year and the average number of shares during the fiscal year (276 thousand of the Company’s shares held in trust included in the number of shares at the end of the period and 276 thousand of the Company’s shares held in trust included in the average number of shares during the period).

10. Other notes

Commitment line agreements

The Company entered into commitment line agreements with four trading banks on October 23, 2023 in order to obtain working capital efficiently.

Shown below is an unexecuted balance of loans under commitment line agreements at the end of the fiscal year under review.

Total value of commitment line agreements	7,000 million yen
Executed loan balance	- million yen
Difference	7,000 million yen

Non-consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity									
		Capital surplus			Retained earnings					
					Other retained earnings					
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Reserve for tax-purpose reduction entry of land	General reserve	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance on April 1, 2025	15,051	9,151	2,097	11,248	31	46,000	13,358	59,389	(1,074)	84,615
Change during the fiscal year										
Dividends of surplus							(5,614)	(5,614)		(5,614)
Profit (loss)							10,229	10,229		10,229
Purchase of treasury shares									(2,000)	(2,000)
Net changes in items other than shareholders' equity										
Total change during the fiscal year	-	-	-	-	-	-	4,615	4,615	(2,000)	2,615
Balance on March 31, 2026	15,051	9,151	2,097	11,248	31	46,000	17,973	64,004	(3,074)	87,230

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance on April 1, 2025	3,438	3,438	88,054
Change during the fiscal year			
Dividends of surplus			(5,614)
Profit (loss)			10,229
Purchase of treasury shares			(2,000)
Net changes in items other than shareholders' equity	1,382	1,382	1,382
Total change during the fiscal year	1,382	1,382	3,997
Balance on March 31, 2026	4,821	4,821	92,052

Notes to Non-consolidated Financial Statements

1. Information on significant accounting policies

(1) Standards and methods for valuation of assets

1) Standards and methods for valuation of stocks of subsidiaries and affiliates
Stated at cost by using the gross average method

2) Available-for-sale securities

- Securities other than stocks, etc. with no quoted market price
Stated at fair value (valuation difference is accounted for by using the direct net asset adjustment method, and cost of securities sold is calculated by the gross average method)
- Stocks, etc. with no quoted market price: · Stated at cost by using the gross average method

3) Inventories

- Finished goods and work in process ······· Stated at cost by using the gross average method (balance sheet values are calculated by the book value write-down method due to a decline in profitability)
- Merchandise and supplies ··················· Stated at cost by the specific identification method (balance sheet values are calculated by the book value write-down method due to a decline in profitability)
- Raw materials ································· Stated at the latest purchase prices (balance sheet values are calculated by the book value write-down method due to a decline in profitability)

(2) Methods for depreciation and amortization for non-current assets

1) Property, plant and equipment (except for lease assets)
Intangible assets (except for lease assets and right-of-use assets) are amortized by using the declining-balance method.

However, the straight-line method is used for buildings (excluding building auxiliary equipment) acquired on or after April 1, 1998, and building auxiliary equipment and structures acquired on or after April 1, 2016.

Main useful lives are as follows.

Buildings	3–65 years
Machinery and equipment	3–17 years

Depreciable assets whose acquisition cost is 100,000 yen or more but less than 200,000 yen are depreciated by the straight-line method over three years.

2) Intangible assets (except for lease assets).... Intangible assets (except for lease assets and right-of-use assets) are amortized by using the straight-line method

Internal-use computer software is amortized by the straight-line method over an internal useful life (five years)

3) Lease assets

- Lease assets related to finance lease transactions without title transfer

Lease assets related to finance lease transactions without title transfer are depreciated to a residual value of zero by the straight-line method with the lease periods as their useful lives.

(3) Standard for translating foreign currency-denominated assets and liabilities into Japanese yen

Foreign currency-denominated monetary claims and liabilities are translated into Japanese yen at a spot exchange rate prevailing on the balance sheet date, and any foreign currency translation difference is accounted for as profit or loss.

