Securities Code 341A
June 8, 2026
(Electronic Provision Measures commencement date: June 1, 2026)

Dear Shareholders

39 Aoshima-cho, Fuji City, Shizuoka Prefecture
TOYOKOH Inc.
Representative Director and CEO　Kazuaki Toyosawa

Notice of Convocation for the 31st Annual General Meeting of Shareholders

Dear,

We sincerely appreciate your continued support and patronage.

We hereby announce that the Company's 31st Annual General Meeting of Shareholders will be held as follows. Your presence is kindly requested.

For the convocation of this Annual General Meeting of Shareholders, Electronic Provision Measures have been implemented. The details are posted on the website below under the title "Notice of Convocation for the 31st Annual General Meeting of Shareholders."

the Company's website https://www.toyokoh.com/ir/

Additionally, the information is also available on the following website on the Internet.

Tokyo Stock Exchange website

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

Please access the above website, enter and search for the Company's name or Securities Code, and then select "Basic Information" followed by "Documents for Inspection/PR Information" to view the details.

In the event that you are unable to attend in person, please note that you may exercise your voting rights via the internet or in writing. We kindly ask you to review the Reference Documents for the General Meeting of Shareholders, which are posted under the Electronic Provision Measures, and exercise your voting rights by 5:30 p.m. on Monday, June 22, 2026.

Sincerely,

1. Date and Time　Tuesday, June 23, 2026, at 10:00 a.m. (Reception starts at 9:30 a.m.)
2. Location　1750 Tadehara-cho, Fuji City, Shizuoka Prefecture, Fuji City Cultural Hall Rose Theater, Small Hall
3. Agenda Items

   Reports　Report on the Business Report and Financial Statements for the 31st Term (from April 1, 2025, to March 31, 2026)

   Matters for Resolution

   Agenda　Election of Four Directors (excluding Directors who are Audit and Supervisory Committee Members).

End

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◎For those attending in person, please kindly submit the enclosed voting form at the registration desk.

◎If no indication of support or opposition is made on the voting form, it will be deemed as a vote in favor.

◎Should there be any modifications to the Electronic Provision Measures, the changes will be posted on each of the websites listed.

◎The document sent to shareholders who have requested a paper copy does not include the items listed below, as stipulated by laws and regulations and the Company's Articles of Incorporation. Accordingly, such a document forms part of the materials audited by the Audit and Supervisory Committee and the Accounting Auditor in preparing the audit report.

- Notes to Non-consolidated Financial Statements
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Reference Documents for the General Meeting of Shareholders

Agenda: Election of Four Directors (excluding Directors who are Audit and Supervisory Committee Members)

All current Directors (excluding Directors serving as members of the Audit and Supervisory Committee Members), totaling four, will have their terms expire at the close of this meeting. Accordingly, we propose the appointment of four Directors, including one Outside Director (excluding those serving as members of the Audit and Supervisory Committee Members).

The candidates for Directors (excluding those who serve as Audit and Supervisory Committee Members) are as follows.

Candidate Number	Name (Date of Birth)	Career Summary, Position, Responsibilities, and Significant Concurrent Positions	Number of Shares of the Company Owned
1	Kazuaki Toyosawa (September 3, 1976)	April 1996 Joined Japan Art Planning Center Co., Ltd. January 1999 Started design business as a sole proprietor July 2003 Joined the Company Appointed Director of the Company May 2014 Appointed Representative Director and CEO of the Company (current) June 2017 Appointed Representative Director of ikplanning Inc. (current)	4,483,025 shares
	[Reason for Nomination as Director Candidate] Mr. Kazuaki Toyosawa has led the establishment and management of the SOSEI Business and CoolLaser Business as Representative Director, driving the development of these businesses. Based on his achievements and leadership, he is expected to further enhance the corporate value of the Company, and therefore, he has been renominated as a Director candidate.		
2	Noriyuki Suzuki (August 4, 1976)	April 1999 Joined TOKO, INC. (currently Murata Manufacturing Co., Ltd.) April 2010 Joined ROHM Co., Ltd. January 2016 Appointed as Japan Representative, Wireless Power Consortium October 2017 Joined NVIDIA Corporation Appointed Senior Manager of the Industry Business Division October 2019 Joined EDGEMATRIX Inc. Appointed Executive Officer April 2024 Joined the Company Appointed Executive Officer of the Company June 2024 Appointed Director and COO of the Company (current)	250,000 shares
	[Reason for Nomination as Director Candidate] Mr. Noriyuki Suzuki has engaged in enterprise sales at domestic and international manufacturers and has management experience in startups. Since joining the Company, he has led the sales of CoolLaser to customers of various sizes and industries, including major construction equipment rental companies and power companies. Based on his achievements and experience, he is expected to further enhance the corporate value of the Company, and therefore, he has been renominated as a Director candidate.		

<table>
<tr><th>Candidate Number</th><th>Name
(Date of Birth)</th><th colspan="2">Career Summary, Position, Responsibilities, and Significant Concurrent Positions</th><th>Number of Shares of the Company Owned</th></tr>
<tr><td rowspan="2">3</td><td>Hajime Shirai
(May 10, 1986)</td><td>April 2009

October 2011
June 2013
October 2016
June 2019

January 2020

March 2020
June 2020

January 2021
April 2026</td><td>Joined PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Japan LLC)
Joined Frontier Management Inc.
Joined Deloitte Touche Tohmatsu LLC
Appointed Manager at the same firm
Appointed Representative Director of Glinty Inc. (current)
Appointed Outside Auditor of CREWT Medical Systems, Inc.
Appointed Outside Auditor of CambrianRobotics Inc. (currently obniz Inc.)
Appointed Outside Auditor of Neural Group Inc.
Joined the Company
Appointed Director and CFO of the Company (current)
Appointed Partner at FRIQ Audit Corporation
Appointed Outside Auditor of NST Co., Ltd. (current)</td><td>594,410 shares</td></tr>
<tr><td colspan="4">[Reason for Nomination as Director Candidate]
Mr. Hajime Shirai has engaged in auditing, advisory services for financial institutions, corporate restructuring, and IPO advisory services at multiple audit firms and consulting companies. Since joining the Company, he has overseen the corporate division and led fundraising and IPO preparations. Based on his achievements and experience, he is expected to further enhance the corporate value of the Company, and therefore, he has been renominated as a Director candidate.</td></tr>
<tr><td rowspan="2">4
Outside</td><td>Minoru Moriya
(May 1, 1969)</td><td>April 1992

August 2002
September 2010

April 2011
April 2015
October 2015

November 2016
November 2017

December 2017

April 2018
June 2018

August 2019
September 2020

September 2022

October 2022

February 2023

June 2024

February 2026</td><td>Joined Misumi Corporation (currently Misumi Group Inc.)
Appointed Director of M-OUT Inc.
Appointed Representative Director of Moriya Minoru Office (current)
Appointed Vice President of Carepro, Inc.
Appointed Vice President of RAKSUL Inc.
Appointed Director of Sound Fun Corp.
Appointed Director of AuB Inc.
Appointed Outside Director of SEEDATA Co., Ltd. (currently SEEDER Co., Ltd.)
Appointed Outside Director of Boutiques, Inc.
Appointed Representative Director of Medical Care Design Inc. (currently Think Healthcare Inc.)
Appointed Outside Director of Japan Cloud Capital Corporation (currently FUNDINNO, Inc.) (current)
Appointed Outside Director of TechFeed Inc.
Appointed Director of Future Venture Capital Co., Ltd.
Appointed Outside Director of CELM Inc.
Appointed Outside Director of Nihon Agri, Inc.
Appointed Outside Director of Galapagos, Inc. (current)
Appointed Outside Director of Liberaware Co., Ltd. (current)
Appointed Outside Director of VALT JAPAN, Co., Ltd. (current)
Appointed Outside Director of DoctorMate Inc. (current)
Appointed Outside Director of the Company (current)
Appointed Outside Director of CaiTech inc. (current)</td><td>- shares</td></tr>
<tr><td colspan="4">[Reason for Nomination as Outside Director Candidate and Expected Role Overview]
Mr. Minoru Moriya has experience in launching and managing various new businesses at Misumi Corporation and served as Vice President of RAKSUL Inc., leading the company to its IPO. Based on his extensive experience in managing companies of various industries and sizes as a new business developer, and his advice on management based on his abundant successful and unsuccessful experiences in new businesses, he is expected to further enhance the corporate value of the Company, and therefore, he has been renominated as an Outside Director candidate.</td></tr>
</table>

(Notes) 1. No special conflicts of interest exist with any of the candidates.

