

Securities Code: 2980

June 10, 2025

(Date of commencement of electronic provision measures) June 4, 2025

Dear Shareholders,

Kazuo Nishiyama, President & Chief Executive Officer,  
SRE Holdings Corporation  
1-8-1 Akasaka, Minato-ku, Tokyo

## **Notice of the 11th Annual General Meeting of Shareholders**

SRE Holdings Corporation (the “Company”) is pleased to announce that it will hold its 11th Annual General Meeting of Shareholders. Details are described below.

In the convening of the Meeting, we will take measures to electronically provide the information that constitutes the content of the Reference Documents, etc. for the General Meeting of Shareholders (Matters for Electronic Provision). We kindly request that you check this information by accessing the following websites of the Company on which the information is posted.

Company website: <https://sre-group.co.jp/ir/stock/meeting.html> (Japanese Only)

The said matters for electronic provision of information are posted on the website of Tokyo Stock Exchange Inc. (TSE) below, in addition to the Company’s website.

TSE website (Listed Company Search)

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

(Please visit the TSE website above, enter/search “SRE Holdings (S, R and E shall be two-byte characters)” under “Issue name (company name)” or its securities code “2980” under “Code,” and choose “Basic information,” “Documents for public inspection / PR information” and “Notice of General Shareholders Meeting / Informational Materials for a General Shareholders Meeting.”)

1. **Date & Time:** 10:00 a.m. on Thursday, June 26, 2024 (reception starts at 9:30 a.m.)
2. **Venue:** Akasaka Intercity Conference 301, Akasaka Intercity AIR 3F, 1-8-1 Akasaka, Minato-ku, Tokyo  
(Please refer to the venue map at the end of this document.)

3. **Meeting Agenda:**

**Items to be reported:**

- (i) Business report and the Consolidated Financial Statements, for the 11th Fiscal Year (from April 1, 2024, to March 31, 2025), as well as the audit reports of the Accounting Auditor and the Audit & Supervisory Committee for Consolidated Financial Statements.
- (ii) Reports of Non-consolidated Financial Statements for the Company's 11th Fiscal Year (from April 1, 2024, to March 31, 2025)

**Items to be resolved:**

**Item 1:** Appointment of Two Directors (excluding Audit & Supervisory Committee Members)

4. **Management Decisions Concerning the Convocation of the Meeting (Information Regarding Exercise of Voting Rights)**

- (1) If voting rights are exercised and the voting form in writing (by mail) returned to the Company provides no indication of approval or disapproval with regard to the proposals, the shareholder shall be deemed to have expressed approval.
- (2) If you exercise your voting rights more than once via the Internet, the voting rights exercised for the last time shall be deemed to be valid.
- (3) If you exercise your voting rights both via the Internet and in writing (by mail), the voting rights exercised via the Internet shall be treated as valid irrespective of the arrival time and the date of the mailed vote.
- (4) If you wish to exercise your votes by proxy, you may have another shareholder who holds voting rights attend the General Meeting of Shareholders as your proxy. The proxy must submit a document proving that he or she has the right to represent you.

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● Under laws and regulations and Article 13 of the Company's Articles of Incorporation, of the documents that should be provided with this Notice of the Annual General Meeting of Shareholders, the Company does not include the matters below in this Notice of the Annual General Meeting of Shareholders.

- Business report-related: "Issues to be addressed," "Major business activities," "Major business establishments," "Status of employees," "Status of major lenders," "Other important matter related to the current status of the corporate group," "Status of stock option, etc.," "Status of accounting auditors," "Policy for determining dividends from surplus," and "Systems for ensuring the proper operation of the Company and the status of its implementation."
- Consolidated financial statements-related: "Consolidated statements of changes in shareholders' equity," and "Notes to consolidated financial statements."
- Non-consolidated financial statements-related: "Statements of changes in shareholders' equity," and "Notes to non-consolidated financial statements."
- "Accounting audit report on consolidated financial statements," "Accounting audit report on non-consolidated statements," and "Audit report of the Audit & Supervisory Committee."

The Business Report, Consolidated Financial Statements and Financial Statements included in these documents are part of the Business Report, Consolidated Financial Statements and Financial Statements that the Accounting Auditors and the Audit & Supervisory Committee has audited to create the independent auditors' reports or the audit report.

- The results of the votes on the resolutions will be posted on the Company's website.  
Company website: <https://sre-group.co.jp/ir/news/>
- Other information for shareholders shall be posted on the Company's website above. Please visit the Company's website for the latest information when necessary.