(4) Recognition standards for allowances and provisions

1) Allowance for doubtful accounts ······· To prepare for potential defaults on accounts receivable - trade and loans receivable, an allowance for doubtful accounts is recorded in the estimated amounts of unrecoverable receivables: i) in accordance with actual rates of bad debts incurred in the past for ordinary receivables; and ii) by estimating collectable amounts individually for specific receivables such as those feared to be defaulted on.

2) Provision for bonuses ···················· To prepare for paying bonuses to employees, a provision for bonuses is recorded in an amount projected to be paid out.

3) Provision for bonuses for directors (and other officers)

To prepare for paying bonuses to directors (and other officers), a provision for bonuses for directors (and other officers) is recorded in an amount projected to be paid out.

4) Provision for loss on construction contracts

To prepare for loss on work sure to occur due to work completion, a provision for loss on construction contracts is recorded in a loss amount likely to be incurred for the next fiscal year onward on works whose work cost in excess of their order intake value has become able to be estimated reasonably, among works in progress at fiscal year-end whose estimated work cost is highly likely to exceed their order intake value.

5) Provision for retirement benefits ······· To prepare for paying retirement benefits to employees, we record a provision for retirement benefits in accordance with estimated retirement benefit obligations and defined benefit plans at the end of the fiscal year under review.

A. Method to attribute estimated retirement benefit to periods

In calculating retirement benefit obligations, a benefit calculation standard is used for attributing an estimated retirement benefit value to the period until the balance sheet date for the fiscal year under review.

B. Amortization methods for actuarial gains and losses and prior service costs

Prior service costs are amortized by the straight-line method over a fixed number of years (10 years) within the average remaining service years of employees when they occur.

Actuarial gains or losses are amortized in an amount prorated by the straight-line method over a fixed number of years (10 years) within the average remaining service years of employees when they occur in a fiscal year, starting from the fiscal year after the fiscal year in which they occur.

(Additional information)

The Company has decided on and disseminated changes to their retirement regulations with an effective date of April 1, 2026, and have revised their lump-sum severance pay and pension plans to accompany an increase in the maximum age for salary increases. As a result, retirement benefit obligations increased and prior service costs of 499 million yen were incurred.

6) Provision for share awards for directors (and other officers)

To provide for the issuance of Company's shares to Directors in accordance with share issuance rules, the Company records an amount based on the estimated share issuance obligation as of the end of the fiscal year under review.

7) Provision for loss on business of subsidiaries and associates

The Company provides provision for loss on business of subsidiaries and associates based on the estimated amount of loss to be borne by the Company in excess of the investments made to those subsidiaries and associates.

(5) Recognition standard for revenues and expenses

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The primary business activities of the Company are the manufacturing and sale of shutters for factories and warehouses, shutters for stores, etc. in the shutter business, of doors for commercial and residential buildings, partitions for schools, and doors and exteriors, etc. for construction-related materials business. With regard to the sales of these products, the Company recognizes revenue at the time of delivery of a product since it considers that the customer obtains control over the product and performance obligations are fulfilled at the time of delivery of the product. For revenue related to maintenance services, which mainly relate to the maintenance of merchandise and finished products, the Company has a performance obligation to provide maintenance services based on the contract with the customer. Said maintenance contracts stipulate a transaction for which performance obligation is fulfilled over a certain time and the revenue is recognized according to the degree of progress toward fulfillment of performance obligation. Revenues related to the refurbishment business consist primarily of alterations to and/or extensions of houses, and replacement and repair of household equipment, and are recognized as revenues when the performance obligations are fully satisfied.

Moreover, the revenue is measured at the amount of consideration promised in the contract with the customer after deduction of returned goods, trade discounts, and rebates.

With regard to construction contracts, the revenue is recognized over a certain period of time as it satisfies its performance obligations. For construction for which the progress rate in the fulfillment of performance obligations cannot be estimated reasonably, the cost recovery method is applied. In addition, for construction contracts with a short duration, revenue is recognized at the point when the performance obligations are completely fulfilled, instead of applying the cost recovery method.