2. Director candidate Mr. Minoru Moriya is currently serving as an Outside Director of the Company, and by the conclusion of this meeting his term as an Outside Director will have reached two years.

3. The Company has submitted a report for Mr. Minoru Moriya as an independent director in accordance with the regulations of the Tokyo Stock Exchange. If his appointment is approved, he is scheduled to continue serving as an independent director.

4. The Company has entered into an agreement with Outside Director Mr. Minoru Moriya to limit indemnification liability to the amount prescribed by laws and regulations under Article 427, Paragraph 1 of the Companies Act, thereby ensuring that he can fully perform his expected role. Should his reappointment be approved, this agreement will be continued.

5. The Company has entered into an indemnity insurance contract for directors and officers as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. This policy covers legal damages and litigation expenses that may be incurred by the insured. Each candidate will be included as an insured party under this contract, which is scheduled to be renewed under the same terms at its next renewal.

6. The number of shares held by Mr. Kazuaki Toyosawa and Mr. Hajime Shirai includes the shares held by their respective affiliated asset management companies.

End

Business Report

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

1. Matters Concerning the Company’s Current Status

(1) Business Developments and Achievements

During this fiscal year, the domestic economy, although affected by U.S. trade policies primarily impacting the automotive industry, has experienced a gradual recovery driven by an increase in inbound demand. Meanwhile, concerns over domestic economic slowdown due to rising prices and Middle Eastern in the latter half of the year have left future prospects uncertain. In the construction industry, while capital investment continued to rise, we struggle with labor shortages caused by aging workforce on site.

Under these circumstances, the SOSEI Business, supported by large-scale renovation projects at domestic factories in the automotive, machinery, and steel industries, recorded an increase in net sales for the full year compared to the previous year.

The CoolLaser Business has, since commencing deliveries of the 'CoolLaser G19-6000 Series' in September 2024, secured multiple orders from major infrastructure owner groups and construction companies engaged in public road and bridge projects, including instances of multiple unit installations by a single customer and , resulting in a total sale of 12 units for the full fiscal year

As a result, the consolidated performance for the fiscal year was as follows: net sales of 3,133,835 thousand yen (a 54.7% increase year-over-year), operating profit of 629,033 thousand yen (a 108.8% increase year-over-year), ordinary profit of 618,728 thousand yen (a 135.4% increase year-over-year), and net profit of 550,348 thousand yen (a 71.4% increase year-over-year).

(Unit: Thousand yen)

By term / By business	30th Term		31st Term (Current Term)	
	Net sales	Composition ratio	Net sales	Composition ratio
SOSEI Business	1,603,012	79.1%	1,783,713	56.9%
CoolLaser Business	422,889	20.9%	1,350,121	43.1%
Total	2,025,901	100.0%	3,133,835	100.0%

(2) Status of Capital Expenditures

During this fiscal year, total capital expenditures amounted to 214,196 thousand yen. The CoolLaser Business allocated 45,048 thousand yen for the renovation of its new factory, HAMAMATSU BASE, and reallocated one unit of the G19-6000 Series for in-house use, resulting in total expenditures of 162,255 thousand yen for the business. The SOSEI Business incurred additional expenses of 12,244 thousand yen for the acquisition of machinery and equipment for spraying applications, with total expenditures of 44,034 thousand yen for the business.

(3) Status of Fundraising

In May 2025, through an over-allotment-related third-party allotment offering, a total of 372,738 thousand yen was raised. Additionally, anticipating an increase in working capital from the mass production of CoolLaser, the Company secured long-term borrowings of 200,000 thousand yen from Fuji Shinkin Bank in July 2025 and 300,000 thousand yen from Shizuoka Yaizu Shinkin Bank in September 2025, respectively.

(4) Issues to be Addressed

① Securing Excellent Talent

The SOSEI Business faces the common industry challenge of a shortage of young labor, which may result in recruitment not progressing as initially planned. The external insulation benefits of the SOSEI method enhance air-conditioning efficiency year-round, contributing to energy conservation and reductions in greenhouse gas emissions. Although the nation’s decarbonization efforts have driven growing demand for the SOSEI method year by year, delays in recruitment could potentially lead to construction delays. To mitigate this risk, the Company is engaging closely with a wide range of recruitment agencies and has established relationships with partner firms capable of providing construction management services.

The CoolLaser Business requires the recruitment of engineering talent to support its proposal activities across various domestic markets, as well as to address market-specific application development needs in addition to its standard models. The Company is implementing initiatives similar to those in the SOSEI Business to enhance recruitment effectiveness in addressing this challenge.

② Enhancing Product Strength

The SOSEI Business plans to launch a new initiative that will enable the installation of heavy solar panels on slate roofs, previously considered unsuitable due to insufficient strength, by applying the SOSEI method and installing fixtures using a patented special technique. This will facilitate collaboration with solar energy providers to expand sales of the SOSEI Business and, by using more environmentally friendly raw materials, enhance our value proposition to ordering companies actively addressing global warming.

The CoolLaser Business will continue to develop new laser heads and miniaturize devices, while also undertaking applied research and development for various market segments to drive further sales expansion.

③ Acquiring Customers

For the SOSEI Business, approximately 80% of net sales are generated through repeat orders from existing customers. The high evaluation from customers who have adopted the SOSEI method has resulted in continuous orders for additional facilities such as other factories. Conversely, the relatively low proportion of new orders, at about 20% of total sales, can be attributed to two factors: insufficient activities to raise awareness of the SOSEI method, and missed opportunities due to our construction system being inadequate for the ad hoc nature of new customer inquiries, even though repeat orders can be anticipated based on customer budgeting and project timelines

In response to these issues, as described in ① the measures for Securing Excellent Talent, we will continue to recruit additional personnel and also develop new sales agency partnerships, thereby strengthening our sales activities with an emphasis on co-creation

Given that many aging social infrastructure assets are held by national and local governments and major corporations, the CoolLaser Business will work with sales agencies to enhance brand recognition among these customers, in addition to promoting the innovative CoolLaser method through trade shows and media coverage.

④ Strengthening Internal Management Systems

While we believe our administrative division has a system in place that meets the requirements for a listed company, as both the SOSEI Business and the CoolLaser Business continue to expand, we will further reinforce our internal management systems to address emerging administrative needs. Additionally, to ensure that a focus on regulatory compliance does not wane amid business growth, we will maintain and further enhance our governance framework.

⑤ Ensuring a Stable Financial Base

The CoolLaser Business continuously monitors the rapid technological innovations in the laser industry and may initiate new R&D activities if a technology suitable for adoption in CoolLaser emerges. In addition to the newly incurred R&D expenses, mass production of existing products is expected to increase working capital requirements. To address these funding needs, we will ensure a stable financial base by utilizing available cash reserves, securing loans, and exploring capital procurement measures such as third-party allotments to deepen collaborative relationships, all while maintaining a balanced approach to financial soundness without limiting our scope to domestic or international sources.

