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Securities Code: 6745

Start date of measures for electronic provision: June 3, 2024

To our shareholders:

Hajime Hosoi
Representative Director, President and CEO
HOCHIKI CORPORATION
2-10-43 Kamiosaki Shinagawa-ku, Tokyo,
Japan

Notice of the 128th Annual General Meeting of Shareholders

We are pleased to announce the 128th Annual General Meeting of Shareholders of Hochiki Corporation (the “Company”), which will be held as indicated below.

If you will not attend the meeting in person, you may exercise your voting rights in either way described below. Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights.

[Exercise of voting rights in writing]

Please indicate your approval or disapproval of the proposals in the voting right exercise form and then return the form to the Company by postal mail so that your vote is received by 5:30 p.m. on Tuesday, June 25, 2024 (JST).

[Exercise of voting rights via the internet]

Please access the dedicated website for exercising voting rights (<https://evote.tr.mufg.jp/>) (in Japanese), and follow the instructions on the display to indicate your approval or disapproval of the proposals by 5:30 p.m., Tuesday, June 25, 2024 (JST).

Details

- 1. Date and Time:** Wednesday, June 26, 2024, at 10:00 a.m. (JST)
- 2. Venue:** Conference Room on 5th floor of main building, Head Office of Hochiki Corporation
2-10-43 Kamiosaki Shinagawa-ku, Tokyo, Japan

3. Purpose of the Meeting

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 128th fiscal year (from April 1, 2023 to March 31, 2024), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit and Supervisory Board
2. The Non-consolidated Financial Statements for the 128th fiscal year (from April 1, 2023 to March 31, 2024)

Matters to be resolved:

- | | |
|-----------------------|---|
| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Election of Eight Directors |
| Proposal No. 3 | Election of One Audit and Supervisory Board Member |
| Proposal No. 4 | Election of One Substitute Audit and Supervisory Board Member |

- Ⓞ When you attend the meeting in person, please submit the voting right exercise form at the reception counter.
- Ⓞ When convening the General Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of Reference Documents for the General Meeting of Shareholders, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the Company’s website. Please access the Company’s website by using the internet address shown below to review the information. Please access the Company’s website by using the internet address shown below to review the information.

The Company’s website: <https://www.hochiki.co.jp/ir/stock/soukai/> (in Japanese)

In addition to posting items subject to measures for electronic provision on the Company's website, the Company also posts this information on the website of the Tokyo Stock Exchange (TSE).

TSE website (Listed Company Search):

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

(Access the TSE website by using the internet address shown above, enter "HOCHIKI" in "Issue name" or the Company's securities code "6745" in "Code," and click "Search." Then, click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].")

- ◎ Note that, for this General Meeting of Shareholders, paper-based documents stating items subject to measures for electronic provision will be delivered to all shareholders regardless of whether they have made a request for delivery of such documents. Among the items subject to measures for electronic provision, in accordance with the provisions of laws and regulations of the Articles of Incorporation of the Company, the following items are not provided in such documents.
 - Systems to ensure appropriate business operations and overview of operational status of such systems
 - Basic views on measures for eliminating anti-social forces and status of development
 - Basic policy on company control
 - Notes to the Consolidated Financial Statements
 - Notes to the Non-consolidated Financial Statements
- ◎ If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on the Company's website and the TSE website shown above.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Year-end dividends

The Group recognizes return of profit to shareholders as one of its important management issues. While following the principle of maintaining stable dividend payments, we give comprehensive consideration to our financial position and level of profit.

When paying dividends, we will strive to maintain a progressive dividend policy, considering payout ratio and dividend on equity ratio (DOE) among other indicators, after making investments required for continuous growth over the medium- to long-term.

The Company has given comprehensive consideration to matters including the business performance of the fiscal year and future business development, and it proposes to pay a year-end dividend for the fiscal year of ¥32.50 per share.

