

To All Shareholders

Masakatsu Kayamori
President and Representative Director
DAIKOKU DENKI CO., LTD.

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

Convocation Notice of the 53rd Ordinary General Meeting of Shareholders

Dear Shareholders:

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

We would like to inform you that DAIKOKU DENKI CO., LTD. (“the Company”) will hold the 53rd Ordinary General Meeting of Shareholders as follows.

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

Instead of attending on the day, you are entitled to vote in writing or via the Internet, etc. In this case, we cordially request you to kindly review the Reference Document for the Ordinary General Meeting of Shareholders and indicate “for” or “against” for each of the proposals following the instructions described below to exercise your voting right by no later than 6 p.m. on Tuesday, June 23, 2026 (Japan Standard Time).

Thank you very much for your cooperation.

Details of the 53rd Ordinary General Meeting of Shareholders

1. **Date and Time** Wednesday, June 24, 2026 at 10:00 a.m.
 2. **Place** Bellevue Office Nagoya, 1-6-3 Noritake, Nakamura-ku, Nagoya, Aichi, Japan
TKP Garden City PREMIUM Meieki Nishiguchi, 3rd floor, “Capella”
Bellevue office Nagoya, 1-6-3 Noritake, Nakamura-ku, Nagoya, Aichi, Japan
 3. **Agenda:**
 1. The 53rd Business Term (from April 1, 2025 to March 31, 2026)
Report on the Business Report, the Consolidated Financial Statements, the Results on the Audits of Consolidated Financial Statements by the Accounting Auditor and the Board of Auditors
 2. The 53rd Business Term (from April 1, 2025 to March 31, 2026)
Report on the Non-Consolidated Financial Statements
- Matters for Resolution**
- Proposal 1 Election of Six Directors
 - Proposal 2 Election of Two Auditors
 - Proposal 3 Payment of Bonuses to Directors and Auditors for the 53rd Business Term

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

- (1) The Company's website
<https://www.daikoku.co.jp/ir/>



- (2) Website of Tokyo Stock Exchange
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>
Access the above website, enter the Company name or the securities identification code for search, and select "Basic information" and then "Documents for public inspection/PR information."



- (3) Kabunushi Soukai Portal (Shareholders' Meeting Portal) (Sumitomo Mitsui Trust Bank, Limited)
<https://www.soukai-portal.net>
Please read the QR Code on the enclosed Voting Right Exercise Form or access the above website and enter the login ID and password.

The QR Code is on
the Voting Right
Exercise Form.

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

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

5. Matters Determined in Calling a Shareholders Meeting

- (1) If neither approval nor disapproval of a proposal is indicated in writing (Voting Right Exercise Form), it shall be deemed you have voted to approve it.
- (2) When shareholders exercise the right to vote twice, in writing and on the Internet, etc., the vote cast via the Internet, etc. shall be deemed valid.
- (3) When shareholders exercise their rights to vote more than once via the Internet, etc., the final vote shall be deemed valid.

- * When you attend the meeting in person, please submit the enclosed Voting Right Exercise Form at the reception counter.
- * The following items are not included in the document sent to shareholders who have requested delivery of the document in accordance with the provisions of laws and regulations and Article 14 of the Company's Articles of Incorporation. Therefore, the said documents are part of documents audited by Accounting Auditors and Auditors in preparing Auditor's Report.
 - (1) "Notes to the Consolidated Financial Statements" of the consolidated financial statements
 - (2) "Notes to the Non-Consolidated Financial Statements" of the non-consolidated financial statements
- * Any revision in matters subject to measures for electronic provision will be disclosed in detail on the websites on which the matters are published.

Information on Exercising the Right to Vote

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

1. If you cannot attend on the day

- (1) Exercise of right to vote in writing
Deadline for exercise: Forms must arrive by 6 p.m. on Tuesday, June 23, 2026
Please indicate whether you approve or disapprove of the resolutions on the enclosed Voting Right Exercise Form and return the form so that it arrives at the Company's shareholder registry administrator by the deadline for exercising the right to vote. If neither approval nor disapproval of a proposal is indicated in Voting Right Exercise Forms, it shall be deemed you have voted to approve it.
- (2) Exercise of right to vote by smartphone, etc.
Deadline for exercise: Forms must arrive by 6 p.m. on Tuesday, June 23, 2026
 - (i) Read the QR Code on the Voting Right Exercise Form (no need to enter ID and PW).
 - (ii) Tap the button "Exercise Voting Rights" at the top of the Kabunushi Soukai Portal (Shareholders' Meeting Portal) site and open the page for exercising the right to vote.
 - (iii) Enter either approval or disapproval following the instructions on the page.
- (3) Exercise by PC, etc.
Deadline for exercise: Forms must arrive by 6 p.m. on Tuesday, June 23, 2026
 - (i) Access the Kabunushi Soukai Portal (Shareholders' Meeting Portal) site (<https://www.soukai-portal.net>) and enter the "Kabunushi Soukai Portal Login ID" and "Password."
 - (ii) Tap the button "Exercise Voting Rights" at the top of the Kabunushi Soukai Portal (Shareholders' Meeting Portal) site and open the page for exercising the right to vote.
 - (iii) Enter either approval or disapproval following the instructions on the page.

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

2. If you can attend on the day

- (1) Attendance at the general meeting of shareholders
Date and time of the general meeting of shareholders: Wednesday, June 24, 2026, at 10 a.m.
Please bring the enclosed Voting Right Exercise Form with you and submit it to the reception counter. The reception counter will be very congested immediately prior to the start of the meeting, so please come to the venue early.

3. Handling of the right to vote exercised in duplicate

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

4. Inquiries

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

5. Electronic voting platform

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

Reference Documents for the Ordinary General Meeting of Shareholders

Proposals and references

Proposal 1 Election of Six Directors

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

The candidates for Director are as follows:

Candidate No.	Name			Current position in the Company, etc.	Attendance at Board of Directors meetings
1	Reappointment	Seiichiro Oue	Male	Chairman and Director	16/16 (100%)
2	Reappointment	Masakatsu Kayamori	Male	President and Representative Director	15/16 (94%)
3	Reappointment	Ken Kayamori	Male	Representative Director and Executive Director	16/16 (100%)
4	Reappointment	Toshifumi Oonari	Male	Representative Director and Executive Director	16/16 (100%)
5	Reappointment	Yumiko Sakurai	Female	Independent Director External	External Director 16/16 (100%)
6	Reappointment	Masaki Komurasaki	Male	Independent Director External	External Director 16/16 (100%)

Candidate No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of Company shares held
1	Seiichiro Oue (February 15, 1963)	September 1990 Joined the Company April 2003 Manager, Okayama Sales Office, Information System Division April 2008 Control Systems Business Sector Deputy Group Manager, Sales Group April 2010 Control Systems Business Sector Group Manager, Sales Group April 2014 Director and Head of Control System Division June 2014 Director, Head of Control System Division April 2017 Managing Director, Director and Head of Control System Division Head of Business Development Office, in charge of Information System Division June 2017 Director, Genki Co., Ltd. Director, Daikoku Sangyo Co., Ltd. Director, ALOFT Co., Ltd. April 2019 President and Representative Director June 2019 Director, DAXEL INC. April 2023 Chairman, Director (incumbent) April 2024 Director, NISHIMOTO INDUSTRY CO., LTD. (incumbent) August 2024 Director, Stadd Inc. September 2024 Director, LOGON SYSTEM CO., LTD. (incumbent) June 2025 Director, LILIUM CO., LTD. (incumbent)	6,354 shares
<p data-bbox="241 733 506 756">< Reasons for election ></p> <p data-bbox="241 756 1353 839">After accumulating lots of knowledge mainly in the Information System Business, Mr. Seiichiro Oue served as the Director responsible for the Control System Business from April 2014. Until March 2019, he also served as General Manager of the Frontier Department, which looks after new business. Subsequently, from April 2019, he led the management of the Company group as President and Representative Director.</p> <p data-bbox="241 839 1353 922">Since April 2023, he has served as Director and Chairman. The Company continues to nominate him as a candidate for Director after judging that his wide-ranging experience and knowledge can be utilized in promotion and management of new business in the Company group.</p>			