We kindly ask our shareholders for your continued exceptional support in the future.

(5) Trends in Financial Position and Profit and Loss

Category	Fiscal Year 2022 28th Term	Fiscal Year 2023 29th Term	Fiscal Year 2024 30th Term	Fiscal Year 2025 (Current Term) 31st Term
Revenue	1,117,392 Thousand yen	1,095,495 Thousand yen	2,025,901 Thousand yen	3,133,835 Thousand yen
Ordinary profit (loss)	(113,650) Thousand yen	(157,578) Thousand yen	262,852 Thousand yen	618,728 Thousand yen
Net income (loss)	(114,846) Thousand yen	(158,469) Thousand yen	321,085 Thousand yen	550,348 Thousand yen
Basic earnings (losses) per share	(11.49)	(15.26)	27.09	40.64
Total assets	1,336,973 Thousand yen	1,920,601 Thousand yen	3,889,861 Thousand yen	5,341,373 Thousand yen
Net assets	(226,137) Thousand yen	328,459 Thousand yen	2,030,625 Thousand yen	2,979,340 Thousand yen
Net assets per share	(22.63)	29.83	155.88	218.78

(Note) The Company executed a stock split on November 30, 2024, at a ratio of 5 shares for every 1 share of common stock. It is assumed that this stock split took place at the beginning of the 28th Term when calculating earnings per share and net assets per share.

(6) Status of Significant Parent and Subsidiary Companies

① Parent Company Status

There are no relevant matters.

② Subsidiary Company Status

There are no relevant matters.

(7) Status of Other Significant Business Combinations, etc.

There are no relevant matters.

(8) Key Business Segments (as of March 31, 2026)

The Company, with its mission of “Beautifully, For the future,” is developing the SOSEI Business and the CoolLaser Business, which leverage proprietary technologies to transform the “3Ks (Hard, Dirty, Dangerous)” of infrastructure maintenance sites into “3Cs (Cool, Clean, Creative).” By preserving and enhancing aging factories, warehouses, bridges, and transmission towers, we aim to pass our social infrastructure on to future generations in a lasting and pristine condition. Through our infrastructure maintenance activities, we are committed to contributing to the realization of a circular society.

In the SOSEI Business, we provide construction services to owners of factories and buildings who are out clients by spraying a rapidly curing special resin onto aging roofs using our proprietary method (Patent No. 7332142 and Patent No. 6815548). By applying a layer of urethane foam with insulating properties as the first layer, attic temperatures can be reduced by up to approximately 20°C during the summer, thereby improving air-conditioning efficiency, reducing electricity costs and CO2 emissions, and positioning the method as particularly suited to the era of decarbonization.

CoolLaser Business has independently developed the high-power rust-removal laser construction equipment “CoolLaser” by applying high-power lasers, previously used for cutting and welding processes inside factories, to cleaning applications. This equipment, capable of removing thick rust and coating from structures such as bridges and towers, is offered primarily to infrastructure owners and construction companies responsible for infrastructure maintenance in four key fields: ① Bridges (road and rail), ② Towers (communications and power transmission), ③ Maritime (shipping and dock operations), and ④ Other areas (plants and storage) through the manufacturing and sales of the equipment, the provision of consumables and maintenance services, and construction work centered on test applications.

Based on multiple patented technologies – including the patenting of “the removal of rust and coating from target objects by circular irradiation of laser light” in both Japan and the United States – we have succeeded in achieving a 5.4kW high-power system. This achievement has established a solid competitive advantage as the frontrunner in terms of surface treatment quality and construction speed (Patent No. 5574354, US-9868179, EP2823929).

(9) Main offices and factories (as of March 31, 2026)

Name	Location
Main Office	39 Aoshima-cho, Fuji City, Shizuoka Prefecture
Tokyo Office	Akasaka K Tower 4F, 1-2-7 Motoakasaka, Minato-ku, Tokyo
HAMAMATSU BASE	657-1 Hiraguchi, Hamana-ku, Hamamatsu City, Shizuoka Prefecture
Hamamatsu Research Laboratory	3824-12 Miyaguchi, Hamana-ku, Hamamatsu City, Shizuoka Prefecture
SOSEI BASE	241-1 Tadehara, Fuji City, Shizuoka Prefecture
Kyushu Sales Office	Hirata Building 1F, 1-14-12 Sanno, Hakata-ku, Fukuoka City, Fukuoka Prefecture

(10) Employee status (as of March 31, 2026)

Category	Number of Employees	Comparison to Previous Term End	Average Age	Average Years of Service
Employees	48 persons	Increase of 9 persons	45 years 0 months	5 years 5 months

(Note) The above employee count does not include one part-time employee.

(11) Status of major lenders and borrowings (as of March 31, 2026)

Lender	Loan Amount
Japan Finance Corporation	625,100 Thousand yen
Shizuoka Bank, Ltd.	433,460 Thousand yen
Shizuoka Yaizu Shinkin Bank	278,568 Thousand yen
Mizuho Bank, Ltd.	220,000 Thousand yen
Fuji Shinkin Bank	173,328 Thousand yen

2. Matters Related to Shares

(1) Total Number of Authorized Shares 48,000,000 Shares

(2) Total Number of Issued Shares 13,618,090 Shares

(3) Number of Shareholders at the End of the Fiscal Year 6,940 Persons

(4) Top 10 Shareholders

Shareholder Name	Number of Shares Held	Shareholding Ratio
ikplanning Inc.	4,085,000 shares	30.00%
Custody Bank of Japan, Ltd. (Trust Account)	837,600	6.15
PERSHING SECURITIES LTD CLIENT SAFE CUSTODY ASSET ACCOUNT	648,000	4.76
The Master Trust Bank of Japan, Ltd. (Trust Account)	549,200	4.03
Kenso Kogyo Co., Ltd.	500,000	3.67
Kazuaki Toyosawa	398,025	2.92
Daiwa House Group Co-Creation and Co-Existence No. 1 Investment Business Limited Partnership	396,900	2.91
Hajime Shirai	394,410	2.90
TOYOKOH Inc. Employee Shareholding Association	358,063	2.63
TAIHEI DENGYO KAISHA, LTD.	300,000	2.20

3. Matters Related to Stock Acquisition Rights (as of March 31, 2026)

Overview of the content of the stock acquisition rights, etc., granted as compensation for the performance of duties by directors at the end of the current fiscal year

Name	3rd Series of Stock Acquisition Rights	4th Series of Stock Acquisition Rights	5th Series of Stock Acquisition Rights
Resolution Date of Issuance	January 18, 2024	June 28, 2024	August 21, 2024
Number of Stock Acquisition Rights	37,920 rights	49,000 rights	5,000 rights
Number of Holders Directors of the Company (excluding Audit and Supervisory Committee Members and Outside Directors) Outside Directors of the Company (excluding Audit and Supervisory Committee Members) Directors of the Company (Audit and Supervisory Committee Members)	2 persons - 1 person	3 persons - 1 person	- 1 person -
Type and Number of Shares Subject to Stock Acquisition Rights	Common Stock of the Company 189,600 shares	Common Stock of the Company 245,000 shares	Common Stock of the Company 25,000 shares
Issue Price of Stock Acquisition Rights	No payment required in exchange for stock acquisition rights	No payment required in exchange for stock acquisition rights	No payment required in exchange for stock acquisition rights
Value of Property Contributed upon Exercise of Stock Acquisition Rights	700 yen per share	700 yen per share	700 yen per share
Exercise Period of Stock Acquisition Rights	From January 19, 2026, to January 18, 2034	From June 29, 2026, to June 28, 2034	From August 22, 2026, to August 21, 2034
Main Conditions for Exercising Stock Acquisition Rights	(Note) 2	(Note) 2	(Note) 2

(Note) 1. As a result of a 5-for-1 stock split executed on November 30, 2024, the 'number of shares subject to the stock acquisition rights’ and the 'amount of assets to be contributed upon exercise of the stock acquisition rights' have been adjusted.