## Reference Documents for the General Meeting of Shareholders

### Item 1: Appointment of Two Directors (excluding Audit & Supervisory Committee Members)

The term of office for all two Directors (excluding Directors who are Audit & Supervisory Committee Members; the same applies hereinafter in this item) shall expire at the close of this Annual General Meeting of Shareholders. We therefore request the appointment of two Directors. The candidate Directors are as follows:

Candidate Number	Name (Date of birth)	Career History, Position and Responsibility in the Company (Status of Important Concurrent Posts)	Number of Shares of the Company Owned
1	Kazuo Nishiyama  (April 9, 1975) (Note) 3	<p>Jul. 2003 Sony Corporation (present Sony Group Corporation)</p> <p>Apr. 2007 General Manager of the Business Strategy Office, Chemical &amp; Energy Business Group of Sony Corporation</p> <p>Apr. 2012 General Manager of the Corporate Planning and Promotion Department of Sony Corporation</p> <p>Feb. 2014 Head of the SRE Business Preparation Office of Sony Corporation</p> <p>Apr. 2014 President &amp; Chief Executive Officer (Representative Director) of SRE Holdings Corporation (to current)</p> <p>Oct. 2018 President &amp; Chief Executive Officer (Representative Director) of SRE AI Partners Corporation (to current)</p> <p>(Important concurrent position) President, CEO &amp; Representative Director of SRE AI Partners Corporation</p> <p>(Reason for nomination as candidate for Director) Mr. Kazuo Nishiyama has been President &amp; Chief Executive Officer of SRE Holdings Corporation since its founding. He has extensive experience in corporate management and is expected to execute management tasks appropriately. We have thus decided that he is an appropriate candidate for Director of the Company.</p>	345,250 shares (Note) 2
2	Akio Kukuminato  (July 2, 1963) (Note) 3	<p>Apr. 1987 Sony Corporation (present Sony Group Corporation)</p> <p>Nov. 2004 General Manager of the Legal Department of Sony Communication Corporation (present Sony Network Communications, Inc.)</p> <p>Aug. 2017 Joined SRE Holdings Corporation, Director of the Corporate Control Office</p> <p>Mar. 2019 Corporate Executive Officer in charge of accounting, finance and corporate solutions</p> <p>Jun. 2020 Director (Audit &amp; Supervisory Committee Member)</p> <p>Jun. 2023 Director (to current)</p> <p>(Reason for nomination as candidate for Director) Mr. Akio Kukuminato has extensive management experience in legal affairs and business management. By leveraging his experience, it is expected that we will be able to build and strengthen a corporate governance system with a focus on improving transparency, soundness and efficiency in management, and therefore we have decided that he is an appropriate candidate for Director of the Company.</p>	15,500 shares (Note) 2

(Notes)

- Each candidate does not have any special interest in the Company. The Audit & Supervisory Committee does not have any particular opinions about any of the candidates.
- The number of shares of the Company owned is the number as of March 31, 2025.
- The Company has entered into an agreement regarding officer indemnification insurance as set forth in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance policy indemnifies the Company's Directors and other insured persons from legal damages and court costs (unless the damages are

caused by an intentional act or gross negligence). All of the insurance premiums are paid by the Company. The candidates will be the insured under the insurance policy if they are appointed and take office as a director. The Company also intends to renew the insurance contract with the same content at next renewal.

(Appendix)

**Business Report**  
(from April 1, 2024, to March 31, 2025)

**1. Overview of the Company**

Overview of Operations for FY2024

**Business progress and results**

The first business is the "AI Cloud & Consulting" business, which provides packaged cloud tools and tailor-made algorithms based on machine learning and other technologies for DX in various industries ranging from the real estate/financial sector to the IT/healthcare sector. The second is the "AI Cloud & Consulting" business, which provides packaged cloud tools and tailor-made algorithms based on modules that utilize machine learning and other technologies for DX in various industries ranging from real estate/financial services to IT/healthcare. The second is the "Life & Property Solutions" business, which offers asset management, brokerage, consulting, and development services that aim to both provide solid value to customers and actively utilize technology.

By working on our own in real businesses (real estate, finance, and IT/healthcare) and facing operational inefficiencies and challenges, we have discovered the potential for using advanced technologies such as machine learning and have incorporated them into our internal operations in order to improve our competitiveness and efficiency. We are also working to improve our competitiveness and efficiency by integrating the technology into our internal operations. At the same time, we have refined the practical usefulness of the business promotion and efficiency improvement tools that have been verified to be effective through tech in real business by providing feedback on their usability as our own users, and we offer them to our clients in the same industry. In addition, our track record has led us to form alliances with various companies, and we are working on joint development of solutions.

Our pursuit of unique customer value as a "tech provider with real business" contributes to DX and business expansion in a variety of industries. This is the reason why we are contributing to DX and business expansion in a variety of industries.