Candidate No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of Company shares held
2	Masakatsu Kayamori (December 26, 1966)	<p>March 1995 Director of the Company, in charge of the Office of Officers</p> <p>June 1996 Managing Director in charge of Information Promotion Office, Sales Headquarters</p> <p>June 1998 Senior Managing Director In charge of Information Strategy Office, Information System Division</p> <p>June 2000 Executive Vice President and Representative Director</p> <p>April 2005 President and Representative Director</p> <p>March 2006 Director, DAXEL INC. (incumbent)</p> <p>April 2012 Chairman, Representative Director and Head of Business Strategy Headquarters Director, Genki Co., Ltd. (incumbent)</p> <p>March 2013 Representative Director, Daikoku Sangyo Co., Ltd.</p> <p>April 2017 Chairman, Representative Director</p> <p>April 2018 Chairman, Representative Director in charge of PE Promotion Office</p> <p>December 2022 Director, GLOBAL WISE Co. (incumbent)</p> <p>April 2023 President and Representative Director (incumbent) Daikoku Denki Communication PLUS Corporation. Director (incumbent)</p> <p>April 2024 Director, NISHIMOTO INDUSTRY CO., LTD. (incumbent) Director, LILIUM CO., LTD. (incumbent)</p> <p>August 2024 Director, Stadd Inc. Director, Hakone Glass Forest Resort Co., Ltd. (incumbent)</p> <p>September 2024 Director, LOGON SYSTEM CO., LTD. (incumbent)</p> <p>April 2026 Director, SHUNRI Co., Ltd. (incumbent)</p>	892,748 shares
<p>< Reasons for election > Mr. Masakatsu Kayamori led the management of the Company group as Representative Director and President from April 2005 and served as Representative Director and Chairman from April 2012, striving to further improve corporate governance. Since April 2023, he has served as Representative Director and President. The Company has re-elected him as a candidate for Director after judging that his rich experience and knowledge as a manager can be utilized in the management of the Company group.</p>			

Candidate No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of Company shares held
3	Ken Kayamori (August 29, 1970)	<p>June 2000 Director in charge of Corporate Management Office</p> <p>April 2001 Director and General Manager of Corporate Planning Office</p> <p>June 2002 Managing Director and General Manager of Corporate Planning Office</p> <p>April 2005 Representative Director and Executive Director</p> <p>March 2006 Director, DAXEL INC.</p> <p>April 2007 Representative Director and Executive Director and Head of Corporate Management Headquarters</p> <p>April 2012 Representative Director and Executive Director and Head of Management Headquarters</p> <p>March 2013 Director, Daikoku Sangyo Co., Ltd.</p> <p>April 2017 Representative Director and Executive Director (incumbent)</p>	449,001 shares
<p>< Reasons for election ></p> <p>Mr. Ken Kayamori has contributed to the strengthening of our management foundations by being involved in the Management Planning and Administration divisions over many years at the Company.</p> <p>He has served as the Head of the Corporate Management Headquarters since April 2007 and the Company has re-elected him as a candidate for Director after judging that his rich experience and knowledge as a manager can be utilized in the management of the Company group.</p>			

Candidate No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of Company shares held
4	Toshifumi Oonari (February 5, 1966)	<p>August 1995 Joined the Company</p> <p>April 2010 Branch Manager of Kyushu Branch, Sales Center, Information System Sector</p> <p>April 2012 Branch Manager of Kyushu Branch, Sales Headquarters, Information System Division</p> <p>April 2015 General Manager of, Sales Headquarters, Information Systems Division and Manager of Sales Planning Department</p> <p>April 2016 General Manager of Information System Division</p> <p>June 2017 Director of the Company</p> <p>April 2019 General Manager of Information System Division Managing Director, General Manager of Information System Division and Head of Business Development Office</p> <p>April 2020 Managing Director, General Manager of Information System Division</p> <p>April 2023 Representative Director and Executive Director General Manager of Management Control Division</p> <p>June 2023 Director, Genki Co., Ltd. Daikoku Denki Communication PLUS Corporation. Director (incumbent)</p> <p>April 2025 Representative Director and Executive Director Corporate Management Division General Manager of Corporate Management Division (incumbent)</p>	7,858 shares
<p>< Reasons for election > Mr. Toshifumi Oonari has been involved in the Information System Business over many years at the Company and has served as the person responsible for the Information System Business since April 2016. Since April 2023, he has served as Representative Director and Executive Director. The Company has re-elected him as a candidate for Director after judging that his rich sales experience and strong knowledge of business divisions can be utilized in promotion and management of the execution of duties of the Company group.</p>			

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

Candidate No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of Company shares held
6	Masaki Komurasaki (April 10, 1953)	<p>April 1977 Joined Ministry of International Trade and Industry (current the Ministry of Economy, Trade and Industry)</p> <p>June 1984 Examiner, Examination Department, Export-Import Bank of Japan</p> <p>June 1991 First Secretary/Counselor, Permanent Mission of Japan to the OECD</p> <p>June 1997 Director, Electronics Technology Division, JETRO Singapore</p> <p>April 2002 Part-time Lecturer of Waseda University</p> <p>June 2002 Director, Information Systems Management Division, Minister's Secretariat, Ministry of Economy, Trade and Industry</p> <p>June 2004 Director of the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN</p> <p>July 2006 The Japan Research and Development Center for Metals Senior Managing Director</p> <p>March 2017 The Japan Research and Development Center for Metals Executive Vice President (Representative Director) and Senior Managing Director (incumbent)</p> <p>April 2018 Director of The Iron and Steel Institute of Japan (incumbent)</p> <p>October 2019 Director of Kawashima SOSEIKAI (incumbent)</p> <p>June 2024 External Director (incumbent)</p> <p>April 2025 Auditor, Tokyo Big6 Baseball League (incumbent)</p>	2,000 shares
<p>Reasons for the election of candidate for External Director</p> <p>Mr. Masaki Komurasaki has been nominated again as a candidate for External Director because he has extensive experience and expertise in the IT field, having served in the Ministry of Economy, Trade and Industry in charge of science and technology policy and information system policy, and is an expert who can oversee corporate management with a global perspective and opinions independent of the management team. Although he has no direct experience being involved in corporate management, for the reasons stated above, we believe that he will be able to adequately perform his duties as an External Director.</p> <p>The Company expects that after his election, he will execute duties such as decisions on important management matters and supervision of business execution as an External Director of the Company appropriately. In addition, he will continue to serve as a member of the Nomination and Compensation Advisory Committee.</p>			

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

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

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

(1) Reasons for the independence as an External Director

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

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

- (i) The term of office of Ms. Yumiko Sakurai as an External Director of the Company will be four years from the conclusion of this Ordinary General Meeting of Shareholders.
- (ii) The term of office of Mr. Masaki Komurasaki as an External Director of the Company will be two years from the conclusion of this Ordinary General Meeting of Shareholders.

(3) Liability limitation agreement

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

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

4. Regarding liability insurance contracts

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

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

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

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

If Proposal 1 is approved, the composition of the Board of Directors will be as follows.

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

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

Proposal 2 Election of Two Auditors

Of the current Auditors, Mr. Yukinori Morita's and Mr. Nobuyuki Imai's terms of office will expire at the conclusion of this Ordinary General Meeting of Shareholders, and the Company proposes to elect two Auditors.

This proposal has been approved by the Board of Auditors.