- (1) Type of dividend property
To be paid in cash
- (2) Allotment of dividend property to shareholders and their aggregate amount
Dividend of ¥32.50 per common share of the Company
Total dividend amount: ¥812,613,555
An interim dividend of ¥25.50 per share has been paid, so the annual dividend for the fiscal year will be ¥58 per share.
- (3) Effective date of dividends of surplus
June 27, 2024

Proposal No. 2 Election of Eight Directors

At the conclusion of this meeting, the terms of office of all eight Directors will expire. Therefore, the Company proposes the election of eight Directors.

The candidates for Director are as follows:

Candidate No.	Gender	Name	Position and responsibility in the Company	
1	Male	Hajime Hosoi	Director President and CEO	Reelection
2	Male	Yasuharu Kobayashi	Director, Senior Managing Executive Officer General Manager of Business Administration Division	Reelection
3	Male	Michihiro Yonezawa	Managing Executive Officer, General Manager of Engineering and Production Division	New Election
4	Male	Masahiro Kai	Managing Executive Officer, General Manager of Sales Division	New Election
5	Male	Yasuhiro Yoshimoto	Director, Managing Executive Officer Deputy General Manager of Sales Division In charge of Nationwide Maintenance Sales Support	Reelection
6	Female	Hideyo Nakano	External Director	Reelection External Director Independent Director
7	Male	Masaaki Matsunaga	External Director	Reelection External Director Independent Director
8	Male	Hikomitsu Noji		New Election External Director Independent Director