Looking at the business environment of the AI cloud & consulting business in which our group is engaged, as the birthrate declines and the population ages rapidly, more and more emphasis is being placed on extending healthy life expectancy, and interest in preventive medicine is increasing in addition to insured medical care. In addition, the projected decline in the working-age population is exacerbating issues such as the shortage of professional human resources, while the evolution of AI technology is advancing at a rapid pace. As a result, the cross-industry AX (AI transformation)/DX momentum, which promotes initiatives aimed at reducing labor and increasing profits through the use of technology, is gaining momentum everywhere, providing a tailwind for our business, which provides highly practical and useful AX/DX solutions. In the business environment of the Life & Property Solutions business, investment needs for various types of assets continue to increase.

In this business environment, the Group has made steady progress in business growth in the healthcare, financial, and IT domains, in addition to the traditional real estate domain, and has also provided DX solutions to other industries by utilizing its own AI modules. Specifically, in the healthcare domain, in addition to the acquisition of MEDIX Co, Ltd., which provides cloud reception systems and receipt operations support to treatment centers, as a subsidiary in April 2024, a large-scale project for which a contract was concluded in the second quarter of the current fiscal year made a full-scale contribution from the third quarter of the current fiscal year. In addition, the Company began field trials of telemedicine using lifelog data in collaboration with

Paramount Bed Corporation, as well as cloud service collaboration with Mizuho Bank, Ltd. In the third quarter, we made steady progress in diversifying earnings through partnerships with diverse industries, including the launch of a security diagnostic service in collaboration with Sony India Software Centre (SISC), the Indian base of the Sony Group.

In the L&P segment, the asset under management (AUM) in the asset management business increased, backed by the start of operations of the "DoubleTree by Hilton Tokyo Ariake" and the sale of a property developed in-house to a real estate fund organized by SRE Asset Management in the fourth quarter. In addition, the asset management business increased AUM (assets under management) and the recurring business expanded in L&P.

As a result of the above, for the consolidated fiscal year under review, net sales were 26,690,860 thousand yen (up 2,472,010 thousand yen (10.2%) from the previous year), operating income was 3,107,982 thousand yen (up 895,478 thousand yen (40.5%) from the previous year), ordinary income was 2,903,781 thousand yen (up 845,164 thousand yen (41.1%) from the previous year), and net income attributable to owners of the parent was 1,697,053 thousand yen (up 308,539 thousand yen (22%) from the previous year). Net income attributable to shareholders of the parent company increased 308,539 thousand yen (up 22.2%) to 1,697,053 thousand yen.

Operating results by segment for the current fiscal year are as follows.

### ***AI Cloud & Consulting Segment***

In the Life & Healthcare Solutions (LH: Provision of business-supporting cloud tools and DX solutions mainly targeting the healthcare/IT/financial domains), in addition to the sales contribution from MEDIX Co, Ltd., which became a subsidiary in April 2024, we concluded a contract with a large corporation operating multiple facilities in the second quarter, which contributed to the results and led to progress in horizontal development in the healthcare domain. Ltd. contributed to sales, and the Company's horizontal expansion in the healthcare field progressed as a result of the conclusion of a contract with a large corporation that operates multiple facilities in the second quarter. As a result, customer acquisition grew steadily, and the number of contracted companies continued to increase steadily in the fourth quarter, while the average unit price per customer remained at a high level. In addition, while continuing to invest in growth, the operating profit margin exceeded the initial forecast.

PropTech Solutions (PT: Provision of business-supporting cloud tools and DX solutions mainly targeting the real estate domain) grew at a faster-than-planned pace in terms of customer acquisition, contributing to the expansion of stock income. In addition, the company launched a new service, "SRE AI Rent Appraisal CLOUD," to expand its customer base and cross-sell to existing customers, which is expected to increase the unit price per customer. In PT, the operating income margin also exceeded the initial forecast.

In this segment, we are accelerating investments in product development and other areas to achieve medium- to long-term growth in stock income. In addition to our unique strength of being a "tech provider that encompasses real business," we have attracted talented people who resonate with our vision of horizontal development of domains centered on Life-tech. In addition, in addition to this organic organizational growth, we have received M&A offers from several companies due to our vision of being a "Life-tech Company" that is easily shared, our in-house M&A team's early access to information on good deals, and our ability to increase value through DX and AI implementation/AX. We have been receiving M&A offers from several companies, and we are bringing in companies that will contribute to our growth. Based on these internal and external growth opportunities, we are expanding our business by combining realism and technology in new areas in addition to the existing areas of finance, IT, and healthcare.

As a result of the above, the AI Cloud & Consulting segment posted sales of 7,525,944 thousand yen (up 2,651,855 thousand yen (54.4%) from the previous year) and operating income of 2,464,742 thousand yen (up 759,189 thousand yen (44.5%) from the previous year) in the current fiscal year.