The candidates for Auditor are as follows:

Candidate No.	Name				Current position in the Company, etc.
1	Reappointment	Yukinori Morita	Male	External	External Auditor
2	Reappointment	Nobuyuki Imai	Male	External	External Auditor

Candidate No.	Name (Date of birth)	Brief personal profile, position, and significant concurrent positions		Number of Company shares held
1	Yukinori Morita (June 7, 1960)	April 1983 August 2000 March 2002 August 2004 April 2006 March 2008 May 2010 October 2011 August 2013 August 2014 January 2016 August 2017 March 2018 June 2018 June 2022 July 2022	Joined the National Police Agency Director of Security, Imperial Guard Headquarters Counsellor, Cabinet Intelligence and Research Office General Manager, Police Administration Department, Aichi Prefectural Police Director, Training Division, Japan Defense Agency Chief, Nara Prefectural Police Headquarters Manager, Allowance and Welfare Division, National Police Agency Chief, Miyagi Prefectural Police Headquarters Deputy Chief, Osaka Prefectural Police Headquarters General Manager, Department of Police Administration, Tokyo Metropolitan Police Department Chief, Chiba Prefectural Police Headquarters Director General, Kinki Regional Police Bureau Retired from the National Police Agency Special Advisor, West Japan Railway Company External Auditor of the Company (incumbent) Advisor, Meiji Yasuda Life Insurance Company (incumbent)	0
< Reason for nomination as candidate for External Auditor> Mr. Yukinori Morita has served in important posts in the National Police Agency and possesses extensive experience and wide-ranging knowledge. The Company requests his election as External Auditor so that he can reflect this knowledge and insight in our audits. Although he has no direct experience being involved in corporate management, for the reasons stated above, we believe that he will be able to adequately perform his duties as an External Auditor.				
2	Nobuyuki Imai (February 25, 1961)	October 1988 July 1992 January 2016 June 2022	Joined Ito Audit Corporation Joined Koichi Imai CPA Office Established Nobuyuki Imai CPA Office Representative (incumbent) External Auditor of the Company (incumbent)	0
< Reason for nomination as candidate for External Auditor> Mr. Nobuyuki Imai has been engaged in auditing services as a certified public accountant for many years and possesses extensive expertise in corporate accounting and other related fields. The Company requests his election as External Auditor so that he can reflect this knowledge and insight in our audits. Although he has no direct experience being involved in corporate management before, for the reasons stated above, we believe that he will be able to adequately perform his duties as an External Auditor.				

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

2. Mr. Yukinori Morita and Mr. Nobuyuki Imai, candidates for Auditors, are candidates for External Auditors.

3. Candidates for External Auditor

(1) Independence as External Auditor

- (i) The candidates for External Auditors have not been an executive officer or director (excluding those who are executive officers) of the Company or any business entity with a specific relationship with the Company within the past 10 years. And the candidates for External Auditors have not been an executive officer or director (excluding those who are executive officers) of a joint stock company to which the Company has succeeded rights and obligations through a merger, absorption-type division, incorporation-type division or business transfer, within the past two years immediately prior to the merger, etc.
- (ii) The candidates for External Auditors do not plan to receive, and have not received within the past two years, a large amount of money or other property (other than remuneration as Auditor) from the Company or any business entity with a specific relationship with the Company.
- (iii) The candidates for External Auditors have no family relationships within the third degree of kinship with any executive officer or director (excluding those who are executive officers) of the Company or any of our specified related business entities.
- (iv) There were no instances of improper business execution during their term of office, nor were there any instances of prevention of such occurrences or responses thereto after occurrence.

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

The terms of office of Mr. Yukinori Morita and Mr. Nobuyuki Imai as External Auditors of the Company will be four years at the conclusion of this Ordinary General Meeting of Shareholders.

4. Liability limitation agreement

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

If the election of the candidates is approved, the Company will continue the above agreement with Mr. Yukinori Morita and Mr. Nobuyuki Imai.

5. Regarding directors and officers liability insurance policy

The Company has taken out a D&O insurance policy in accordance with Article 430-3, Paragraph 1 of the Companies Act with an insurance company, which covers all Auditors as insured persons. The company pays all insurance premiums, including the special provisions, and the insured person does not have to pay any substantial insurance premiums.

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

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

Proposal 3 Payment of Bonuses to Directors and Auditors for the 53rd Business Term

The Company proposes to pay bonuses to six Directors and four Auditors who were in office at the end of period under review, in the total amount of 228,983,000 yen (consisting of 208,718,000 yen for four Directors, 2,250,000 yen for two External Directors and 18,015,000 yen for four Auditors), as a reward for their contributions for the fiscal year under review.

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

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

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

Business Report

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

I. Current Status of the Company Group

1. Progress and results of operations

During the fiscal year under review (from April 1, 2025 to March 31, 2026), the Japanese economy continued on the path of a gradual recovery thanks to the improvements in the employment and income environment, as well as the effects of various policy measures. On the other hand, the outlook remains uncertain owing to the impact of the situation in the Middle East and other factors. Looking ahead, although the effects of various policy measures are expected to support the recovery, it will be necessary to closely monitor factors such as the situation in the Middle East, fluctuation in financial and capital markets, and developments in U.S. trade policy.

In the pachinko industry, in which our Group operates, according to the National Police Agency (announced in April 2026), the number of pachinko halls in operation as of December 31, 2025, was 6,464 (96.4% year on year), and the number of installed games machines was 3,234,357 units (97.2% year on year). The breakdown of the number of installed games machines was 1,872,041 pachinko machines (95.0% year on year), remaining on a downward trend, and 1,362,177 pachislot machines (100.5% year on year), which increased for the second year in a row. In addition, the number of machines installed per pachinko hall increased to 500.3 units, up 4.4 units year on year, and pachinko halls continued to grow in size. More than three years have passed since the introduction of smart games machines to the market. Looking at the introduction of smart games machines as of the end of the period under review, smart games machines accounted for 42.7% of all machines installed (up 1.7 percentage points from the end of the 3rd quarter; up 12.7 percentage points year on year). By type of machines installed, smart pachislot machines accounted for 61.1% of all pachislot machines installed (up 1.9 percentage points from the end of the 3rd quarter; up 9.0 percentage points year on year), and smart pachinko machines accounted for 28.5% of all pachinko machines installed (up 1.5 percentage points from the end of the 3rd quarter; up 14.4 percentage points year on year) (see our DK-SIS data).

Further, the average utilization status of games machines during the period from January to March 2026 was 99.5% compared to the same period of the previous fiscal year, and 99.8% compared to the previous fiscal year (from April 1, 2024 to March 31, 2025). In terms of utilization status by machine type, the utilization of pachislot machines was strong at 100.9% compared to the same period of the previous fiscal year, and 101.6% year on year. The utilization of pachinko machines was 98.4% compared to the same period of the previous fiscal year, and 98.3% year on year (see the same data).

In addition, looking at the utilization status of smart games machines during the period from January to March 2026, the utilization of smart machines was 113.1% compared to conventional machines. Also, with regard to the average utilization status of smart games machines by machine type during the same period, Smart Pachislot machines were utilized at a rate

of 131.8% relative to non-smart AT type machines while Smart Pachinko machines were utilized at a rate of 108.4% relative to non-Smart Pachinko machines (conventional machines). Smart games machines thus outperformed other machines in both the pachinko and pachislot categories (see the same data).

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

In this market environment, in the Information Systems Business, we have worked to expand sales of the VEGASIA card unit in order to meet the demand for capital investment arising from the shift to smart games machines.

In addition, we have also made efforts to increase sales of (1) “BiGMO XCEL,” a terminal with an industry-leading 21.5 inch vertical LCD screen and (2) “TJ-01,” a compactly designed self-service terminal combining checkout and POS (prize exchange) machines and expand introduction of (3) “SITE SEVEN FAN+,” an AI-driven marketing support service. These three are new products we announced at the exhibitions we held in the first quarter.

Furthermore, in order to respond to changes in the market due to the introduction of smart games machines, we are aiming to further expand the MIRAIGATE service. To this end, we are actively promoting the spread of the cloud-based chain store management system, ClarisLink, and the Market-SIS commercial area analysis service, which provides valuable information on the state of customer attraction in surrounding areas. We also promoted the Raku Replacement Operation Option that contributes to operational efficiency, completing the complicated work involved in replacing models in a short time.