2. The terms regarding the exercise of the stock acquisition rights are as follows.

① At the time of exercise of the stock acquisition rights, if the stock acquisition rights holder meets any of the following conditions, the rights cannot be exercised:

(i) If the individual is not a director, statutory auditor, or employee of the Company or its subsidiary (where a subsidiary is defined as one in which the Company directly or indirectly holds more than 50% of the total outstanding shares). However, this does not apply if the individual retires due to the completion of their term, reaches mandatory retirement, or if the Company's board of directors recognizes other justified reasons.

(ii) If the stock acquisition rights holder violates applicable laws or the internal regulations of the Company or its subsidiary, resulting in a breach of trust against the Company or its subsidiary.

② Inheritance of these stock acquisition rights by the heirs of the stock acquisition rights holder is not permitted, and such rights shall become non-exercisable upon the death of the stock acquisition rights holder.

③ If the exercise of the stock acquisition rights would result in the total number of outstanding shares of the Company exceeding the number of shares available for issuance at that time, the rights cannot be exercised.

④ The exercise may be conducted only to the extent that the total annual exercise price does not exceed ¥12,000,000 (or, if amended due to changes in legal requirements for tax qualification, the new upper limit will apply to these stock acquisition rights).

⑤ Exercise of less than one whole unit of the stock acquisition rights is not permitted.

⑥ The stock acquisition rights may be exercised after the Company's common stock has been listed or registered on any securities exchange, over-the-counter market, or any other public market, whether domestic or overseas. In such cases, the exercise of these rights shall become available sequentially in accordance with the following classifications from (i) to (iii):

(i) From the applicable date two years after the allocation date until the day before the applicable date three years after the allocation date, one-third of the number of allocated stock acquisition rights (with any fraction rounded up to the nearest whole unit) becomes exercisable.

(ii) From the applicable date three years after the allocation date until the day before the applicable date four years after the allocation date, the cumulative number of stock acquisition rights exercised (including those exercised during the period specified in (i)) may be exercised up to two-thirds of the allocated stock acquisition rights (with any fraction rounded up to the nearest whole unit).

(iii) From the applicable date four years after the allocation date until the end of the exercise period, all of the allocated stock acquisition rights become exercisable.

4. Matters Related to Company Officers

(1) Names of the Directors, etc. (As of March 31, 2026)

Position	Name	Responsibilities and Significant Concurrent Positions
Representative Director	Kazuaki Toyosawa	CEO (Chief Executive Officer)
Director	Noriyuki Suzuki	COO (Chief Operating Officer)
Director	Hajime Shirai	CFO (Chief Financial Officer)
Director	Minoru Moriya	Representative Director, Minoru Moriya Office Co., Ltd. Outside Director, FUNDINNO, Inc. Outside Director, Galapagos, Inc. Outside director, Liberaware Co., Ltd. Outside Director, VALT JAPAN, Co., Ltd. Outside Director, DoctorMate Inc. Outside Director, CaiTech inc.
Director (Full-time Audit and Supervisory Committee Member)	Hikaru Sasaki	Hikaru Sasaki Certified Public Accountant Office
Director (Audit and Supervisory Committee Member)	Hiroshi Abe	Representative Partner, Accounting Force Tax Corporation Outside Auditor, MOLCURE Inc. Outside Auditor, JEMS Inc.
Director (Audit and Supervisory Committee Member)	Fumiaki Kawazoe	Representative Attorney, Y Cube Law Office Representative Director and CEO, Smart Award Brothers Co., Ltd.

Note: 1. Directors Minoru Moriya, Hikaru Sasaki, Hiroshi Abe, and Fumiaki Kawazoe are designated as outside directors as defined in Article 2, Item 15 of the Companies Act.

2. At the conclusion of the regular general meeting of shareholders held on June 24, 2025, Mr. Kazuhisa Fujita retired as a director upon the expiration of his term.

3. The Company has enhanced the audit and supervisory functions of its Audit Committee and, to facilitate the collection of information from directors (excluding Audit Committee members), the sharing of information in key internal meetings, and robust coordination between the internal audit function and the Audit Committee, has appointed a full-time Audit Committee member.

4. The Company has designated Directors Minoru Moriya, Hikaru Sasaki, Hiroshi Abe, and Fumiaki Kawazoe as independent directors in accordance with the rules of the Tokyo Stock Exchange and has duly filed the designation with the Exchange.

5. Full-time Audit Committee member Hikaru Sasaki holds the qualification of Certified Public Accountant, and Audit Committee member Hiroshi Abe holds the qualifications of Certified Public Accountant and Tax Accountant, thereby possessing considerable expertise in finance and accounting.

6. Audit Committee member Fumiaki Kawazoe holds a lawyer’s qualification and possesses considerable expertise in corporate legal affairs.

(2) Overview of the Limitation of Liability Agreement

The Company has entered into an agreement with its outside directors that limits liability for indemnification under Article 423, Paragraph 1 of the Companies Act, in cases where the conditions prescribed by law are met. The liability cap under this agreement is set at the minimum level specified by law.

(3) Overview of the Indemnification Agreement

There are no applicable matters.

(4) Overview of the Directors' and Officers' Liability Insurance Agreement

The Company has entered into a Directors' and Officers' Liability Insurance Agreement (Management Risk Protection Insurance Agreement) with an insurance company, as provided under Article 430-3, Paragraph 1 of the Companies Act. The scope of insured persons under this agreement is limited to the Company's directors, and the insured persons do not bear any premium costs. This insurance agreement covers damages, litigation costs, and other expenses incurred due to company lawsuits, third-party lawsuits, and shareholder derivative lawsuits. However, to ensure that the appropriateness of the insured persons' performance of their duties is not compromised, damages arising from criminal acts by the insured persons, etc., are excluded from coverage.

(5) Directors' Compensation for the Current Fiscal Year

① Matters Concerning the Determination Policy for Individual Directors' Compensation, etc.

The Company has established a Nomination and Compensation Committee, chaired by an independent outside director and composed of a majority of independent outside directors, to serve as an advisory body to the Board of Directors. The Committee advises on matters related to director nominations and compensation (including basic compensation policies, the compensation system, and specific compensation amounts) to enhance objectivity and accountability in the decision-making process. Individual directors' compensation matters are deliberated in advance by the Nomination and Compensation Committee, and the Board of Directors makes the final decision, giving full regard to the Committee's recommendations.

② Matters Regarding the Resolution by the General Meeting of Shareholders on Directors' Compensation, etc.

The compensation cap for directors (excluding Audit Committee members) (excluding employee salaries) was resolved at not more than 250,000 thousand yen per year (with a cap of not more than 50,000 thousand yen per year for outside directors) at the 30th regular general meeting of shareholders held on June 24, 2025. At that meeting, there were four directors (excluding Audit Committee members) subject to that provision (of whom one was an outside director). The compensation cap for directors who are Audit Committee members was resolved at not more than 50,000 thousand yen per year at the 30th regular general meeting of shareholders held on June 24, 2025, with three such directors (all of whom were outside directors).

③ Reasons Why the Board of Directors Determined That the Compensation, etc. for Directors (Excluding Audit Committee Members) Is Consistent with the Stated Policy.