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	<p style="text-align: center;">Hajime Hosoi (December 31, 1964)</p> <p style="text-align: center;">Reelection</p>	<p>Feb. 1989 Joined the Company</p> <p>June 2013 Director, Head of Business Planning Office</p> <p>Apr. 2018 Director, General Manager of Sales Division</p> <p>June 2018 Managing Director, General Manager of Sales Division</p> <p>Apr. 2019 Managing Director, General Manager of Sales Division, in charge of Maintenance Business and Engineering Group</p> <p>June 2019 Director, Managing Executive Officer, General Manager of Sales Division, in charge of Maintenance Business and Engineering Group</p> <p>Apr. 2020 Director, Senior Managing Executive Officer, General Manager of International Business Division</p> <p>June 2023 Representative Director, President and CEO, General Manager of International Business Division</p> <p>Apr. 2024 Representative Director, President and CEO (present position)</p>	<p>34,024 shares (Including 22,813 shares scheduled to be delivered regarding the performance-linked stock compensation plan)</p>
<p>[Reasons for nomination as candidate for Director] Hajime Hosoi has appropriate experience and ability to serve as the Company's Director such as having experience and extensive knowledge as corporate manager, having shown his leadership as the representative of the management of the Company and being well-versed in various areas of the Company's business.</p>			
2	<p style="text-align: center;">Yasuharu Kobayashi (January 19, 1962)</p> <p style="text-align: center;">Reelection</p>	<p>June 2011 Executive Officer, General Manager of Kyoto Branch of Mitsubishi UFJ Trust and Banking Corporation</p> <p>June 2013 Representative Director and Vice President of Mitsubishi UFJ Trust Business Co., Ltd.</p> <p>June 2014 Director, Deputy General Manager of Sales Division, in charge of Sales Promotion Group of the Company</p> <p>June 2019 Director, Senior Executive Officer, Deputy General Manager of Sales Division, in charge of Sales Promotion Group</p> <p>Apr. 2021 Director, Managing Executive Officer, Deputy General Manager of Sales Division, in charge of Sales Promotion Group</p> <p>June 2021 Managing Executive Officer, Deputy General Manager of Sales Division, in charge of Sales Promotion Group</p> <p>June 2023 Director, Managing Executive Officer, Deputy General Manager of Sales Division, in charge of Sales Promotion Group</p> <p>Apr. 2024 Director, Senior Managing Executive Officer, General Manager of Business Administration Division (present position)</p>	<p>23,229 shares (Including 14,223 shares scheduled to be delivered regarding the performance-linked stock compensation plan)</p>
<p>[Reasons for nomination as candidate for Director] Yasuharu Kobayashi has appropriate experience and ability to serve as the Company's Director such as having experience and extensive knowledge as a corporate manager and having shown his leadership mainly in the fields of sales and business administration.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned	
3	Michihiro Yonezawa (October 25, 1960) New Election	Apr. 1984	Joined the Company	18,036 shares (Including 14,223 shares scheduled to be delivered regarding the performance-linked stock compensation plan)
		Apr. 2015	Executive Officer, Head of Quality Management Office	
Apr. 2016	Executive Officer, General Manager of Engineering and Production Division			
June 2016	Director, General Manager of Engineering and Production Division			
June 2019	Director Senior Executive Officer, General Manager of Engineering and Production Division			
June 2021	Managing Executive Officer, General Manager of Engineering and Production Division (present position)			
[Reasons for nomination as candidate for Director] Michihiro Yonezawa has appropriate experience and ability to serve as the Company's Director such as having abundant experience in sales, R&D, production and quality assurance, and having shown his leadership mainly in the R&D, production and quality assurance fields.				
4	Masahiro Kai (March 5, 1964) New Election	Apr. 1986	Joined the Company	9,164 shares (Including 6,787 shares scheduled to be delivered regarding the performance-linked stock compensation plan)
		Apr. 2011	General Manager of Business Development Department II	
Apr. 2017	General Manager of Sales Management Department			
Apr. 2020	Executive Officer, Deputy General Manager of Sales Division, General Manager of Sales Management Department			
Apr. 2024	Managing Executive Officer, General Manager of Sales Division (present position)			
[Reasons for nomination as candidate for Director] Masahiro Kai has appropriate experience and ability as to serve as the Company's Director such as having abundant experience in sales and having shown his leadership mainly in the field of domestic business development as well as in overall sales management.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
5	Yasuhiro Yoshimoto (July 16, 1961) Reelection	<p>Apr. 2013 Administration Officer, General Manager of Sixth Region of SOHGO SECURITY SERVICES CO., LTD.</p> <p>Apr. 2016 Seconded to Nippon Building Maintenance Co., Ltd. (currently ALSOK Facilities Co., Ltd.) Representative Director and President</p> <p>Apr. 2017 Executive Officer of SOHGO SECURITY SERVICES CO., LTD.</p> <p>Apr. 2021 Managing Executive Officer, Deputy General Manager of Sales Division, in charge of Security Business of the Company Councilor of SOHGO Security Services Co., Ltd. (present position)</p> <p>June 2021 Director, Managing Executive Officer, Deputy General Manager of Sales Division, in charge of Security Business of the Company</p> <p>Apr. 2024 Director, Managing Executive Officer, Deputy General Manager of Sales Division, in charge of Nationwide Maintenance Sales Support (present position)</p>	2,109 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Yasuhiro Yoshimoto has appropriate experience and ability to serve as the Company's Director such as having experience and extensive knowledge as corporate manager and having shown his leadership from an expert standpoint mainly in domestic businesses.</p>			
6	Hideyo Nakano (September 13, 1959) Reelection External Director Independent Director	<p>Nov. 1991 Vice President of Cititrust and Banking Corporation</p> <p>Oct. 1993 Senior Portfolio Manager and Head of Private Investment</p> <p>Jan. 2000 Director and Head of Investment Division of FuNNeX Asset Management Inc.</p> <p>Mar. 2004 CEO of Trias Corporation (present position)</p> <p>Mar. 2020 External Director of OUTSOURCING Inc.</p> <p>June 2021 Director of the Company (present position)</p> <p>June 2022 Outside Director of DKS Co. Ltd. (present position)</p> <p>June 2023 Outside Director of NS TOOL CO., LTD. (present position)</p>	—
<p>[Reasons for nomination as candidate for external Director and expected roles]</p> <p>Hideyo Nakano is well versed in overseas business in addition to having abundant experience and extensive knowledge as a corporate manager of an IR/PR consulting company, and from this expert standpoint, she has made appropriate remarks contributing to the Company's management at meetings of the Board of Directors. The Company requests approval for her election as an external Director as it expects her to continue to play a role in providing advice and supervision.</p>			
7	Masaaki Matsunaga (August 7, 1960) Reelection External Director Independent Director	<p>June 2013 Director of The Toa Reinsurance Company, Limited</p> <p>June 2016 Managing Director</p> <p>June 2020 President and Chief Executive (present position)</p> <p>June 2022 Director of the Company (present position)</p>	575 shares
<p>[Reasons for nomination as candidate for external Director and expected roles]</p> <p>Masaaki Matsunaga has abundant experience and extensive knowledge as corporate manager and has made appropriate remarks contributing to the Company's management from his expert standpoint at meetings of the Board of Directors. The Company requests approval for his election as an external Director as it expects him to continue to play a role in providing advice and supervision.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
8	Hikomitsu Noji (October 30, 1958)	June 2009 Member of the Board and Officer of The Yokohama Rubber Co., Ltd. June 2011 President, Chairman of the Board Mar. 2017 Vice Chairman of The Yokohama Rubber Co., Ltd. and Chairman of the Board of Alliance Tire Group B.V. Apr. 2021 Advisor Apr. 2024 Honorary Advisor (present position)	—
	New Election External Director Independent Director		
[Reasons for nomination as candidate for external Director and expected roles] Hikomitsu Noji has abundant experience and extensive knowledge as a corporate manager, in addition to being well versed in research and development and production fields. The Company expects him to provide advice and supervision to the Company's management from an expert standpoint.			