In the Amusement Business, with “Classroom of the Elite,” the new Smart Pachislot machine introduced to the market by our group company DAXEL INC. in May 2025, as a starting point, we have been proceeding with the development of the next model that we plan to sell in the future. In addition, Genki Co., Ltd. launched sales of a PlayStation 5 version of its proprietary game title, “Tokyo Xtreme Racer,” on February 26.

In Other Business, we took over and began operating the Hakone Venetian Glass Museum operated by Ukai Co. Ltd. on October 1, 2025. The museum held a special exhibition titled “Spinning, Connecting, Transmitting: The DNA of Venetian Glass,” which focused on the traditional techniques of Venetian glass, while also introducing works by contemporary artists who carry on its allure.

As a result, the performance for the fiscal year under review recorded net sales of ¥54,337 million (down 5.5% year on year) and an operating profit of ¥9,673 million (down 21.0% year on year). We achieved an ordinary profit of ¥9,831 million (down 19.6% year on year), with a profit attributable to owners of parent of ¥5,754 million (down 25.5% year on year).

Segment results are as follows:

Information Systems Business

In terms of business during the fiscal year under review, pachinko hall operators continued to demonstrate demand for capital investment associated with the introduction of smart games machines.

In this market environment, sales of products for pachinko halls, etc. decreased year on year as special procurement demand for new card units had subsided. On the other hand, the sales volume of the VEGASIA card unit increased year on year, and sales of new products, including BiGMO XCEL, TJ-01, and information-disclosure-related products, remained strong.

The sales of “Services” increased year on year due to steady performance in major services and an increase in the number of member stores using the MIRAIGATE service in response to market changes with the launch of smart gaming machines.

As a result, the business recorded net sales of ¥45,768 million (down 12.2% year on year) and a segment profit of ¥11,203 million (down 22.2% year on year).

Amusement Business

During the fiscal year under review, sales of display and control units for pachinko game machines decreased year on year. However, sales of “Classroom of the Elite,” a Smart Pachislot machine developed in the first quarter by DAXEL INC., and the PlayStation 5 version of “Tokyo Xtreme Racer,” a proprietary game title developed by Genki Co., Ltd. were strong. Accordingly, the business achieved higher sales than in the same period of the previous fiscal year.

As a result, the business recorded net sales of ¥6,419 million (up 44.2% year on year) and a segment profit of ¥1,118 million (up 213.9% year on year).

Other

In the Other Business segment, net sales reached ¥2,208 million (up 128.5% year on year) with a segment profit of ¥13 million (segment loss of ¥148 million in the previous fiscal year).

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

2. Net sales by segment

(Millions of yen)

Segment	Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2026		Year-on-Year Comparison (%)
	Amount	Composition (%)	Amount	Composition (%)	
Information Systems Business	52,126	90.7	45,765	84.2	87.8
Amusement Business	4,401	7.7	6,374	11.7	144.8
Other	964	1.5	2,197	4.1	227.7
Total	57,492	100.0	54,337	100.0	94.5

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

3. Status of capital investment, etc.

Capital investment for the consolidated fiscal year under review amounted to 2,702 million yen. This was mainly due to product software upgrades and maintenance of in-house server facilities.

4. Status of financing

There are no particular matters to note in this regard.

5. Issues to be addressed by the group

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

Information Systems Business

- (i) By enhancing various data collection functions through the linking of terminals and devices we have been promoting and steadily pursuing data integration and analysis support utilizing AI with the aim of building “AX (tentative name),” the new-generation platform set out in the Medium-Term Management Plan, we will strengthen our proposals to improve the operational efficiency of pachinko hall management companies.
- (ii) By scaling up the introduction and expansion of “SITE SEVEN FAN+,” a service that supports attracting customers to pachinko halls, and “FAN + AD (tentative name),” a new service developed in collaboration with TSUBURAYA FIELDS HOLDINGS INC., we will promote measures that contribute to improving management companies’ ability to attract customers.

- (iii) By launching the new cloud-based service “DK-SIS INFINITY,” a revamped version of “DK-SIS,” the industry-standard data utilization tool, we will improve convenience and enhance functions. In addition, by continuously upgrading the MIRAIGATE service and promoting data integration and AI utilization, we will work to provide services that improve the accuracy of sales strategies and support advanced decision-making.
- (iv) By promoting internal digital transformation, we aim to improve the value we provide through revamping business processes and improving employees' digital skills, as well as building partnerships and customer support systems that maximize results with limited resources.

Amusement Business

- (i) In order to expand and stabilize the pachislot business to realize the Medium-Term Management Plan, we will strengthen our planning and development system and work to improve the product appeal of our machines.
- (ii) To expand the market share of our pachislot machines, we will secure compelling content and strengthen our sales structure.
- (iii) In the pachinko field, we will continue to pursue contract development and product sales of high-value game machine software as the pillar of the Amusement Business as we work toward stabilizing the business.
- (iv) We will work to develop AI-based technologies in order to keep pace with technological evolution.

Other

- (i) We will work to upgrade revenue management by project and strive to maximize contribution to revenue by expanding the display area, and creating synergies within the Group.
- (ii) We aim to improve profitability by implementing digital transformation through advancement of AI-based product development and human resource development.
- (iii) We aim to increase the length of time customers stay at facilities and create revenue opportunities by utilizing social media as a starting point for enhancing our ability to attract customers and improving customer experience.

[Reference] Concepts and initiatives for sustainability






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

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

Sustainability Basic Policy

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

Materiality (material issues)

ESG	Materiality	Themes to be tackled	SDGs
E	<p><u>Contribution to the global environment</u></p> <p>Reducing environmental impact through our business activities and offering products and services that contribute to decarbonizing society</p>	<p>Reduction in emissions of greenhouse gases (including CO₂)</p> <p>Energy-saving measures</p> <p>Utilization of renewable energy</p> <p>Waste reduction and promotion of recycling</p> <p>Offering of green products and services</p>	
S	<p><u>Promotion of human resource activities</u></p> <p>Promoting the improvement of workplace environment and organizational culture so that each employee can perform to the best of their ability and feel satisfied with their job</p>	<p>Promotion of diversity and inclusion</p> <p>Promotion of human resource development and employee education</p> <p>Promotion of reform of working practices</p>	
	<p><u>Provision of solutions via innovation</u></p> <p>Providing products and services to solve social issues by working on new technologies actively and creating new value</p>	<p>Offering products and services using AI and cloud computing</p> <p>Offering products and services that can lead to digital transformation (DX), energy saving and saving labor</p> <p>Improvement of in-house technology by self-manufacturing</p> <p>Promotion of in-house DX</p>	
	<p><u>Response to addiction</u></p> <p>Taking measures for and preventing the problem of addiction as a social issue</p>	<p>Provision of products and services for preventing addiction</p> <p>Provision of products and services that help pachinko halls address addiction</p>	
G	<p><u>Enhancement of governance and compliance</u></p> <p>Enhancing a framework for preventing injustice and a supervising function to ensure compliance and honest, equitable and fair business practices</p>	<p>Pursuit of a highly effective corporate governance system</p> <p>Dissemination and implementation of Compliance Action Criteria</p> <p>Enhancement of information security</p>	

“Major initiatives in the fiscal year ended March 2026”

E: Contribution to the global environment

- (i) Calculations for Scope 1, 2 and 3 have been made and disclosed in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- (ii) As we did in the previous fiscal year, we received a management level score of "B" for our climate change response efforts from CDP, an international non-profit organization that evaluates and certifies environmental strategies and initiatives. We also received a score of “C” in the newly disclosed area of water security.
- (iii) In recognition of the Company’s sustainability initiatives, we were selected as a constituent stock of the FTSE Blossom Japan Sector Relative Index, an ESG investment index provided by FTSE Russell.

S: Provision of solutions through innovation

- (i) As part of our support for development of next-generation human resources, we provided work experience at “Robocube,” a programming school for elementary school students that we operate, for students from Rikuzentakata Municipal Junior High School who participated in the “Kizuna (Bond) Exchange” between Nagoya City and Rikuzentakata City in Iwate Prefecture.
- (ii) We added a call light control function to the VEGASIA card unit to develop environment in which customers who use wheelchairs or customers for whom standing is difficult can also confirm gaming data and perform call operations while remaining seated.