### ***Life & Property Solutions Segment***

In this segment, we provide asset management and brokerage consulting services using our technology, and develop and invest in condominiums, offices, shopping centers, hotels, and senior-related facilities with IoT and ESG technologies as Smart Properties. In addition, we are developing and investing in condominiums, offices, shopping centers, hotels, and senior-related facilities equipped with IoT technology and ESG-responsive features and selling them to investors according to plans. In addition, to expand the asset management business, we are shifting to a stacked business model that accumulates recurring fees with excellent profitability without holding excessive inventories by continuously selling properties developed by the Company to funds and procuring them externally from the market. The Company has been shifting to a stacked business model that does not hold excessive inventories but accumulates highly profitable recurring fees and has accumulated stable stock revenues in the asset management business, including the start of operations of "DoubleTree by Hilton Tokyo Ariake.

As a result of the above, net sales in the Life & Property Solutions segment for the current consolidated fiscal year were 20,532,731 thousand yen (up 361,781 thousand yen (1.8%) from the previous year) and operating income was 1,039,818 thousand yen (up 173,572 thousand yen (20.0%) from the previous year).

### ***Other Segments***

In this segment, we are developing new products on a trial basis for sustainable growth over the medium to long term and are working to create "technologies with high practical utility that encompass real business.

As a result, net sales in the other segment in the current consolidated fiscal year were 225,054 thousand yen (an increase of 149,645 thousand yen (198.4%) from the previous year) due to real business operations, and segment loss was 289,167 thousand yen (segment loss of 171,606 thousand yen in the previous year) due to new product development investments. Segment loss was 289,167 thousand yen (segment loss of 171,606 thousand yen in the previous period) due to investments in new product development.

Current fiscal year (April 1, 2024, to March 31, 2025)

(Unit: thousand yen)

	AI Cloud & Consulting	Life & Property Solutions	Other	Adjustment (Note 1)	Consolidated Statements of Income Amount recorded (Note 2)
Sales to external customers	6,259,828	20,205,977	225,054	-	26,690,860
Intersegment sales and transfers	1,266,115	326,754	-	△1,592,869	-
Total	7,525,944	20,532,731	225,054	△1,592,869	26,690,860
Segment income (loss)	2,464,742	1,039,818	△289,167	△107,411	3,107,982

(Note) 1. "Adjustment" of -107,411 thousand yen in segment income (loss) refers to elimination of inter-segment transactions.

2. Segment income (loss) is adjusted with operating income in the consolidated statements of income.

### Capital expenditure

The total amount of capital investment made by the Group during the current consolidated fiscal year was 318,506 thousand yen.

This was mainly due to the expansion of the Akasaka Head Office.

### Financing

During the current fiscal year, the Group raised 9,460,805 thousand yen in loans from financial institutions and repaid 7,277,199 thousand yen to fund its requirements.

### Transfer of business, absorption-type company split, or incorporation-type company split

Not applicable.

### Transfer of business from other companies

Not applicable.

### Succession of rights and obligations regarding the business of other corporations due to an absorption-type merger or an absorption-type split

Not applicable.

### Acquisition or disposal of equity interests (including shares) or share acquisition rights of other companies

On March 7, 2024, the Company entered into a share transfer agreement to acquire all shares issued by MEDIX Co, Ltd. and executed the share acquisition on April 1, 2024, making the company a wholly owned subsidiary of the Company.



**Status of assets and income for the last three fiscal years****A. Status of Assets and Income of the Corporate Group**

Item	FY2021	FY2022	FY2023	FY2024 (Current fiscal year)
Net sales (Thousands of yen)	13,572,867	18,541,931	24,218,849	26,690,860
Ordinary profit (Thousands of yen)	1,300,502	1,540,251	2,058,616	2,903,781
Profit attributable to owners of parent (Thousands of yen)	892,407	1,148,213	1,388,514	1,697,053
Basic earnings per share (Yen)	57.38	71.12	85.83	105.46
Total Assets (Thousands of yen)	23,018,904	21,956,430	24,017,080	30,470,305
Net Assets (Thousands of yen)	9,798,332	11,316,263	12,460,464	14,346,248
Net assets per share (Yen)	610.51	680.41	752.30	847.89

(Note) "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others are applied from the beginning of the 8th fiscal year.

**B. Status of Assets and Income**

Item	FY2021	FY2022	FY2023	FY2024 (Current fiscal year)
Net sales (Thousands of yen)	12,556,307	16,318,215	20,880,136	20,645,274
Ordinary profit (Thousands of yen)	828,601	1,115,925	1,314,195	688,330
Profit attributable to owners of parent (Thousands of yen)	570,567	678,757	1,070,260	492,490
Basic earnings per share (Yen)	36.69	42.04	66.16	30.61
Total Assets (Thousands of yen)	21,911,218	19,647,470	21,449,963	28,794,932
Net Assets (Thousands of yen)	8,955,775	9,782,741	10,761,441	11,072,385
Net assets per share (Yen)	557.64	599.24	658.88	679.64

(Note) "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others are applied from the beginning of the 8th fiscal year.