- Notes:
- There is no special interest between any of the candidates and the Company.
 - The Company requests approval for the election of Hideyo Nakano, Masaaki Matsunaga and Hikomitsu Noji as external Directors, with the expectation that they can provide effective advice from their objective viewpoint independent from other Directors and from their expert standpoint based on experience and knowledge as corporate managers, among others. Hideyo Nakano and Masaaki Matsunaga have been appropriately supervising the Company's management. Hideyo Nakano has been serving as an external Director of the Company since June 2021. At the conclusion of this meeting, her tenure will be three years. Masaaki Matsunaga has been serving as an external Director of the Company since June 2022. At the conclusion of this meeting, his tenure will be two years.
 - The Company has submitted notification to Tokyo Stock Exchange, Inc. that Hideyo Nakano and Masaaki Matsunaga have been appointed as independent directors. Additionally, Hikomitsu Noji satisfies the requirements for an independent director as provided for by Tokyo Stock Exchange, and the Company plans to submit notification to the aforementioned exchange concerning his designation as an independent director if his election is approved.
 - Pursuant to Article 427, paragraph 1 of the Japanese Companies Act and provisions of the Articles of Incorporation of the Company, the Company has entered into an agreement with each of Hideyo Nakano and Masaaki Matsunaga to limit their liability for damages under Article 423, paragraph 1 of the same Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations. Upon approval of the reelection of Hideyo Nakano and Masaaki Matsunaga, the Company plans to continue the same liability limitation agreement with each of them. Upon approval of the election of Hikomitsu Noji, the Company plans to enter into a similar liability limitation agreement with him.
 - As provided for in Article 430-3, paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy, in which the Directors of the Company are insureds, with an insurance company and the full amount of insurance premiums are borne by the Company. An overview of the details is as follows. The insurance company covers, under this policy, losses that arise through a subject officer, who is an insured, assuming liability related to their execution of duties or through claims pertaining to the pursuit of such liability, and if each candidate assumes office as a Director, each Director will be included as an insured in this policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.
 - The numbers of the Company's shares owned by each candidate include the number of shares scheduled to be delivered upon retirement pursuant with the performance-linked stock compensation plan introduced in fiscal year 2018. Note that the voting rights attached to the shares scheduled to be delivered pursuant to the Plan are non-exercisable during the period until they are delivered to each candidate in the future. In addition, shares constituting an equivalent of 40% of said shares scheduled to be delivered shall be sold on the market and the proceeds are scheduled to be delivered to each candidate to secure funds for payment of taxes.