S: Promotion of human resource activities

- (i) We held a study session, including officers and employees, with the aim of firmly establishing use of childcare leave by male employees. The sharing of practical information by people who have used childcare leave promoted understanding of the system and raised awareness about using the leave.
- (ii) We advanced the development of a workplace environment that enables active participation by diverse human resources, including promotion of workplace internship and matching in cooperation with educational institutions and government agencies to achieve new hires with the aim of expanding employment of people with disabilities.
- (iii) We worked on growth support tailored to career stage and life stage, through initiatives such as holding roundtable discussions for female employees, the trial introduction of an external career consultation system, and the implementation of management training for mid-level employees.

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

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

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

Segment		50th Term	51st Term	52nd Term	53rd Term
		(FY Ended March 2023)	(FY Ended March 2024)	(FY Ended March 2025)	(Consolidated Fiscal Year under Review) (FY Ended March 2026)
Net sales	(million yen)	31,910	53,946	57,492	54,337
Ordinary profit	(million yen)	4,260	12,102	12,231	9,831
Profit attributable to owners of parent	(million yen)	2,927	8,464	7,727	5,754
Profit per share	(yen)	198.05	572.60	526.84	395.60
Total Assets	(million yen)	48,298	59,281	57,266	59,279
Net assets	(million yen)	33,399	40,720	45,287	49,668

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

Segment		50th Term	51st Term	52nd Term	53rd Term
		(FY Ended March 2023)	(FY Ended March 2024)	(FY Ended March 2025)	(Fiscal Year under review) (FY Ended March 2026)
Net sales	(million yen)	30,441	52,780	54,903	47,230
Ordinary profit	(million yen)	4,466	12,870	12,308	8,955
Profit	(million yen)	3,007	8,666	7,634	6,004
Profit per share	(yen)	203.44	586.24	520.49	412.80
Total Assets	(million yen)	47,319	58,421	55,601	56,567
Net assets	(million yen)	32,359	39,846	44,310	48,881

- (Notes)
- Profit per share is computed based on the average number of shares outstanding during the period (excluding treasury shares). The number of treasury shares deducted in calculating the average number of shares during the period includes the DAIKOKU Shares held by Custody Bank of Japan, Ltd. (Trust Account) as stock benefit trust assets. Moreover, the number of treasury shares to be deducted when calculating the average number of shares during the period includes the number of DAIKOKU Shares acquired in the "Stock Supply and Demand Buffer Trust®."
 - From the 53rd fiscal year, following an amendment to the Articles of Incorporation, the presentation of the real estate leasing business has been changed. Amounts that were previously recorded under non-operating income as rental income from real estate and under non-operating expenses as rental expenses on real estate are now recorded under net sales and cost of sales respectively. Figures for the 50th through the 52nd fiscal year have been reclassified to reflect the change in presentation method.

7. Status of significant subsidiaries (as of March 31, 2026)

(1) Status of significant subsidiaries

Company name:	Share capital	Ratio of voting rights held by the Company	Main business lines
Genki Co., Ltd.	100 million yen	100.0%	Planning, development and distribution of amusement software
DAXEL INC..	40 million yen	100.0%	Planning, development, manufacturing and distribution of pachislot machines
Daikoku Denki Communication PLUS Corporation.	35 million yen	100.0%	Planning and sales of pachinko hall support service
ALOFT Co., Ltd.	50 million yen	100.0%	Planning, development and control images of pachinko machines
GLOBAL WISE Co.	100 million yen	98.3%	Development of cloud services and other systems
LAIRI Inc..	10 million yen	100.0%	Contract embedded software development
LILIUM CO., LTD.	0.9 million yen	100.0%	Planning, production, operation and management of various events
NISHIMOTO INDUSTRY CO., LTD.	50 million yen	99.9%	Display, decoration and maintenance business, rental mats and cleaning business, etc.
LOGON SYSTEM CO., LTD.	15 million yen	100.0%	Development and design of computer software and program development
Hakone Glass Forest Resort Co., Ltd.	65 million yen	100.0%	Operation of Hakone Venetian Glass Museum

(2) Status of specific wholly owned subsidiaries

Not applicable.

8. Main business lines (as of March 31, 2026)

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

9. Main business locations and plants (as of March 31, 2026)

DAIKOKU DENKI CO., LTD.	Head Office	1-43-5 Nagono, Nakamura-ku, Nagoya, Aichi, Japan
	Division offices	Sakashita (Aichi), Kasugai (Aichi), and Sotokanda OS Office (Tokyo)
	Branches	Higashinihon (Tokyo), Chubu (Aichi) Nishinihon (Osaka), and Kyushu (Fukuoka)
	Sales offices	Sapporo (Hokkaido), Sendai (Miyagi), Ibaraki (Ibaraki), Kitakanto (Saitama), Niigata (Niigata), Kanazawa (Ishikawa), Matsumoto (Nagano), Shizuoka (Shizuoka), Okayama (Okayama), Takamatsu (Kagawa), Hiroshima (Hiroshima), and Kagoshima (Kagoshima)
Genki Co., Ltd.	Head Office	Nakano-ku, Tokyo
DAXEL INC.	Head Office	Nagoya City, Aichi Prefecture
Daikoku Denki Communication PLUS Corporation.	Head Office	Nagoya City, Aichi Prefecture
ALOFT Co., Ltd.	Head Office	Chiyoda-ku, Tokyo
GLOBAL WISE Co.	Head Office	Nagoya City, Aichi Prefecture
LAIRI Inc..	Head Office	Takasaki City, Gumma
LILIUM CO., LTD.	Head Office	Chiyoda-ku, Tokyo
NISHIMOTO INDUSTRY CO., LTD.	Head Office	Soka City, Saitama Prefecture
LOGON SYSTEM CO., LTD.	Head Office	Chuo-ku, Sapporo City, Hokkaido
Hakone Glass Forest Resort Co., Ltd.	Head Office	Nagoya City, Aichi Prefecture

10. Status of employees (as of March 31, 2026)

(1) Status of employees of the group

Number of employees	Change from the previous consolidated fiscal year
796	Increase of 60

(Note) The increase in the number of employees compared to the end of the previous fiscal year is mainly due to the transfer of the Hakone Venetian Glass Museum by consolidated subsidiary Hakone Glass Forest Resort Co., Ltd.

(2) Status of employees of the Company

Number of employees	Change from the previous fiscal year	Average age of employees	Average length of service per employee
433	Increase of 10	46.1 years old	18.5 years

(Note) The number of employees indicates the number of working employees and includes temporary employees. The number of employees does not include the 42 employees seconded from the Company to other companies.
The average age and average length of service per employee are calculated excluding temporary employees.

11. Main lenders (as of March 31, 2026)

Not applicable.

II. Matters Regarding the Shares of the Company

- | | |
|---|---|
| 1. Number of Shares Authorized | 66,747,000 |
| 2. Number of Shares Issued | 14,818,175 (including 1,279 treasury shares)) |
| 3. Number of Shareholders | 22,119 |
| 4. Major Shareholders (Top 10 Shareholders) | |

Name of Shareholder	Number of Shares Owned	Investment Ratio
TSUBURAYA FIELDS HOLDINGS INC	1,989,800	13.42%
KC Plus Co., Ltd.	1,199,200	8.09%
Masakatsu Kayamori	892,748	6.02%
The Master Trust Bank of Japan, Ltd. (Trust Account)	795,100	5.36%
Kayamori Foundation of Informational Science Advancement	750,000	5.06%
Daikokuya Co., Ltd.	750,000	5.06%
Shinji Kayamori	510,000	3.44%
Michiko Kayamori	490,000	3.30%
Ken Kayamori	449,001	3.03%
Daikoku Kosan Co., Ltd.	380,000	2.56%

- (Notes)
- Investment ratios are calculated excluding treasury shares (1,279 shares).
 - The 257 thousand shares held by Custody Bank of Japan Ltd. (trust account) are DAIKOKU shares related to the "Employee Stock Ownership Plan Trust (RS Trust)" introduced by the Company. These shares are not included in treasury shares deducted from the total number of issued shares.