**Status of significant parent company and subsidiaries****(i) Status of parent company**

Not applicable.

**(ii) Status of Important Subsidiaries**

Company	Capital stock	Rate of voting rights held by the company	Major Businesses
SRE AI Partners Corporation	101 million yen	100.0%	AI Cloud & Consulting Business
DORIRU Co.,Ltd.	137 million yen	50.1%	BtoB sales support business, sales tech business
MEDIX Co.,Ltd.	93 million yen	100.0%	Cloud-based reception systems for treatment centers, support for receipt operations, etc.

(iii) Status of specified wholly owned subsidiaries as of the end of the fiscal year  
Not applicable.

(iv) Other significant business combinations

Sony Group Inc. owns 23.3% of the Company's voting rights, and the Company is an equity-method affiliate of Sony Group Inc.

## 2. Company's Current Status

### (i) Shares (as of March 31, 2025)

Total number of shares authorized to be issued 50,000,000 shares

Total number of shares issued and outstanding 16,233,785 shares  
(including 132,546 shares of treasury stock)

Number of shareholders 7,550 persons

#### Major shareholders

Shareholder Name	Number of shares held (shares)	Shareholding ratio (%)
Sony Group Corporation	3,748,600	23.28
Custody Bank of Japan, Ltd. (Trust Account)	2,950,200	18.32
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,728,400	10.74
STATE STREET BANK AND TRUST COMPANY 505001	872,802	5.42
The Nomura Trust and Banking Co., Ltd.	632,000	3.93
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	363,100	2.26
Kazuyoshi Nishiyama	352,380	2.19
NOMURA INTERNATIONAL PLC A/C JAPAN FLOW	279,120	1.73
Nomura Securities Co., Ltd.	237,400	1.47
JPMorgan Securities Japan Co., Ltd.	169,201	1.05

(Note) Shareholding ratio is calculated excluding treasury stock (132,546 shares).

Shares issued to the Company's Directors and Corporate Auditors as compensation for the execution of their duties during the fiscal year under review

	Number of shares	Number of grantees
Directors (excluding audit committee members and outside directors)	1,670 shares	2 persons
Outside Directors (excluding Audit Committee Members and limited to Outside Directors)	-	-
Directors who are Audit Committee Members	-	-

(Note) The details of the Company's stock-based compensation are described in "2. 2) (iv) Compensation, etc. of Directors" in the Business Report.

Other important matters concerning shares

- a. 13,940 shares of common stock were issued on July 16, 2024, for the grant of restricted stock to two directors (excluding audit committee members and outside directors) and employees.
- b. 950 shares of common stock were issued on August 23, 2024, for the grant of restricted stock to employees.
- c. The total number of outstanding shares increased by 24,000 shares due to the exercise of stock acquisition rights.
- d. By resolution of the Board of Directors on February 17, 2025, the Company resolved to conduct a secondary offering of its common stock (the "Secondary Offering"), with the following details.
  - A. Outline of the Secondary Offering by way of Underwriting by the Underwriters Outline of the Secondary Offering by way of Underwriting by the Underwriters

Class and number of shares to be sold	Common stock 2,116,700 shares
seller	Sony Group Corporation
Offer price	3,076 yen per share
Selling Method	All shares will be sold after being purchased and underwritten by the underwriting syndicate (the "Underwriters"), with SMBC Nikko Securities Inc. as the administrative lead manager and Daiwa Securities Co. The consideration for the Underwriters in the secondary offering shall be the aggregate amount of the selling price less the underwriting price, which is the amount to be paid by the Underwriters to the Seller.
Delivery date	March 5, 2025

B. The secondary offering by way of over-allotment Overview of the Secondary Offering by way of Over-Allotment

Class and number of shares to be sold	Common stock 317,400 shares
Offer price	3,076 yen per share
Selling Method	Taking into account market demand and other conditions for the Secondary Offering by way of Underwriting by the Underwriters, SMBC Nikko Securities Inc. will conduct an additional secondary offering of shares of common stock of the Company to be borrowed by the Company from its shareholder, Sony Group Inc.
Delivery date	March 5, 2025

(ii) Directors and Officers of the Company

Directors (as of March 31, 2025)

Board position	Name	Responsibilities at the Company and Significant Concurrent Positions
Representative director	Kazuyoshi Nishiyama	President and CEO President and CEO, SRE AI Partners Corporation
Director	Akio Kukuminato	Compliance Internal Audit Manager
Director (Audit and Supervisory Board Member)	Jun Harada (Notes 1, 3, 4)	Representative Director, Aoba Accountants & Advisors Managing Partner, Jingu Mae Aoba Tax Corporation
Director (Audit and Supervisory Board Member)	Ayako Ota (Notes 1, 2, 3, 4)	Representative Director, Belleffect Co.,Ltd.
Director (Audit and Supervisory Board Member)	Masahiro, Kotosaka (Notes 1, 3, 4)	Associate Professor, Faculty of Policy Studies, Keio University

(Notes) 1. Director (Audit & Supervisory Board Member) Jun Harada, Director (Audit & Supervisory Board Member) Ayako Ota and Director (Audit & Supervisory Board Member) Masahiro Kotosaka are outside directors.