Proposal No. 3 Election of One Audit and Supervisory Board Member

At the conclusion of this meeting, the term of office of Audit and Supervisory Board Member Makoto Tanaka will expire. Therefore, the Company proposes the election of one Audit and Supervisory Board Member.

The Company proposes to nominate Kenichi Nakamura as a candidate for Audit and Supervisory Board Member.

In addition, the consent of the Audit and Supervisory Board has been obtained for this proposal.

The candidate for Audit and Supervisory Board Member is as follows:

Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
<p style="text-align: center;">Kenichi Nakamura (July 9, 1975)</p> <p style="text-align: center;">New Election External Audit and Supervisory Board Member Independent Director</p>	<p>Oct. 2002 Joined ChuoAoyama Audit Corporation</p> <p>Aug. 2007 Joined Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC)</p> <p>July 2009 Representative of Kenichi Nakamura CPA Office (currently Kenichi Nakamura CPA & TAX Office) (present position)</p> <p>May 2013 External Audit and Supervisory Board Member of TMS Co., Ltd. (present position)</p> <p>May 2016 Supervisory Director of CRE Logistics REIT, Inc. (present position)</p>	<p>—</p>
<p>[Reasons for nomination as a candidate for external Audit and Supervisory Board Member]</p> <p>Though Kenichi Nakamura has never in the past been directly involved in the management of a company, the Company believes that he can appropriately fulfill his duties as an external Audit and Supervisory Board Member as he has sufficient knowledge regarding auditing operations due to being well versed in corporate accounting as certified public accountant and certified public tax accountant.</p>		

- Notes:
1. There is no special interest between Kenichi Nakamura and the Company.
 2. Kenichi Nakamura is a candidate for external Audit and Supervisory Board Member.
 3. Kenichi Nakamura satisfies the requirements for an independent director as provided for by Tokyo Stock Exchange, and the Company plans to submit notification to the aforementioned exchange concerning his designation as an independent director if his election is approved.
 4. Upon approval of the election of Kenichi Nakamura, the Company plans to enter into an agreement with him to limit his liability for damages under Article 423, paragraph 1 of the same Act, pursuant to Article 427, paragraph 1 of the Companies Act and provisions of the Articles of Incorporation of the Company. The maximum amount of liability for damages under this agreement is planned to be the minimum liability amount provided for under laws and regulations.
 5. As provided for in Article 430-3, paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy with the Company's Audit and Supervisory Board Members as insureds with an insurance company, and the full amount of insurance premiums are borne by the Company.
An overview of this policy is as follows. The insurance company covers, under this policy, losses that arise through a subject officer, who is an insured, assuming liability related to their execution of duties or through claims pertaining to the pursuit of such liability, and if the candidate assumes office as an Audit and Supervisory Board Member, the Audit and Supervisory Board Member will be included as an insured in this policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.

Proposal No. 4 Election of One Substitute Audit and Supervisory Board Member

Therefore, the Company proposes the election of one substitute Audit and Supervisory Board Member in the event that the number of Audit and Supervisory Board Members falls below the number required by laws and regulations. The consent of the Audit & Supervisory Board has been obtained for this proposal.

The effective period of the validity of the election of a substitute Audit and Supervisory Board Member shall be until the commencement of the Annual General Meeting of Shareholders to be held for the last fiscal year ending within four years after his or her election.

The validity of the election of Megumi Yasuda can be nullified by resolution of the Board of Directors if the consent of the Audit and Supervisory Board has been obtained; provided, however, that it is only in a time before assuming office.