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

Segment	Number of shares	Number of recipients
Directors (excluding External Directors)	13,464 shares	4

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

Not applicable.

IV. Matters Regarding Corporate Officers

1. Names and other information regarding Directors and Auditors (as of March 31, 2026)

Position	Name	Responsibilities in the Company and significant concurrent positions	
Chairman and Director	Seiichiro Oue	LILIUM CO., LTD. NISHIMOTO INDUSTRY CO., LTD. LOGON SYSTEM CO., LTD.	Director Director Director
* President and Director	Masakatsu Kayamori	Genki Co., Ltd. DAXEL INC.. Daikoku Denki Communication PLUS Corporation. GLOBAL WISE Co. LILIUM CO., LTD. NISHIMOTO INDUSTRY CO., LTD. LOGON SYSTEM CO., LTD. Hakone Glass Forest Resort Co., Ltd.	Director Director Director Director Director Director Director Director
* Senior Managing Director	Ken Kayamori	-	
* Senior Managing Director	Toshifumi Oonari	Corporate Management Division Daikoku Denki Communication PLUS Corporation.	General Manager Director
Director	Yumiko Sakurai	Certified public accountant Futaba Industrial Co., Ltd. JTEKT Corporation	(Representative of Yumiko Sakurai CPA Office) External Auditor External Director
Director	Masaki Komurasaki	The Japan Research and Development Center for Metals The Iron and Steel Institute of Japan Kawashima SOSEIKAI Tokyo Big6 Baseball League	Vice President (Representative Director) and Senior Managing Director Director Director Auditor
Full-time Auditor	Mitsuo Nishio	Genki Co., Ltd. DAXEL INC.. Daikoku Denki Communication PLUS Corporation. ALOFT Co., Ltd. GLOBAL WISE Co. LAIRI Inc.. LILIUM CO., LTD. NISHIMOTO INDUSTRY CO., LTD. LOGON SYSTEM CO., LTD. Hakone Glass Forest Resort Co., Ltd.	Auditor Auditor Auditor Auditor Auditor Auditor Auditor Auditor Auditor

Position	Name	Responsibilities in the Company and significant concurrent positions	
Auditor	Kenichi Nakashima	Attorney at law	(Representative of Nakashima Law Office)
		Mie Prefecture Municipal Equity Committee	Chair
		Nagoya Summary Court	Mediation Committee Member
		Ministry of Finance Bid Monitoring Committee (8th)	Member
Auditor	Yukinori Morita	Meiji Yasuda Life Insurance Company	Advisor
Auditor	Nobuyuki Imai	Certified public accountant	(Representative of Nobuyuki Imai CPA Office)

- (Notes) 1. An asterisk * indicates a Representative Director.
2. Directors Ms. Yumiko Sakurai and Mr. Masaki Komurasaki are both External Directors as specified in Article 2, Item 15 of the Companies Act. The Company has notified the Tokyo Stock Exchange and the Nagoya Stock Exchange that Ms. Yumiko Sakurai and Mr. Masaki Komurasaki are independent directors pursuant to the provisions of both exchanges.
3. Auditors Messrs. Kenichi Nakashima, Yukinori Morita and Nobuyuki Imai are all External Auditors as specified in Article 2, Item 16 of the Companies Act.
4. Auditor Mr. Nobuyuki Imai is qualified as a certified public accountant and has deep insight into financial affairs and accounting.

(Reference) The Company has introduced an Executive Officer system, and Executive Officers who do not concurrently serve as Directors as of April 1, 2026, are as follows.

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

2. Outline of the liability limitation agreement

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

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

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

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

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

(i) Method for deciding said policy

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

(ii) Overview of the details of the policy

(a) Basic policy

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

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

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

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

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

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

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

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

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

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

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

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

- (i) Method for deciding said policy

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

- (ii) Overview of the details of the policy

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

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

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

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

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

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

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

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

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

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

Unit: Millions of yen

Segment	Total amount of compensation	Total amount by type of compensation, etc.				Number of eligible officers (persons)
		Fixed compensation	Performance-linked compensation (Directors' bonuses)	Retirement benefits	Restricted stock compensation	
Director	328	70	210	16	29	6
(of which, amount for External Directors)	(8)	(6)	(2)	(-)	(-)	(2)
Auditor	35	16	18	1	-	4
(of which, amount for External Auditors)	(12)	(9)	(3)	(-)	(-)	(3)
Total	364	86	228	18	29	10

- Notes 1: Performance-linked compensation (Directors' bonuses) is calculated and determined based on "(1) Policy on decisions concerning the details of compensation, etc., for individual Directors." The targets and results related to the calculation were a result for consolidated operating profit of 9,673 million yen against a target of 5.3 billion yen, and a result for profit attributable to owners of parent of 5,754 million yen against a target of 3.5 billion yen. Performance-linked compensation for Auditors (Auditors' bonuses) is calculated and determined based on "(2) Policy on decisions concerning the details of compensation, etc., for individual Auditors."
2. Retirement benefits are the provision for retirement benefits for directors (and other officers) recorded in the fiscal year under review.

5. Matters regarding External Directors and Auditors

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

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

There are no significant transactions or other relationships between the Company and the Metals Research and Development Center, a general incorporated foundation in which Director Mr. Masaki Komurasaki serves as Vice Chairman (Representative Director) and Managing Director, the Iron and Steel Institute of Japan, a general incorporated foundation, and the Kawashima SOSEIKAI, a public interest incorporated foundation, in both of which he serves as Director, and the Tokyo Big6 Baseball League, in which he serves as Auditor.

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

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

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

(2) Main activities during the fiscal year ended March 31, 2026

Segment	Name	Attendance and opinions
Director	Yumiko Sakurai	Ms. Yumiko Sakurai attended 16 out of 16 Board of Directors meetings held during the current fiscal year, and expressed opinions needed to promote sound and efficient management, where appropriate, from an objective standpoint and based on a high level of expert insight and knowledge as a certified public accountant. In addition, she also attended these committee meetings as the Chair of the Nomination Advisory Committee and the Chair of the Compensation Advisory Committee, and played a leading role in the enhancement of deliberations, etc.
Director	Masaki Komurasaki	Mr. Masaki Komurasaki attended 16 out of 16 Board of Directors meetings held during the current fiscal year, and expressed opinions needed to promote sound and efficient management, where appropriate, from an objective standpoint and based on specialized knowledge and insight in the IT field. In addition, he also attended these committee meetings as the member of the Nomination Advisory Committee and the member of the Compensation Advisory Committee, and played a leading role in the enhancement of deliberations, etc.
Auditor	Kenichi Nakashima	Mr. Kenichi Nakashima attended 16 out of 16 Board of Directors meetings and 13 out of 13 Board of Auditors meetings held during the current fiscal year, and expressed opinions, where appropriate, mainly from the expert viewpoint of an attorney at law.
Auditor	Yukinori Morita	Mr. Yukinori Morita attended 16 out of 16 Board of Directors meetings and 13 out of 13 Board of Auditors meetings held during the current fiscal year, and expressed opinions, where appropriate, mainly based on his ample experience and views at the National Police Agency of Japan.
Auditor	Nobuyuki Imai	Mr. Nobuyuki Imai attended 16 out of 16 Board of Directors meetings and 13 out of 13 Board of Auditors meetings held during the current fiscal year, and expressed opinions, where appropriate, mainly from the expert viewpoint of a certified public accountant.