2. Director (Audit & Supervisory Board Member) Ayako Ota's name in the family register is Ayako Hasegawa.

3. The structure of the Company's Audit Committee is as follows

Committee Chair Jun Harada, Committee Member Ayako Ota, Committee Member Masahiro Kotosaka  
Jun Harada is a certified public accountant and licensed tax accountant and has served as a director and corporate auditor of several companies. He has considerable knowledge and expertise in management, finance and accounting, and is therefore appointed as an outside director (member of the Audit Committee) of the Company. Ayako Ota has served as a director of several companies and has abundant experience and broad insight in human capital management and ESG, in addition to corporate management in general. Masahiro Kotosaka is appointed as an Outside Director (Audit & Supervisory

Board Member) of the Company due to his professional knowledge in business administration, experience in corporate management, and extensive auditing experience.

4. Jun Harada, Ayako Ota and Masahiro Kotosaka are outside directors and independent directors as defined by the Tokyo Stock Exchange.
5. Under the company with an Audit Committee, the Audit Committee meets monthly and the director in charge of internal audit supports the Audit Committee and conducts systematic audits; therefore, a full-time Audit Committee member has not been appointed.
6. The Company has introduced an Executive Officer System to invigorate the Board of Directors by separating decision-making and supervision from execution. As of March 31, 2025, the Company had the following eight executive officers.

Name	Responsibility
Tomohiro Tsunoda	Head of Technology Solutions, Consulting & Technology Solutions Division; Head of Cloud Solutions Business; Chief Information Security Officer
Akira Izumi	CDO and Executive Sales, Consulting & Technology Solutions Division
Koji Shimizu	Cloud Solution Business
Kotaro Ishinuki	Asset Business
Takenori Azuma	Real Estate Distribution Business
Naoki Yamaguchi	Consulting & Technology Solutions Business Unit, Consulting
Tetsu Matsui	Planning and Administration
Ryo Dewa	Personnel & General Affairs

### **Outline of the contents of the liability limitation agreement**

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with each director (excluding those who are executive directors, etc.) to limit his/her liability for damages under Article 423, Paragraph 1 of the same law. The maximum amount of liability for damages under the liability limitation agreement is limited to the minimum liability amount stipulated by laws and regulations.

### **Summary of contents of directors' and officers' liability insurance policies, etc.**

The Company has concluded a directors' and officers' liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The scope of the insured under the policy is directors (including members of the Audit and Supervisory Board), and the insured does not bear the premiums. The policy covers the insured against legal damages and litigation expenses (except in the case of willful misconduct or gross negligence).

## **Compensation for Directors**

(i) Policy, etc. for determining the content of compensation, etc., for directors and corporate auditors  
Policy, etc. on Determination of Details of Compensation, etc. for Directors and Corporate Auditors

The Company's Board of Directors has adopted a policy for determining the content of individual director compensation. The Company consults the chairman of the Compensation Committee (consisting of two outside directors and a representative director), which is chaired by an outside director, and receives his/her report.

The details of the Company's policy for determining the details of remuneration, etc. of individual Directors are as follows.

- a. Compensation, etc. for directors is divided into a monetary portion (fixed and performance-linked) and a non-monetary portion (stock-based remuneration).
  - i. Fixed portions are set by position, full-time and part-time.
  - ii. The performance-linked portion and the stock-based compensation portion are determined based on the degree of achievement of quantitative corporate performance targets, such as net sales, gross profit, operating income, and net income for the previous fiscal year, as well as the degree of contribution to the improvement of corporate value. The reason for selecting these indicators is to raise awareness of the need to improve corporate performance and corporate value. The Company's performance-linked remuneration is calculated by multiplying the base amount for each director by the degree of achievement.
  - iii. The ratio of monetary compensation to non-monetary compensation is determined based on factors such as position, responsibilities, and trends at peer companies. In addition, the ratio of stock compensation is increased in proportion to the position.
- b. The amount of compensation is revised every July. Monetary compensation is paid monthly, while non-monetary compensation is resolved at the Board of Directors meeting following the General Meeting of Shareholders and distributed once a year (in July).
- c. Within the monetary compensation limit and non-monetary compensation (restricted stock) limit resolved at the General Meeting of Shareholders, the details of individual compensation are determined through deliberation by a voluntary compensation committee (consisting of Outside Director Masahiro Kotosaka, Outside Director Jun Harada, and Representative Director Kazuyoshi Nishiyama) chaired by an Outside Director and delegated by the Board of Directors. The reason for the delegation of authority is to take into consideration the Company's performance and other factors. The Compensation Committee, which includes the Representative Director, is the most appropriate body to evaluate each director, taking into consideration the Company's business performance and other factors.
- d. The amount of remuneration for Directors who are Audit Committee members shall be determined by the Audit Committee through discussions among the Directors who are Audit Committee members within the limit of the amount of remuneration resolved at the General Meeting of Shareholders.