The candidate for substitute Audit and Supervisory Board Member is as follows:

Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
<p style="text-align: center;">Megumi Yasuda (January 21, 1973)</p> <p style="text-align: center;">External Audit and Supervisory Board Member</p>	<p>Oct. 1999 Joined Chuo Audit Corporation</p> <p>Apr. 2004 Registered as a certified public accountant</p> <p>Sept. 2006 Joined PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Japan LLC)</p> <p>July 2008 Joined Seisen Audit Corporation</p> <p>July 2016 Director of Megumi Yasuda Certified Public Accountant Office (present position)</p> <p>June 2021 Audit & Supervisory Board Member of Soken Chemical & Engineering Co., Ltd. (present position)</p> <p>Apr. 2023 Visiting Associate Professor, Department of Accounting and Finance, Faculty of Global Business, Showa Women's University (present position)</p> <p>Sept. 2023 Outside Audit & Supervisory Board Member of The Monogatari Corporation (present position)</p>	<p>—</p>
<p>[Reasons for nomination as a candidate for substitute external Audit and Supervisory Board Member]</p> <p>Though Megumi Yasuda has never in the past been directly involved in the management of a company, the Company believes that she can appropriately fulfill her duties as an external Audit and Supervisory Board Member as she has sufficient knowledge regarding auditing operations due to being well versed in corporate accounting as certified public accountant.</p>		

- Notes:
1. There is no special interest between Megumi Yasuda and the Company.
 2. Megumi Yasuda is a candidate for substitute external Audit and Supervisory Board Member.
 3. The Company stipulates in its Articles of Incorporation that it may, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, enter into agreements with Audit and Supervisory Board Members to limit their liabilities for damages to certain extent. If Megumi Yasuda assumes office as an Audit and Supervisory Board Member, the Company plans to enter into an agreement with her to limit her liability for damages under Article 423, paragraph 1 of the Japanese Companies Act to the amount provided for under laws and regulations.
 4. As provided for in Article 430-3, paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy with the Company's Audit and Supervisory Board Members as insureds with an insurance company, and the full amount of insurance premiums are borne by the Company.
An overview of this policy is as follows. The insurance company covers, under this policy, losses that arise through a subject officer, who is an insured, assuming liability related to their execution of duties or through claims pertaining to the pursuit of such liability, and if the candidate assumes office as an Audit and Supervisory Board Member, the Audit and Supervisory Board Member will be included as an insured in this policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.
 5. Megumi Yasuda satisfies the requirements for an independent director as provided for by Tokyo Stock Exchange, and the Company plans to submit notification to the aforementioned exchange concerning her designation as an independent director if she assumes office as an Audit and Supervisory Board Member.

(Reference) Skill Matrix if the Proposals No. 2 and No. 3 are approved as originally proposed

Directors

Candidate No.	Gender	Name	Classification	Corporate Management	Sales and Marketing	Global Experience	R&D and Production Quality	Finance and Accounting	Legal Affairs and Compliance	Human Resources and Labor	ICT
1	Male	Hajime Hosoi	Internal Director	•	•	•			•		
2	Male	Yasuharu Kobayashi	Internal Director	•	•			•		•	
3	Male	Michihiro Yonezawa	Internal Director		•		•				•
4	Male	Masahiro Kai	Internal Director		•						
5	Male	Yasuhiro Yoshimoto	Internal Director	•	•						
6	Female	Hideyo Nakano	External Director	•	•	•		•			
7	Male	Masaaki Matsunaga	External Director	•	•	•		•			
8	Male	Hikomitsu Noji	External Director	•	•	•	•				