In determining the details of individual directors' compensation (excluding Audit Committee members), an optional Nomination and Compensation Committee—chaired by an independent outside director and composed of a majority of independent outside directors—deliberated within the range of total compensation as determined by the shareholders' meeting, taking into account factors such as industry standards, the Company's performance, and employee salary levels when setting the fixed monthly compensation based on rank, responsibilities, and capabilities. The Board of Directors, after comprehensive discussion, concluded that the compensation was in line with the stated policy.

④ Total Compensation for Directors and Auditors

Officer Category	Total Amount of Compensation, etc. (Thousand yen)	Total Amount by Type of Compensation, etc. (Thousand yen)			Number of Eligible Officers (Persons)
		Basic Compensation	Performance-linked Compensation, etc.	Non-monetary Compensation, etc.	
Directors (excluding Audit and Supervisory Committee Members) (of which, Outside Directors)	63,486 (3,750)	63,486 (3,750)	— (—)	— (—)	5 (2)
Directors (Audit and Supervisory Committee Members) (of which, Outside Directors)	11,700 (11,700)	11,700 (11,700)	— (—)	— (—)	3 (3)
Auditors (of which, Outside Auditors)	3,000 (3,000)	3,000 (3,000)	— (—)	— (—)	3 (3)

Note: As of the end of the current fiscal year, there are four directors (excluding Audit Committee members), of whom one is an outside director, and three directors who are Audit Committee members, all of whom are outside directors. The discrepancy in the number of recipients is due to the inclusion of one director who retired on June 24, 2025.

(6) Matters Concerning Outside Directors

① Status of Significant Concurrent Positions, etc.

Regarding the significant concurrent positions, please refer to page 15. Additionally, there is no special relationship between the significant part-time positions held by outside directors and the Company.

② Main Activity Status for the Fiscal Year

Category	Name	Main Activities
Director	Minoru Moriya	Attended all 18 Board of Directors meetings held during the fiscal year. Provided advice and suggestions to ensure the appropriateness and validity of decision-making at the Board of Directors based on extensive experience and expertise as a new business entrepreneur.
Director (Audit and Supervisory Committee Member)	Hikaru Sasaki	Attended all 18 Board of Directors meetings, 5 Audit Committee meetings, and 13 Audit and Supervisory Committee meetings held during the fiscal year. Provided statements to ensure the appropriateness and validity of decision-making at the Board of Directors and Audit and Supervisory Committee based on expertise as a certified public accountant.
Director (Audit and Supervisory Committee Member)	Hiroshi Abe	Attended all 18 Board of Directors meetings, 5 Audit Committee meetings, and 13 Audit and Supervisory Committee meetings held during the fiscal year. Provided statements to ensure the appropriateness and validity of decision-making at the Board of Directors and Audit and Supervisory Committee based on expertise as a certified public accountant and tax accountant.
Director (Audit and Supervisory Committee Member)	Fumiaki Kawazoe	Attended all 18 Board of Directors meetings, 5 Audit Committee meetings, and 13 Audit and Supervisory Committee meetings held during the fiscal year. Provided statements to ensure the appropriateness and validity of decision-making at the Board of Directors and Audit and Supervisory Committee based on expertise as an attorney.

5. Status of the Accounting Auditor

(1) Name of the Accounting Auditor

Deloitte Touche Tohmatsu LLC

(2) Amount of Fees, etc.

	Payment Amount
Amount of compensation, etc., for the accounting auditor for the fiscal year	25,000 thousand yen
Total amount of monetary and other property benefits payable by the company to the accounting auditor	25,000 thousand yen

(Note) 1. Under the audit contract between the Company and the accounting auditor, the fees for the audit under the Companies Act and those for the audit under the Financial Instruments and Exchange Act are not clearly separated, either explicitly or in practice. Accordingly, the amount for the fiscal period's accounting auditor fees represents the total combined amount.

2. The Audit Committee, after reviewing the content of the audit plan, the status of performance, and the basis for fee estimation, and after conducting the necessary verification, has determined that the fee amount for the accounting auditor is reasonable from the standpoint of ensuring audit quality and maintaining auditor independence, and has accordingly provided its consent pursuant to Article 399, Paragraph 1 of the Companies Act.

(3) Content of Non-audit Services

There are no applicable matters.

(4) Policy for the Dismissal or Non-reappointment of the Accounting Auditor

The Audit Committee will assess the auditor’s independence and performance status, and if it is determined that there are obstacles to the proper execution of the auditor’s duties, it will decide on the content of the agenda regarding the dismissal or non-reappointment of the accounting auditor to be presented at the shareholders’ meeting. Furthermore, if the accounting auditor is found to meet any of the items specified in Article 340, Paragraph 1 of the Companies Act, the auditor will be dismissed with the unanimous consent of all Audit Committee members.

6. Overview of the System to Ensure Proper Operations and Its Implementation

(1) System to Ensure Proper Operations

1）A system to ensure that the duties performed by directors and employees conform to laws and the Articles of Incorporation

(i) Establish and implement codes of ethical conduct and risk/compliance regulations.

(ii) Conduct internal audits and audits by the Audit Committee to verify that the execution of duties complies with applicable laws and the Articles of Incorporation.

(iii) Establish regulations to ensure the effectiveness of the internal reporting system, and set up a contact point to receive reports and consultations regarding compliance violations or potential risks in the execution of duties.

(iv) Compile a collection of company regulations (including the Articles of Incorporation) and ensure that directors and employees have constant access to them.

2）System for the Preservation and Management of Information Related to the Execution of Directors' Duties

(i) Documents and other information related to the execution of duties shall be preserved and managed in accordance with established document management regulations and related manuals. The preservation and management system will be reviewed as necessary.

3）Regulations and Other Systems for Managing the Risk of Loss

(i) Establish and implement risk management regulations and related manuals for the prevention of risks (hereinafter referred to as “risks”) and for addressing risks that materialize, as well as provide training for employees.

(ii) Each Executive Director and Executive Officer responsible for business execution shall identify, continuously monitor, and regularly report to the Board of Directors regarding risks within their respective areas.

(iii) In cases where internal audits are conducted by internal auditors or any issues are identified, appropriate and prompt corrective measures shall be taken.

4) Structure to Ensure the Efficient Execution of Directors' Duties.

(i) Establish and implement rules related to the execution of duties, such as the Rules on Authority.

(ii) Appoint an Executive Director or Executive Officer in each organizational unit with the designated authority to execute duties, and report the status of business execution to the Board of Directors on a monthly basis.

(iii) Verify the content of business execution among approvers at various levels based on the approval guidelines, ensuring that effective checks and balances are maintained during the execution process.

(iv) Conduct executive meetings with the Representative Director and CEO, Executive Directors, Executive Officers, and Unit Leaders to share management status, monitor the activities of each organization, and enhance the efficiency of directors' execution of duties.

5) Matters Concerning Employees Appointed to Assist Audit Committee Members When Requested.

(i) In response to a request from an Audit Committee member, the Board of Directors shall, after consultation with the Audit Committee member, appoint an assistant to support the audit tasks.

6) Matters Regarding the Independence of Audit Committee Assistants from Directors.

(i) The Audit Committee Assistant shall support the audit tasks by following the directions and commands of the Audit Committee member.

(ii) The appointment, dismissal, transfer, performance evaluation, and disciplinary actions concerning the Audit Committee Assistant shall be carried out with the consent of the Audit Committee member, ensuring independence from the directors.

7) Matters Concerning the Effectiveness of Instructions Given to Audit Committee Assistants.

(i) Ensure that all directors and employees are fully informed that the Audit Committee Assistant is required to follow the directions and commands of the Audit Committee member.