## (ii) Total amount of compensation, etc. for the current fiscal year

classification	Total amount of compensation, etc. (Thousands of yen)	Total amount of remuneration, etc. by type (thousands of yen)			Number of directors
		basic compensation	performance-linked Compensation, etc.	nonmonetary Compensation, etc.	
board member (of which outside directors)	118,510 (0)	70,000 (0)	40,760 (0)	7,750 (0)	2 persons (0 persons)
Director (Audit & Supervisory Board Member) (of which outside directors)	16,185 (16,185)	16,185 (16,185)	0 (0)	0 (0)	3 persons (3 persons)
total amount (of which outside directors)	134,695 (16,185)	86,185 (16,185)	40,760 (0)	7,750 (0)	5 persons (3 persons)

- (Note) 1. At the Ordinary General Meeting of Shareholders held on June 17, 2019, it was resolved that the maximum annual amount of remuneration for Directors, excluding Audit Committee members, shall not exceed 150 million yen. As of the conclusion of said General Meeting of Shareholders, there will be two (2) Directors subject to the said resolution. In addition, at the Ordinary General Meeting of Shareholders held on June 13, 2022, it was resolved that the total amount of monetary compensation claims to be paid to directors as compensation for restricted stock, which is separate from the above total amount of compensation for directors, shall not exceed 40 million yen per year, and the maximum amount of compensation for directors who are members of the Audit Committee shall not exceed 30 million yen. As of the conclusion of the said General Meeting of Shareholders, there will be five eligible directors (two directors excluding Audit & Supervisory Board Members and three directors who are Audit & Supervisory Board Members).
- The amount of remuneration for directors other than Audit Committee members is determined by the Board of Directors within the limit stated in (Note 1). The Compensation Committee deliberates on the determination of this compensation for directors and corporate auditors in order to improve the transparency of the compensation determination process, and the Company believes that this is in line with its policy regarding the determination of compensation. The Compensation Committee is chaired by an outside director and consists of three members: two outside directors and one representative director.
  - Actual performance indicators for the performance-linked portion and stock compensation portion for the current fiscal year include consolidated operating income (2,212 million yen) for the previous fiscal year (April 1, 2023, to March 31, 2024).
  - The amount of remuneration for Directors who are members of the Audit Committee is determined through discussions among the Directors who are members of the Audit Committee, within the limits described in Note 1.
  - The total amount of remuneration, etc. of Directors does not include the employee's salary of Directors who concurrently serve as employees.
  - Non-monetary compensation consists of shares of the Company's stock, and the terms and conditions of allotment are as described in "a. Policy, etc. on Determination of Details of Remuneration, etc. for Directors and Corporate Auditors". Policy, etc. on Determination of Details of Remuneration, etc., for Directors and Corporate Auditors". The details of the issuance of shares during the fiscal year under review are stated in "2.

(5) Matters Concerning Outside Directors and Outside Corporate Auditors

A. Number of Outside Directors Number of Outside Directors

The Company has appointed three outside directors (including three audit committee members). Jun Harada, an outside director (Audit & Supervisory Board Member), holds 2,025 stock acquisition rights (8,500 shares). Ayako Ota, an outside director (Audit & Supervisory Board Member), holds 19 stock acquisition rights (1,900 shares). Masahiro Kotosaka, an Outside Director (Audit & Supervisory Board Member), holds 35 stock acquisition rights (3,500 shares). Other than the above, there are no personal, capital, business, or other interests between the Company and outside directors Jun Harada, Ayako Ota, and Masahiro Kotosaka.

B. Relationship between the Company and the Outside Directors Functions and Roles of Outside Directors, Views on Appointment Status and Relationship with the Company

Jun Harada, an Outside Director (Audit & Supervisory Board Member), is a certified public accountant and tax accountant, and has served as a director and audit & supervisory board member of several companies.

Ayako Ota, an outside director (Audit & Supervisory Board Member), has served as a director of several companies and has abundant experience and broad insight in human capital management and ESG issues, in addition to general corporate management.