The contracts do not contain a significant financing component as the consideration for transactions is received within one year after the performance obligation is fulfilled.

(6) Other matters constituting the basis for preparing non-consolidated financial statements

Accounting for retirement benefits

The accounting method for unrecognized actuarial gains and losses and unrecognized prior service costs related to retirement benefits differs from the accounting method for these items in the consolidated financial statements.

2. Note on accounting estimates

Shown below are items whose values were recognized in the non-consolidated financial statements for the fiscal year under review due to accounting estimates and which could potentially affect the non-consolidated financial statements for the next fiscal year.

(Valuation of shares of subsidiaries and associates)

Shares of subsidiaries and associates on the balance sheet include shares of the consolidated subsidiary BX BUNKA AUSTRALIA PTY LTD And BX BUNKA NEW ZEALAND LIMITED. The acquisition cost of the shares concerned includes the excess earning power expected at the time of the business combination. In reviewing whether impairment loss is necessary, the Company made this determination by monitoring the degree to which the business plan has been achieved at the time of acquisition and the possibility of achieving the business plan in the future. If the assumptions used for the estimates in question need to be revised due to significant changes in the business environment or a worsening of the earnings position, there may be a serious impact on the value of the company’s shares in the financial statements for the following fiscal year.

Additionally, the assumptions used for the estimates in question are omitted from the notes because the same information is presented in the “Notes on accounting estimates” in the Notes to Consolidated Financial Statements.

Shares of subsidiaries and associates ·························· 26,639 million yen

(Deferred tax assets)

The Company recognizes deferred tax assets for future deductible temporary difference judged to be recoverable from taxable income calculated based on a future business plan. Also, with regard to the Company’s business plans, they will be formulated based on key assumptions regarding market forecasts on the numbers of new housing starts and fluctuations in raw material prices. Recoverability for deferred tax assets depends on future taxable income estimates and thus when any changes in conditions and matters on which the estimates are premised cause a decrease in the future taxable income, this could affect the consolidated financial statements for the following fiscal year.

Deferred tax assets ·· 3,445 million yen

3. Notes to non-consolidated balance sheet

(1) Accumulated depreciation and cumulative impairment losses of property, plant and equipment
33,080 million yen

(2) Receivables from subsidiaries and associates and payables to subsidiaries and associates

Short-term monetary claims ···················· 3,217 million yen

Long-term monetary claims ···················· 14,372 million yen

Short-term liabilities ···················· 2,547 million yen

Long-term liabilities ···················· 60 million yen

4. Notes to non-consolidated statement of income

Transactions with subsidiaries and associates and certain others

Operating transactions

Net sales ···················· 10,946 million yen

Purchases ···················· 23,494 million yen

Non-operating transactions ···················· 4,751 million yen

5. Notes to non-consolidated statement of changes in shareholders' equity

Matters related to class of treasury stock and the number of shares of treasury stock

Class of stock	Beginning number of shares for the fiscal year under review	Increase in number of shares for the fiscal year under review	Decrease in number of shares for the fiscal year under review	Ending number of shares for the fiscal year under review
Common stock	1,017 thousand shares	816 thousand shares	- thousand shares	1,834 thousand shares

Notes:
1. The increase of 816 thousand treasury shares of common stocks is due to an increase of 816 thousand shares from the purchase of treasury stock based on the resolution of the Board of Directors and an increase of 0 thousand shares from the purchase of shares less than one share unit.
2. The number of shares of treasury stock at the end of the fiscal year under review includes 276 thousand shares of the Company's shares held by a share issuance trust for Directors.