V. Status of Accounting Auditor

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

	Amount of compensation
Amount of compensation, etc., to be paid by the Company to the Accounting Auditor pertaining to the fiscal year under review	43 million yen
Sum of money and other financial profits to be paid by the Company and its subsidiaries to the Accounting Auditor	43 million yen

- (Notes)
1. It has been determined that the Board of Auditors of the Company complies with the provisions on compensation for Accounting Auditors, etc., as defined in Article 399, Paragraph 1 of the Companies Act, as a result of examining the details of the audit plan performed by the Accounting Auditor, the execution of duties in the past fiscal years, and the computation basis for compensation estimates, as well as fully understanding the situations of the Board of Directors and the internal departments.
 2. The audit agreement entered into by the Accounting Auditor and the Company does not distinguish the amount derived from the audit under the Companies Act and the one derived from the audit under the Financial Instruments and Exchange Act, and the two amounts cannot be substantially distinguished from each other. Therefore, the amount of compensation, etc., to be paid by the Company to the Accounting Auditors pertaining to the fiscal year under review indicates the total of these two kinds of amounts.
 3. In addition to the above, the Company paid 2,548 thousand yen to KPMG AZSA LLC as additional compensation related to the audit in the previous fiscal year.

3. Details of services other than auditing

Not applicable.

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

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

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

VI. The Company's Framework and Guidelines

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

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

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

Documents concerning the execution of duties of Directors (including electromagnetic records) shall be stored and managed in consideration of several features, such as confidentiality, searchability, preservability, archive attributes and availability, in accordance with the rules for the storage of documents.
- (3) Regulations and other frameworks concerning risk management against damages or losses incurred by the Company
 - (i) Pursuant to the Risk Management Rules, the Company shall take appropriate preventive measures against the risks and also secure proper response to the occurrence of the risks so as to minimize damages or losses incurred by the Company.
 - (ii) Under the initiative of the CPR Committee, the Company shall identify specific risks implied in each division. On that basis, the Company shall formulate rules and criteria, and examine effective measures for prevention and avoidance of these division-specific risks, with the aim of establishing a sustainable framework to cope with these risks on an ongoing basis.

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

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

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

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

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

(i) The Company shall immediately assign employees to support the auditing work as staff to the Auditors upon request from the Auditors.

(ii) The nomination and selection of staff supporting the auditing work shall be performed by the Personnel Department, and the appointment shall be determined by the Board of Auditors.

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

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

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

(i) Directors and Employees, etc. shall immediately notify the Board of Auditors of significant matters having an impact on business operations or business results each time.

(ii) Auditors are entitled to have opportunities to attend the Board of Directors meetings and other important meetings (collectively called "Important Meetings, etc.") and ask questions to any participants. These opportunities given to Auditors shall be incorporated when the rules on running Important Meetings, etc. are formulated.

(iii) In cases where it is deemed necessary to carry out the duties on audit works, Auditors may require the Board of Directors to provide support staff, accept on-site investigations, disclose required documents, or cooperate or provide assistance for these requests. In cases where Auditors have any obstacle in conducting auditing work, Auditors may require the Directors to eliminate the cause of the obstacle or take remedial actions.

(iv) With respect to the provision set forth in the preceding paragraph, the group companies shall take the same measures.

(v) The Company shall put in place and manage appropriate and efficient rules in line with the scale and framework of each group company so that Auditors will be able to properly collect necessary information (including information on subsidiaries) to perform their duties.

(vi) Given the recognition that any reports or notifications to the Auditors (hereinafter, "Reports, etc.") meet the purposes of compliance, the Company shall provide the same protection to those who provide Reports, etc. to the Auditors as whistleblowers as described in the Compliance Action Policy. In addition, any unjustifiable measures against those who provide Reports, etc. shall be subject to sanctions.

(vii) With regard to any prepayment and reimbursement of expenses arising from the execution of the duties of an Auditor, the Company shall put in place and manage rules or regulations allowing for a prompt payment procedure pursuant to a request from the Auditor.

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

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

- (1) We held 16 Board of Directors meetings and determined material matters related to management (such as matters stipulated in laws and regulations and development of budget) and reviewed analyses, measures, and evaluations of monthly business performance. We also deliberated on the performance in light of compatibility with laws, regulations, the Articles of Incorporation, and other rules and adequacy of business operations.
- (2) We held 13 Board of Auditors meetings and discussed and determined audit policies and plans. We also audited the status of attendance at important internal meetings, business operations and assets, Directors' execution of duties, and compliance with laws, regulations, the Articles of Incorporation, and other rules.
- (3) We held 4 Compliance Risk Management Committee (CPR Committee) meetings to promote various activities related to internal control. Specifically, we aimed to ensure smooth operation of internal control over compliance and risk management, information security management, internal and external reporting systems, and financial reporting.
- (4) Under the initiative of the CPR Committee, we identified daily risks in each division and examined the countermeasures on a semi-annual basis. Out of these initiatives, we formulated the Compliance Guidelines to summarize the basic concept and criteria of daily activities that should be shared by all employees. We disseminated the guidelines on a company-wide level to improve compliance awareness.
- (5) With regard to the storage and management of information documents relating to the Directors' execution of the duties (including electromagnetic records), we committed ourselves to strict information management and prevention of confidential information leakage, based on the Document Management Rules and Regulations.
- (6) In view of the importance of the impact on the reliability of financial reporting, we held 4 Financial Reporting Council meetings to enhance the internal control system, specifically with the aim of collecting risk information, fraudulent or fallacious information, and deficiency information of internal control, and deliberate on measures and corrective actions against them.

3. Basic policies regarding control of the Company

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

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

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

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

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

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

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

With respect to the 53rd term dividend, we have decided on a total payment of 100 yen per share for this fiscal year (70 yen year-end dividend plus 30 yen interim dividend) in accordance with the above policy.

Consolidated Balance Sheet

(As of March 31, 2026)

(Thousand yen)

Account	Amount	Account	Amount
Assets		Liabilities	
Current assets	39,042,677	Current liabilities	8,424,280
Cash and deposits	16,591,921	Notes and accounts payable - trade	2,466,400
Notes receivable - trade	55,160	Electronically recorded obligations - operating	1,096,249
Electronically recorded monetary claims - operating	4,344,470	Accounts payable - other	1,747,266
Accounts receivable - trade	3,725,882	Accrued expenses	952,645
Contract assets	372,937	Income taxes payable	1,086,050
Securities	2,997,835	Contract liabilities	71,772
Merchandise and finished goods	9,411,243	Provision for bonuses for employees	258,251
Work in process	19,467	Provision for share awards for employees	156,051
Raw materials and supplies	485,533	Other	589,591
Other	1,233,614	Non-current liabilities	1,186,585
Allowance for doubtful accounts	-195,389	Provision for retirement benefits for directors (and other officers)	520,712
Non-current assets	20,236,882	Retirement benefit liability	428,118
(Property, plant and equipment)	12,039,648	Other	237,754
Buildings and structures	4,670,406		
Machinery, equipment and vehicles	46,408	Total liabilities	9,610,866
Tools, furniture and fixtures	668,645		
Land	6,617,370	Net assets	
Construction in progress	36,818	Shareholders' equity	49,437,510
(Intangible assets)	5,607,251	Share capital	723,128
Software	4,623,726	Capital surplus	729,136
Goodwill	913,994	Retained earnings	48,683,523
Other	69,531	Treasury shares	-698,277
(Investments and other assets)	2,589,982	Accumulated other comprehensive income	230,998
Investment securities	284,503	Valuation difference on available-for-sale securities	17,011
Shares of subsidiaries and associates	-	Remeasurements of defined benefit plans	213,987
Retirement benefit asset	252,856	Non-controlling interests	185
Deferred tax assets	567,594		
Membership	229,580		
Leasehold and guarantee deposits	504,758		
Other	902,128		
Allowance for doubtful accounts	-151,440	Total net assets	49,668,694
Total assets	59,279,560	Total liabilities and net assets	59,279,560

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

Consolidated Statement of Income

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

(Thousand yen)