8) Structure to Ensure That Directors and Employees Can Report to the Audit Committee and Are Protected from Adverse Treatment as a Result of Such Reporting.

(i) Directors and employees shall, upon the request of the Audit Committee member, report on the status of their duties and significant matters (including facts that could materially impact management) directly to the Audit Committee or through the relevant departments, ensuring timely and appropriate information sharing.

(ii) Audit Committee members shall attend key meetings, such as those of the Board of Directors, to share information on agenda items.

(iii) Important approval documents shall be forwarded to a full-time Audit and Supervisory Committee member after approval by the decision-maker, ensuring that the status of business execution is reported in detail.

(iv) In accordance with the Internal Whistleblower System Regulations, those who have submitted the reports mentioned in the preceding three items shall be protected from any adverse treatment on the basis of having reported.

9) Matters Concerning the Policy for Handling Expenses Arising from the Execution of Duties by Audit Committee Members.

(i) When an Audit Committee member submits a claim for expenses incurred in performing their duties, reimbursement shall be promptly processed unless the expense is deemed unnecessary for the execution of those duties.

10) Other Measures to Ensure the Effective Execution of Audits by Audit Committee Members.

(i) Audit Committee members shall attend the Board of Directors meetings and maintain a system that enables continuous monitoring of the progress of operations.

(ii) Establish regular coordination meetings with internal auditors and statutory auditors to deepen collaboration and facilitate effective auditing.

11) Structure to Ensure the Reliability of Financial Reporting.

(i) Position the establishment of an internal control system to ensure the reliability of financial reporting as one of the highest management priorities, and promote measures to secure the integrity of financial reporting.

(ii) Strive to build a system in which internal controls operate effectively, thereby reducing the risk of misstatements in financial reporting and preventing such occurrences proactively.

(iii) To ensure the reliability of financial reporting, an evaluation team led by internal auditors shall continuously conduct risk assessments of business processes and report the results to the Representative Director and CEO.

(iv) As necessary, review and implement relevant rules and procedures in compliance with the Financial Instruments and Exchange Act and other related laws.

(2) Overview of the Operational Status of the System to Ensure Proper Business Execution.

1) The Audit and Supervisory Committee members, in principle, review the execution of directors' and employees' duties as

well as the risk management status during the monthly meetings of the Board of Directors and the Audit and Supervisory Committees.

2) In addition to attending the meetings of the Board of Directors and the Audit and Supervisory Committees, the Audit and Supervisory Committee members regularly hold consultations with directors and internal audit personnel, among others, to collect and exchange information.

(Note) The amounts and number of shares presented in this business report are shown with any units smaller than the stated unit truncated.

Non-consolidated Balance Sheet

(As of March 31, 2026)

(Unit: Thousand yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	4,137,250	Current liabilities	833,793
Cash and deposits	2,199,463	Accounts payable - trade	346,828
Electronically recorded monetary claims	91,133	Current portion of long-term borrowings	264,629
Accounts receivable - trade	506,891	Lease liabilities	4,399
Accounts receivable from completed construction contracts	282,393	Accounts payable - other	47,763
Securities	498,993	Accrued expenses	32,357
Merchandise and finished goods	153,433	Income taxes payable	78,692
Work in process	260,826	Asset retirement obligations	1,200
Raw materials and supplies	130,283	Deposits received	8,267
Prepaid expenses	10,425	Provision for bonuses	15,055
Other	3,407	Other	34,600
Non-current assets	1,204,122	Non-current liabilities	1,528,239
Property, plant and equipment	678,462	Long-term borrowings	1,465,827
Buildings, net	273,674	Lease liabilities	648
Machinery and equipment	122,219	Provision for loss on construction contracts	60,100
Vehicles	21,785	Asset retirement obligations	1,664
Tools, furniture and fixtures	22,283	Total liabilities	2,362,032
Land	230,790	Net assets	
Leased assets	3,458	Shareholders’ equity	2,979,202
Construction in progress	4,250	Share capital	554,940
Investments and other assets	525,660	Capital surplus	1,552,840
Investment securities	420,706	Legal capital surplus	776,840
Investments in capital	110	Other capital surplus	776,000
Long-term prepaid expenses	185	Retained earnings	871,421
Deferred tax assets	100,641	Other retained earnings	871,421
Leasehold and guarantee deposits	3,947	Retained earnings brought forward	871,421
Other	69	Valuation and translation adjustments	138
		Valuation difference on available-for-sale securities	138
		Total net assets	2,979,340
Total assets	5,341,373	Total liabilities and net assets	5,341,373

Non-consolidated Statement of Income

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

(Unit: Thousand yen)

Item	Amount	
Net sales		3,133,835
Cost of sales		1,833,048
Gross profit		1,300,786
Selling, general and administrative expenses		671,753
Operating profit		629,033
Non-operating income		
Interest income	5,309	
Interest on securities	1,110	
Dividend income	596	
Commission income	4,209	
Other	1,455	12,679
Non-operating expenses		
Interest expenses	21,175	
Commission expenses	1,809	22,984
Ordinary profit		618,728
Profit before income taxes		618,728
Income taxes - current	80,045	
Income taxes - deferred	(11,665)	68,379
Profit		550,348

Non-consolidated Statement of Changes in Equity

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

(Unit: Thousand yen)

	Shareholders' equity						
		Capital surplus			Retained earnings		
					Other retained earnings		
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Retained earnings brought forward	Total retained earnings	Total shareholders' equity
Balance at beginning of period	355,800	577,700	776,000	1,353,700	321,072	321,072	2,030,572
Changes during period							
Issuance of new shares	199,140	199,140		199,140			398,281
Profit					550,348	550,348	550,348
Net changes in items other than shareholders' equity during the period							
Total changes during period	199,140	199,140	—	199,140	550,348	550,348	948,629
Balance at end of period	554,940	776,840	776,000	1,552,840	871,421	871,421	2,979,202

	Valuation and translation adjustments		
	Valuation and translation adjustments		
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Total net assets
Balance at beginning of period	52	52	2,030,625
Changes during period			
Issuance of new shares			398,281
Profit			550,348
Net changes in items other than shareholders' equity during the period	85	85	85
Total changes during period	85	85	948,715
Balance at end of period	138	138	2,979,340

Notes to Non-consolidated Financial Statements

I. Notes on Significant Accounting Policies

1. Evaluation Basis and Method for Securities

Other Securities

Instruments other than stocks, etc., that do not have a market price.

We employ the fair value method based on market prices as of the fiscal closing date.

Additionally, any valuation differences are processed using the full net assets method, and the cost of sales is determined using the moving average method.

Stocks, etc., that do not have a market price.

We employ the cost method based on the moving average method.

2. Evaluation Basis and Method for Inventory

(1) Merchandise and Finished Goods

SOSEI Business Cost method by FIFO

(For the Balance Sheet value, calculated using the method of write-down to net book value due to reduced profitability)

CoolLaser Business Cost method by specific identification

(For the Balance Sheet value, calculated using the method of write-down to net book value due to reduced profitability)

(2) Work in Process

CoolLaser Business Cost method by specific identification

(For the Balance Sheet value, calculated using the method of write-down to net book value due to reduced profitability)

(3) Raw Materials and Supplies

SOSEI Business Cost method by FIFO

(For the Balance Sheet value, calculated using the method of write-down to net book value due to reduced profitability)

CoolLaser Business Cost method by moving average

(For the Balance Sheet value, calculated using the method of write-down to net book value due to reduced profitability)

3. Depreciation Methods for Fixed Assets

(1) Property, Plant and Equipment

The declining balance method or the old declining balance method is adopted.