6. Notes on tax effect accounting

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

Deferred tax assets

Provision for retirement benefits	4,090 million yen
Provision for bonuses	1,080 million yen
Net assets	627 million yen
Loss on valuation of investment securities	567 million yen
Accrued enterprise tax	134 million yen
Provision for loss on business of subsidiaries and associates	93 million yen
Impairment losses	57 million yen
Provision for share awards for directors (and other officers)	31 million yen
Other	609 million yen
Subtotal of deferred tax assets	7,293 million yen
Valuation allowance	(1,572) million yen
Total deferred tax assets	5,720 million yen

Deferred tax liabilities

Valuation difference on available-for-sale securities	(1,870) million yen
Prepaid pension costs	(383) million yen
Reserve for tax-purpose reduction entry of land	(14) million yen
Other	(5) million yen
Total deferred tax liabilities	(2,274) million yen
Deferred tax assets, net	3,445 million yen

8. Notes on transactions with interested parties

Subsidiaries and affiliates

(Millions of yen)

Category	Company name	Ratio of voting rights held	Relationship with interested parties	Transaction description	Transaction value	Assets	Balance at end of period
Subsidiary	BX TR Co., Ltd.	Ownership Direct 100.0%	Fund assistance	Fund recovery Interest received Notes: 1.	124 16	Short-term loans receivable Long-term loans receivable	122 1,472
Subsidiary	BX BUNKA VIETNAM CO., LTD.	Ownership Direct 100.0%	Fund assistance	Fund recovery Interest received (Note 2)	7 15	Short-term loans receivable Long-term loans receivable (Note 3) Other current assets	38 1,710 0
Subsidiary	STEEL-LINE GARAGE DOORS AUSTRALIA PTY LTD	Ownership Indirect 100.0	Fund assistance	Fund recovery Interest received (Note 4)	411 141	Short-term loans receivable Long-term loans receivable Other current assets	393 7,347 2
Subsidiary	BX BUNKA NEW ZEALAND LIMITED	Ownership Direct 100.0%	Fund assistance	Fund recovery Interest received (Note 5)	258 137	Short-term loans receivable Long-term loans receivable Other current assets	274 3,226 2
Affiliate	FUJISASH CO., LTD.	Ownership Direct 23.6%	Sales of finished goods from the Company	Sales of finished goods from the Company (Note 6)	893	Accounts receivable - trade	295

Terms and conditions of transaction and policy on deciding them

Notes:

1. We decide to lend money to BX TR Co., Ltd. in consideration of market interest rates. No security is pledged with the Company.
2. We decide to lend money to BX BUNKA VIETNAM CO., LTD. in consideration of market interest rates. No security is pledged with the Company.
3. For the loans receivable from BX BUNKA VIETNAM CO., LTD. we recorded 1,729 million yen in allowance for doubtful accounts. For the fiscal year under review, we recorded 845 million yen in provision of allowance for doubtful accounts.
4. We decide to lend money to STEEL-LINE GARAGE DOORS AUSTRALIA PTY LTD in consideration of market interest rates. No security is pledged with the Company.
5. We decide to lend money to BX BUNKA NEW ZEALAND LIMITED in consideration of market interest rates. No security is pledged with the Company.
6. We decide to sell our finished goods under terms and conditions identical to ones for ordinary transactions.

8. Notes on revenue recognition

As the information for understanding revenue from contracts with customers is the same as the description in “Notes on revenue recognition” in the Notes to Consolidated Financial Statements, this information has been omitted.

9. Notes on per-share information

(1) Net assets per share ········· 1,308.26 yen

(2) Profit (loss) per share ········· 144.90 yen

(Note) In calculating the amount of net assets per share and current profit (loss) per share, the Company's shares held by the trust for the share-based remuneration for Directors are included in the number of treasury shares, which are deducted from the numbers of shares at the end of the fiscal year and the average number of shares during the fiscal year (276 thousand of the Company's shares held in trust included in the number of shares at the end of the period and 276 thousand of the Company's shares held in trust included in the average number of shares during the period).

10. Other notes

Commitment line agreements

The Company entered into commitment line agreements with four trading banks on October 23, 2023 in order to obtain working capital efficiently.

Shown below is an unexecuted balance of loans under commitment line agreements at the end of the fiscal year under review

Total value of commitment line agreements	7,000 million yen
Executed loan balance	- million yen
Difference	7,000 million yen