Account	Amount	
Net sales		54,337,041
Cost of sales		29,606,809
Gross profit		24,730,231
Selling, general and administrative expenses		15,056,536
Operating profit		9,673,694
Non-operating income		
Interest income	17,938	
Dividend income	28,387	
Royalty income	31,721	
Settlement income	25,092	
Gain on forgiveness of debts	18,900	
Other	66,571	188,611
Non-operating expenses		
Interest expenses	8	
Foreign exchange losses	22,057	
Other	8,423	30,489
Ordinary profit		9,831,817
Extraordinary income		
Gain on sale of non-current assets	4,300	4,300
Extraordinary losses		
Loss on retirement of non-current assets	4,051	
Impairment losses	34,396	
Loss on valuation of investment securities	28,288	
Loss on valuation of shares of subsidiaries and associates	766,137	832,874
Profit before income taxes		9,003,242
Income taxes - current	2,971,523	
Income taxes - deferred	277,086	3,248,610
Profit		5,754,632
Profit attributable to non-controlling interests		75
Profit attributable to owners of parent		5,754,556

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

Consolidated Statement of Changes in Equity

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

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2025	700,530	706,538	44,557,149	-851,463	45,112,755
Changes during the period					
Dividends of surplus	-	-	-1,628,183	-	-1,628,183
Issuance of new shares	22,597	22,597	-	-	45,194
Profit attributable to owners of parent	-	-	5,754,556	-	5,754,556
Purchase of treasury shares	-	-	-	-	-
Disposal of treasury shares	-	-	-	153,185	153,185
Transfer of gain on disposal of treasury shares	-	-	-	-	-
Increase in consolidated subsidiaries - non-controlling interests	-	-	-	-	-
Net changes in items other than shareholders' equity during the period	-	-	-	-	-
Total changes during the period	22,597	22,597	4,126,373	153,185	4,324,754
Balance at March 31, 2026	723,128	729,136	48,683,523	-698,277	49,437,510

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2025	6,612	167,969	174,581	94	45,287,432
Changes during the period					
Dividends of surplus	-	-	-	-	-1,628,183
Issuance of new shares	-	-	-	-	45,194
Profit attributable to owners of parent	-	-	-	-	5,754,556
Purchase of treasury shares	-	-	-	-	-
Disposal of treasury shares	-	-	-	-	153,185
Transfer of gain on disposal of treasury shares	-	-	-	-	-
Increase in consolidated subsidiaries - non-controlling interests	-	-	-	-	-
Net changes in items other than shareholders' equity during the period	10,399	46,017	56,416	90	56,507
Total changes during the period	10,399	46,017	56,416	90	4,381,261
Balance at March 31, 2026	17,011	213,987	230,998	185	49,668,694

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

Balance Sheet

(As of March 31, 2026)

(Thousand yen)

Account	Amount	Account	Amount
Assets		Liabilities	
Current assets	35,330,744	Current liabilities	6,966,093
Cash and deposits	14,465,943	Notes payable - trade	-
Notes receivable - trade	55,160	Electronically recorded obligations - operating	1,092,513
Electronically recorded monetary claims - operating	4,344,470	Accounts payable - trade	1,749,765
Accounts receivable - trade	2,800,854	Accounts payable - other	1,634,418
Securities	2,997,835	Accrued expenses	787,882
Merchandise and finished goods	9,035,776	Income taxes payable	858,845
Work in process	12,918	Contract liabilities	41,233
Raw materials and supplies	303,014	Provision for share awards for employees	156,051
Other	1,316,981	Provision for bonuses for directors (and other officers)	228,983
Allowance for doubtful accounts	-2,210	Other	416,400
Non-current assets	21,237,010	Non-current liabilities	720,634
(Property, plant and equipment)	11,740,562	Provision for retirement benefits	56,352
Buildings	4,501,439	Provision for retirement benefits for directors (and other officers)	471,239
Structures	83,469	Other	193,042
Machinery and equipment	36,954		
Vessels	0		
Vehicles	6,662	Total liabilities	7,686,728
Tools, furniture and fixtures	586,999	Net assets	
Land	6,505,334	Shareholders' equity	48,861,735
Construction in progress	19,701	Share capital	723,128
(Intangible assets)	4,482,869	Capital surplus	729,136
Software	4,418,752	Legal capital surplus	729,136
Other	64,116	Retained earnings	48,107,748
(Investments and other assets)	5,013,578	Legal retained earnings	30,000
Investment securities	233,876	Other retained earnings	48,077,748
Shares of subsidiaries and associates	2,113,991	General reserve	20,000,000
Long-term loans receivable from subsidiaries and associates	12,756,281	Retained earnings brought forward	28,077,748
Deferred tax assets	406,138	Treasury shares	-698,277
Membership	226,713	Valuation and translation adjustments	19,291
Investment property, etc.	-	Valuation difference on available-for-sale securities	19,291
Leasehold and guarantee deposits	433,775		
Other	749,972	Total net assets	48,881,027
Allowance for doubtful accounts	-11,907,171	Total liabilities and net assets	56,567,755
Total assets	56,567,755		

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

Statement of Income

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

(Thousand yen)

Account	Amount	
Net sales		47,230,464
Cost of sales		26,117,511
Gross profit		21,112,952
Selling, general and administrative expenses		12,335,326
Operating profit		8,777,626
Non-operating income		
Interest income	20,581	
Interest income on securities	23	
Dividend income	27,620	
Rental income from non-current assets	52,219	
Royalty income	31,721	
Settlement income	25,092	
Other	46,818	204,077
Non-operating expenses		
Foreign exchange losses	22,691	
Other	3,860	26,551
Ordinary profit		8,955,152
Extraordinary income		
Gain on sale of non-current assets	3,940	
Reversal of allowance for doubtful accounts	761,926	765,867
Extraordinary losses		
Loss on retirement of non-current assets	260	
Loss on valuation of investment securities	2,160	
Loss on valuation of shares of subsidiaries and associates	766,137	
Provision of allowance for doubtful accounts for subsidiaries and associates	48,510	817,068
Profit before income taxes		8,903,950
Income taxes - current	2,662,666	
Income taxes - deferred	236,500	2,899,166
Profit		6,004,784

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

Statement of Changes in Equity

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

(Thousand yen)

	Shareholders' equity		
	Share capital	Capital surplus	
		Legal capital surplus	Total capital surplus
Balance at April 1, 2025	700,530	706,538	706,538
Changes during the period			
Issuance of new shares	22,597	22,597	22,597
Dividends of surplus	-	-	-
Profit	-	-	-
Purchase of treasury shares	-	-	-
Disposal of treasury shares	-	-	-
Transfer of gain on disposal of treasury shares	-	-	-
Net changes in items other than shareholders' equity during the period	-	-	-
Total changes during the period	22,597	22,597	22,597
Balance at March 31, 2026	723,128	729,136	729,136

	Shareholders' equity			
	Retained earnings			
	Legal retained earnings	Other retained earnings		Total retained earnings
		General reserve	Retained earnings brought forward	
Balance at April 1, 2025	30,000	20,000,000	23,701,147	43,731,147
Changes during the period				
Issuance of new shares	-	-	-	-
Dividends of surplus	-	-	-1,628,183	-1,628,183
Profit	-	-	6,004,784	6,004,784
Purchase of treasury shares	-	-	-	-
Disposal of treasury shares	-	-	-	-
Transfer of gain on disposal of treasury shares	-	-	-	-
Net changes in items other than shareholders' equity during the period	-	-	-	-
Total changes during the period	-	-	4,376,601	4,376,601
Balance at March 31, 2026	30,000	20,000,000	28,077,748	48,107,748

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

(Thousand yen)

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance at April 1, 2025	-851,463	44,286,753	23,892	44,310,646
Changes during the period				
Issuance of new shares	-	45,194	-	45,194
Dividends of surplus	-	-1,628,183	-	-1,628,183
Profit	-	6,004,784	-	6,004,784
Purchase of treasury shares	-	-	-	-
Disposal of treasury shares	153,185	153,185	-	153,185
Transfer of gain on disposal of treasury shares	-	-	-	-
Net changes in items other than shareholders' equity during the period	-	-	-4,600	-4,600
Total changes during the period	153,185	4,574,981	-4,600	4,570,380
Balance at March 31, 2026	-698,277	48,861,735	19,291	48,881,027

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