However, for buildings (excluding building-related equipment) acquired on or after April 1, 1998, the old straight-line method is applied; for buildings (excluding building-related equipment) acquired on or after April 1, 2007, the straight-line method is applied; and for building-related equipment and structures acquired on or after April 1, 2016, the straight-line method is applied.

Furthermore, the primary useful lives are as follows:

Buildings	15 to 38 years
Machinery and equipment	2 to 12 years

(2) Leased assets

For finance lease transactions without transfer of ownership, the straight-line method is adopted, using the lease term as the useful life and assuming a residual value of zero.

4. Criteria for Provision Recognition

(1) Provision for bonuses

To prepare for employee bonus payments, an amount corresponding to the current fiscal year's expense from the estimated future bonus payments is recognized.

(2) Provision for losses on construction contracts

To cover costs for warranty-related expenses on completed contracts, an amount corresponding to the current fiscal year's expense is recognized, based on historical data and adjusted for future expected warranty claims.

5. Criteria for Revenue and Expense Recognition

(1) SOSEI Business

In the SOSEI Business, under customer construction contracts, the Company is obligated to perform renovation and reinforcement work on structures managed by the customer and deliver the completed work. In those contracts where the control of goods or services transfers to the customer over a period, except for very short-term projects, revenue is recognized over time as the performance obligation is fulfilled, with progress measured based on the ratio of construction costs incurred up to the end of the fiscal year to the total estimated construction costs.

(2) CoolLaser Business

In the CoolLaser Business, our primary activity is the manufacturing and sales of the high-power rust-removal laser installation system, CoolLaser (CoolLaser)

Regarding the manufacturing and sale of products, the Company is obligated to deliver the completed products to the customer. It is determined that legal ownership, significant risks and economic benefits associated with the product, transfer of physical possession, and the right to receive payment occur upon delivery, thereby transferring control of the product to the customer and fulfilling the performance obligation.

II. Notes on Accounting Estimates

1. Estimates of the total contract revenue and total construction costs for construction contracts that are fulfilled over a period

(1) Amounts recorded in the financial statements for the current fiscal year

(Unit: thousand yen)

Net sales related to construction contracts in progress at the end of the period, among construction contracts fulfilled over a certain period	540,444

(2) Information on the key accounting estimates related to the identified items

For construction contracts, except for very short-term projects, where control of goods or services transfers to the customer over a period, revenue is recognized over time as the performance obligation is fulfilled, with progress measured based on the ratio of construction costs incurred up to the end of the fiscal year to the total estimated construction costs.

The key assumptions used in estimating the total contract revenue and total construction costs include construction material prices, quantities, and subcontracting costs, among others. Each assumption is made based on the judgment of a construction site manager who possesses specialized knowledge and construction experience.

Since construction projects are generally long-term, these key assumptions are subject to uncertainty and may be affected by factors such as delays due to adverse weather conditions and increases in material or subcontracting costs. Consequently, if adjustments to the estimates become necessary as a result of such events, the financial statements for the following fiscal year may be impacted.

2. Impairment of Fixed Assets

(1) Amounts recorded in the financial statements for the current fiscal year

(Unit: thousand yen)

Property, plant and equipment (balance sheet amount)	678,462

(2) Information on the key accounting estimates related to the identified items

In evaluating the impairment of fixed assets, future cash flow estimates are used for recognizing impairment losses and calculating the recoverable amount. These estimates are based on figures from the Company's medium-term management plan, which was approved by management, and take into account current usage, a reasonable usage plan, and additional investments. These figures incorporate key assumptions made by management, including forecasts of future sales growth, cost of sales, and fluctuations in selling, general and administrative expenses such as personnel and research and development costs. These key estimates and assumptions are subject to change due to shifts in business strategy or changes in the external economic environment, and if a revision of future cash flow estimates becomes necessary, impairment losses may occur in the financial statements for the following fiscal year.

3. Recoverability of Deferred Tax Assets

(1) The amount recorded in the financial statements for the current fiscal year

(Unit: thousand yen)

Deferred tax assets	100,641

(2) Information on significant accounting estimates related to the identified items

The Company, with respect to deferred tax assets, has recognized them based on future deductible temporary differences and tax loss carryforwards, for which recoverability has been determined through a reasonable estimation of future taxable income based on earning power.

The estimation of future taxable income based on earning power is based on the business plan. A principal assumption in the business plan is the sales forecast, which includes projections for the number of CoolLaser devices sold. These assumptions may be affected by future negotiations with customers and fluctuations in economic conditions, and if a review of the estimated future taxable income becomes necessary, it could significantly impact the amount of deferred tax assets in the following fiscal year.

III. Notes on the Non-consolidated Balance Sheet

1. Secured Assets and Secured Liabilities

(1) Assets provided as collateral (book value)

Buildings	197,631 thousand yen
Land	201,711 thousand yen
Total	399,342 thousand yen

(2) Liabilities associated with collateral (book value)

Current portion of long-term borrowings	151,877 thousand yen
Long-term borrowings	501,583 thousand yen
Total	653,460 thousand yen

2. Accumulated Depreciation Directly Deducted from Assets

(1) Non-current assets

Property, plant and equipment	280,309	thousand yen
Buildings	54,462	Ditto
Machinery and equipment	159,999	Ditto
Vehicles	22,282	Ditto
Tools, furniture and fixtures	7,744	Ditto
Leased assets	35,820	Ditto

Please note that the above includes accumulated impairment losses.

IV. Notes on the Non-consolidated Statement of Changes in Equity

The number of issued shares as of the end of the current fiscal year

Common stock 13,618,090 shares

V. Notes on Tax Effect Accounting

Breakdown by the major causes for the occurrence of deferred tax assets and deferred tax liabilities

Deferred Tax Assets

Inventory valuation loss	59,006	thousand yen
Excess depreciation amount	5,477	Ditto
Provision for compensation for losses on construction contracts	18,486	Ditto
Unpaid business tax	7,443	Ditto
Carried forward deficit	308,109	Ditto
Other	8,796	Ditto
Subtotal of deferred tax assets	407,319	thousand yen
Valuation allowance for tax loss carryforwards	224,356	Ditto
Valuation allowance for total future deductible temporary differences	81,951	Ditto
Subtotal of valuation allowance	306,308	Ditto
Total deferred tax assets	101,010	thousand yen

Deferred Tax Liabilities

Valuation difference on available-for-sale securities	61	thousand yen
Asset retirement obligations	307	Ditto
Total deferred tax liabilities	369	thousand yen
Net deferred tax assets	100,641	thousand yen

VI. Notes on Fixed Assets Used Under Lease

1. Finance Lease Transactions

(Lessee)

Finance Lease Transactions without Transfer of Ownership

① Contents of Leased Assets

(Property, plant and equipment)

It primarily consists of vehicles (Vehicles)

② Method of Depreciation for Leased Assets

It is as set forth in “I. Notes on Matters Related to Significant Accounting Policies, 3. Depreciation Methods for Fixed Assets.”

2. Operating Lease Transactions

(Borrower)

Unearned lease payments related to non-cancellable operating lease transactions

Within one year	6,982	thousand yen
Over one year	10,866	ditto
Total	17,848	thousand yen

VII. Notes on Financial Instruments

1. Matters Concerning the Status of Financial Instruments

(1) Policy for Financial Instruments

The Company secures the necessary funds based on its funding plan. In addition, its fund management is limited to short-term deposits and similar instruments.

(2) Contents of Financial Instruments and Their Risks

Trade receivables, namely electronic registered claims, accounts receivable, and accounts receivable from completed construction contracts, are exposed to customer credit risk.

Investment securities consist of commercial paper and possess characteristics similar to deposits.

Investment securities consist of listed stocks and unlisted stocks, and they carry both market price fluctuation risk and issuer credit risk.