Audit and Supervisory Board Members

	Gender	Name	Classification	Corporate Management	Sales and Marketing	Global Experience	R&D and Production Quality	Finance and Accounting	Legal Affairs and Compliance	Human Resources and Labor	ICT
Present Position	Male	Yuji Hirai	Internal Audit and Supervisory Board Member		•						
Present Position	Male	Masahide Nakamura	External Audit and Supervisory Board Member		•			•	•		•
Present Position	Female	Minako Adachi	Internal Audit and Supervisory Board Member	•	•	•					
Candidate	Male	Kenichi Nakamura	External Audit and Supervisory Board Member					•			

Business Report

(From April 1, 2023 to March 31, 2024)

1. Current Status of the Corporate Group

(1) Business Progress and Results

During the consolidated fiscal year ended March 31, 2024, while the Japanese economy experienced a moderate recovery trend due to normalization of economic activities along with the lowering of COVID-19 to a “Class 5” infectious disease, an uncertain outlook has continued to prevail, including the geopolitical risks in Ukraine and the Middle East, rising prices of raw materials and resources, and concerns over a downward swing in overseas business conditions.

In the fire prevention and information and communication industries, the risks that would have a negative impact on earnings, such as an increase in labor costs related to measures for the revised Labour Standards Act coming into force in 2024, rising raw material prices and logistics costs, have become apparent.

Under these circumstances, the Group has been promoting sales activities on a company-wide basis to realize the Medium-Term Management Plan “VISION2023 (from FY2021 to FY2023).” In the Domestic Business, Refurbishment/Retrofit installations and Maintenance proceeded smoothly, and additionally measures to accelerate the construction period for the purpose of leveling the installation workload also contributed to business performance. In the Overseas Business, system sales for the product line consisting of fire alarm systems remained robust due to the effect of the exchange rate and other factors. As a result, orders received increased to 94,327 million yen (up 5.4% year on year) and sales increased to 93,485 million yen (up 9.4% year on year). As for profit, the selling, general and administrative expenses increased due to factors such as the execution of development investment and reinvigorating of recruitment activities based on the management plan, and improvement in working conditions reflecting rising prices; however, due to an increase in the sales of profitable refurbishment/retrofit installations and maintenance, the Group recorded an operating profit of 7,375 million yen (up 31.9% year on year), an ordinary profit of 7,782 million yen (up 32.9% year on year), and a net profit attributable to owners of parent of 5,661 million yen (up 28.0% year on year), all of which were record highs.

The overview of each business is as follows:

For the Fire Alarm Systems and the Fire Extinguishing Systems in the Fire Prevention Business, the Group effectively captured demand for new installations and refurbishment/retrofit installations by maximizing the use of CRM (Customer Relationship Management) and further strengthened interdivisional cooperation in the processes from receiving orders for new installments to receiving orders for maintenance. In the Overseas Business, the Group promoted the conversion of policies from a business model that sells sensors and other items alone to system sales for the product line of fire alarm systems including peripheral equipment, and developed measures to expand its business to markets for large-scale buildings.

As a result, the Fire Prevention Business recorded orders received of 80,740 million yen (up 7.1% year on year), and sales of 79,328 million yen (up 10.8% year on year).

For the Information and Communication Systems of the Information and Communication Business, the volume of orders received for broadcasting and intercom systems decreased due to a reactionary reduction after receiving large projects in the previous fiscal year, as well as optimization of human resources in the installation division. As for Security Systems, the Group conducted sales activities, mainly for access control systems, by leveraging the customer base of the Fire Prevention Business.

As a result, the Information and Communication Business recorded orders received of 13,587 million yen (down 3.7% year on year), and sales of 14,156 million yen (up 2.1% year on year).