Deposited security deposits and guarantees, including transaction guarantees for suppliers and rental deposits for leased properties, are exposed to the credit risk of the counterparties.

Accounts payable – trade and accounts payable – other are subject to short-term payment deadlines.

The purpose of borrowings is working capital, and they are exposed to liquidity risk related to fundraising as well as interest rate fluctuation risk.

(3) Risk Management Systems for Financial Instruments

① Management of Credit Risk (risks related to counterparty contractual defaults, etc.)

The Company monitors the status of major counterparties for its trade receivables through each department, managing due dates and balances on a per-counterparty basis, and takes measures to promptly identify and mitigate collection risks arising from deteriorations in their financial condition. For investment securities, the Company regularly reviews the financial condition of the issuers.

② Management of Market Risk (risks arising from fluctuations in exchange rates and interest rates, etc.)

The Company regularly assesses the market values of its investment securities and the financial conditions of counterparties, and continuously reviews its holding positions in consideration of market conditions and its relationships with these counterparties. In addition, for borrowings with variable interest rates, the Company prepares and periodically updates a table of borrowing interest rates for each financial institution to monitor fluctuations.

③ Management of Liquidity Risk Related to Fundraising (the risk of being unable to execute payments on the due date)

The Company manages liquidity risk for its operating liabilities and borrowings by preparing and updating cash flow forecasts.

(4) Supplementary Explanation Regarding the Market Values of Financial Instruments, etc.

In determining the market values of financial instruments, various fluctuating factors are taken into account, so the valuation may vary depending on the assumptions applied.

2. Matters Concerning the Market Values of Financial Instruments, etc

As of March 31, 2026, the amounts recorded on the Non-consolidated Balance Sheet, their market values, and the differences between them are as follows:

	Amount recorded on the balance sheet (Thousand yen)	Fair value (Thousand yen)	Difference (Thousand yen)
(1) Investment securities			
Other securities	706	706	—
(2) Leasehold and guarantee deposits	3,947	3,523	(424)
Total assets	4,654	4,229	(424)
(1) Long-term borrowings (including current portion)	1,730,456	1,610,567	(119,888)
(2) Lease liabilities (including current portion)	5,047	4,892	(155)
Total liabilities	1,735,503	1,615,459	(120,044)

(*1) Cash is omitted from the notes, and for deposits, electronic registered claims, accounts receivable, accounts receivable from completed construction contracts, investment securities (commercial paper), accounts payable – trade, and accounts payable – other, the notes have been omitted because these items are settled within a short period and their market values approximate their book values.

(*2) Stocks, etc., that lack a market price

Category	Current fiscal year (Thousand yen)
Unlisted shares	420,000
Investments in capital	110

Unlisted stocks are not subject to market value disclosure because they do not have a market price.

(*3) Long-term borrowings are calculated by discounting the total amount of principal and interest at an interest rate assumed for a similarly new borrowing.

3. Matters Concerning the Breakdown by Level of the Market Value of Financial Instruments

We classify the fair value of financial instruments into the following three levels based on the observability and significance of the inputs used in its measurement.

Level 1 Fair Value: Fair value determined using market prices for assets or liabilities subject to measurement in an active market, based on observable inputs

Level 2 Fair Value: Fair value determined using observable inputs other than those included in Level 1

Level 3 Fair Value: Fair value determined using unobservable inputs

When multiple inputs that significantly affect the fair value measurement are used, the fair value is classified according to the lowest level of priority among the levels to which these inputs belong.

(1) Financial assets and liabilities that are measured at fair value on the Non-consolidated Balance Sheet

Category	Fair value (Thousand yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	706	－	－	706
Total assets	706	－	－	706

(2) Financial assets and liabilities that are not measured at fair value on the Non-consolidated Balance Sheet

Category	Fair value (Thousand yen)			
	Level 1	Level 2	Level 3	Total
Leasehold and guarantee deposits	－	3,523	－	3,523
Total assets	－	3,523	－	3,523
Long-term borrowings	－	1,610,567	－	1,610,567
Lease liabilities	－	4,892	－	4,892
Total liabilities	－	1,615,459	－	1,615,459

(Note) Explanation of the valuation techniques and the inputs used in determining fair value

Investment securities

Listed stocks are valued based on market prices. Listed stocks and government bonds are traded in active markets and are therefore classified as Level 1 fair value.

Collateral Deposits and Guarantees

The fair value of collateral deposits and guarantees is determined by calculating the present value, which is obtained by discounting expected future cash flows at an interest rate based on appropriate benchmarks such as government bond yields, and is classified as Level 2 fair value.

Long-term borrowings

The fair value of long-term borrowings is determined by discounting the total amount of principal and interest at the rate that would be expected if a similar new borrowing were undertaken, and is classified as Level 2 fair value.

Lease liabilities

The fair value of lease liabilities is determined by discounting the total amount of principal and interest at the rate that would be expected if a similar new lease were undertaken, and is classified as Level 2 fair value.

VIII . Notes on transactions with related parties

Officers and major individual shareholders, etc.

Type	Name of individual or company, etc.	Location	Capital or investment amount	Occupation or business content	Ownership (or owned) ratio of voting rights, etc.	Relationship with related parties	Content of transactions	Transaction amount (Thousand yen)	Account	Balance at end of period
Officer	Hajime Shirai	—	—	Director and CFO of the Company	Directly owned 2.90%	—	Exercise of stock acquisition rights (Note)	11,970	—	—

(Note) These represent the rights exercised in the current fiscal year for the 3rd stock acquisition rights granted pursuant to the resolution of the Board of Directors meeting held on January 18, 2024

IX. Notes on revenue recognition

1. Information disaggregated by revenue arising from contracts with customers

(Unit: Thousand yen)

	Reporting segment		Total
	SOSEI Business	CoolLaser Business	
SOSEI Business	1,770,331	—	1,770,331
Waterproof painting work	3,785	—	3,785
Paint film removal work	—	19,760	19,760
Sales of merchandise and finished goods	2,233	1,329,263	1,331,496
Service net sales	—	1,098	1,098
Revenue from contracts with customers	1,776,349	1,350,121	3,126,471
Other	7,363	—	7,363
Net sales to external customers	1,783,713	1,350,121	3,133,835

2. Information that forms the basis for understanding the revenue arising from contracts with customers

Regarding the nature of the principal performance obligations in the main services and the normal point in time at which revenue is recognized, please refer to "I. Notes on Significant Accounting Policies, 5. Basis of Revenue and Expense Recognition."

Furthermore, no significant financial elements are included in the consideration.

3. Information regarding the relationship between the fulfillment of performance obligations under contracts with customers and the cash flows arising from such contracts, as well as information on the amounts and timing of revenue expected to be recognized in future fiscal years from contracts existing at the end of the current fiscal year.

(1) The balance, etc., of contract assets

The breakdown of receivables and contract assets arising from contracts with customers is as follows:

(Unit: thousand yen)

	Balance at beginning of period	Balance at end of period
Receivables arising from contracts with customers	316,033	685,787
Contract assets	230,585	194,629

Contract assets represent the Company's right to consideration for the portion of revenue recognized based on the progress toward completion of performance under customer contracts that has not yet been billed. They are reclassified as receivables arising from customer contracts once the Company's right to consideration becomes unconditional.

(2) The transaction price allocated to remaining performance obligations

In our practice, for the note on the transaction price allocated to remaining performance obligations, we apply practical expedients and exclude contracts that are initially expected to have a term of one year or less. Furthermore, there are no significant transactions with an anticipated contract term exceeding one year.

X. Notes on per-share information

Net assets per share	218. 78 yen
Net income per share	40.64 yen

XI. Notes on significant subsequent events

There are no applicable items.