Orders Received and Net Sales by Business Segment

By Business Segment		Orders Received			Net Sales		
		FY3/2023	FY3/2024	YoY Change	FY3/2023	FY3/2024	YoY Change
Fire Prevention Business	Fire Alarm Systems	¥ million 63,759	¥ million 69,641	% 109.2	¥ million 62,427	¥ million 69,267	% 111.0
	Fire Extinguishing Systems	11,626	11,099	95.5	9,166	10,061	109.8
	Subtotal	75,385	80,740	107.1	71,594	79,328	110.8
Information and Communication Business	Information and Communication Systems	9,360	7,831	83.7	9,170	8,407	91.7
	Security Systems	4,746	5,755	121.3	4,693	5,748	122.5
	Subtotal	14,107	13,587	96.3	13,863	14,156	102.1
Total		89,493	94,327	105.4	85,457	93,485	109.4

(2) Issues to be Addressed

In the circumstances surrounding the Group, in addition to the geopolitical risks in Ukraine and the Middle East, rising prices of raw materials and resources, and concerns over a downward swing in overseas business conditions, the risks that would have a negative impact on earnings, such as an increase in labor costs related to measures for the revised Labour Standards Act, have become apparent.

Under these circumstances, the Group has newly developed the Medium- to Long-Term Management Plan “GLOBAL VISION2030 (from FY2024 to FY2030)” to further contribute to the enhancement of its corporate value and to a sustainable society. With a new vision of “Creating Life Safety worldwide through the power of people and technology,” we will aim to solve social issues through business activities with the desire to provide a safe and comfortable life and lifestyle to people around the world, while maintaining the core mission of “protecting people’s lives and properties from fire.”

(Management Goals)

We will steadily carry out business investments for the future and aim for improving “operating profit margin” and maintaining “ROE” by promoting structural reforms to improve profitability.

Target	Net sales	¥95.0 billion
Indicators	Operating profit	¥7.6 billion
FY3/2025	Operating profit margin	8.0%
(Consolidation)	ROE	10.4%

(Prioritized Policies)

(1) Improvement of Return on Capital by Optimizing a Business Portfolio

We will position our business portfolio to optimize business structures and the allocation of management resources at the core of group management and will obtain more earnings more efficiently than before by organically linking each business while properly evaluating them in order to carry out strategic investments in the future. Specifically, in order to improve return on capital, we will establish a business evaluation method based on ROIC (return on invested capital), optimize the allocation of management resources, develop a business management system that enables strategic investment decisions, and strengthen the earnings management capability of each business division.

(2) Promotion of Human Capital Management

We will, based on our management philosophy, vision and the Behavioral Guideline, invest in human resources to evolve our personnel system and personnel training system into systems that enable our

employees all over the world with diverse individuality and ability to play an active role, so that each employee can grow with work satisfaction. Emphasizing a link with business strategies, we will proceed with measures focusing on “introduction of a personnel system that fosters work satisfaction and growth [of each employee],” “creation of an environment that fosters various forms of teamwork,” and “provision of training opportunities that support personal career development and improvement of organizational competitiveness,” and will combine individual growth with team collaboration to maximize the value of human capital.

(3) Promotion of Innovation by DX

We will make effective use of digital technologies, promote further efficiency of business processes, and create time to enable each employee to engage in high-value added work. Based thereon, we will deepen the revenue structure of the existing business model, endeavor to expand and gain a deeper penetration into new business domains, and strive to create an attractive “Life Safety.”

The Group has been developing its business globally pursuant to its management philosophy of providing “Safety for All,” “Quality & Value” and “Community Welfare.” As its growth strategies, the Group will implement measures mainly aimed at improvement of the productivity of the domestic Maintenance Business, reinforcement of the foundation of the Refurbishment/Retrofit Business, and enhancement of the system field overseas. Further, as a manufacturer, the Group has been enhancing its “manufacturing ability” in the mid-and long-term perspectives, including by strengthening its basic research and elemental technologies development for the future. In addition, in order to provide high-quality and cost-competitive products with an appropriate delivery time, the Group has been proceeding with improvement of the system for global supply chain management.

Moreover, towards the achievement of a sustainable society, the Group will strive to strengthen its market presence and enhance its corporate value, by improving highly transparent corporate governance and proceeding with measures for prevention of global warming in accordance with the “Group’s ESG Basic Policy.”