Masahiro Kotosaka, an outside director (member of the Audit and Supervisory Board), is appointed as an outside director (member of the Audit and Supervisory Board) because of his professional knowledge of business administration, experience in corporate management, and extensive auditing experience, and because he is expected to provide supervision and appropriate advice, etc., to the Company's management.

The Company does not have any criteria or policies regarding independence for appointing outside directors. However, when appointing outside directors, the Company makes decisions based on the assumption that they can perform their duties as outside directors independently of the Company's management, taking into consideration their backgrounds and relationships with the Company. The three outside directors currently appointed are sufficiently independent from the Company's management to fulfill their positions as outside directors.

C. Relationship between the Company and the companies where the outside directors hold important concurrent positions Relationship between the Company and the companies where the outside directors hold important concurrent positions.

There are no material transactions or other relationships between the Company and Aoba Advisors, Inc. and Jingu Mae Aoba Certified Public Tax Accountants Corporation, where Jun Harada, an outside director (member of the Audit Committee), concurrently serves.

There are no material transactions or other relationships between the Company and Berefect, Inc. where Ayako Ota, an outside director (member of the Audit and Supervisory Board), concurrently serves.

There are no material transactions or other relationships between the Company and Keio University, where outside director (member of the Audit and Supervisory Board) Masahiro Kotosaka concurrently serves.

D. Major activities during the current fiscal year Major activities during the current fiscal year

	Attendance and comments made by outside directors Summary of duties performed with respect to the expected role
Outside Director (Audit Committee Member)  Jun Harada	Attended all 13 meetings of the Board of Directors and all 14 meetings of the Audit Committee held during the fiscal year under review. Based on his professional perspective as a certified public accountant and his experience and broad insight from concurrently serving as an officer in several companies, he made statements at Board of Directors meetings to ensure the adequacy and appropriateness of decision-making by the Board of Directors. At meetings of the Audit Committee, he also makes comments as necessary regarding overall corporate management.



<p>Outside Director (Audit Committee Member)</p> <p>Ayako Ota</p>	<p>He attended all 13 meetings of the Board of Directors, and all 14 meetings of the Audit Committee held during the fiscal year under review. Based on his abundant experience and broad insight regarding human capital management and ESG, he made statements at Board of Directors meetings to ensure the adequacy and appropriateness of decision-making by the Board of Directors. At Audit Committee meetings, he made comments as necessary on overall corporate management.</p>
<p>Outside Director (Audit Committee Member)</p> <p>Masahiro, Kotosaka</p>	<p>He attended 12 of the 13 meetings of the Board of Directors and all 14 meetings of the Audit Committee held during the fiscal year under review. Based on his professional knowledge of business administration, experience in corporate management, and extensive auditing experience, he made statements at Board of Directors meetings to ensure the adequacy and appropriateness of decision-making. At Audit Committee meetings, he also made necessary statements on overall corporate management as appropriate.</p>

(6) Relationship between Supervision or Audit by Outside Directors and Internal Audit, Audit Committee Audit, and Accounting Audit, and Internal Control Division

The outside directors, who are also Audit Committee members, constitute the Audit Committee. Internal auditors attend Audit Committee meetings as necessary to report to the Audit Committee members, who are also outside directors, on the status of internal audits, and discuss issues related to business operations and the details and status of internal audit implementation, in order to promote mutual cooperation. In addition, the Audit Committee members, who are also outside directors, hold meetings with the accounting auditor as necessary to exchange opinions on issues related to the Company's business operations. The Audit Committee member, who is also an outside director, holds a three-way audit meeting once a year together with the internal audit and the accounting auditor to exchange opinions among the three parties.

In addition, the outside directors receive reports from the internal control division at meetings of the Board of Directors and Audit Committee, request detailed information as necessary, and supervise the internal control division through communication and exchange of information.

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## Consolidated Balance Sheets

(As of March 31, 2025)

(Unit: thousand yen)

Description	Amount
<b>Assets</b>	
Current assets	24,492,416
Cash and deposits	4,384,560
Accounts receivable - trade, and contract assets	2,119,412
Operating investments in capital	3,289,759
Inventories	13,808,977
Other	893,017
Allowance for doubtful accounts	△3,312
Non-current assets	5,977,889
Property, plant and equipment	846,500
Buildings	389,970
Machinery and equipment	263,537
Other	192,991
Intangible assets	3,418,953
Software	965,248
Goodwill	2,443,326
Other	10,378
Investments and other assets	1,712,435
Investment securities	45,000
Long-term loans receivable	500,000
Deferred tax assets	381,501
Other	785,934
Total assets	30,470,305

(Note) Amounts are rounded down to the nearest thousand yen.

Description	Amount
<b>Liabilities</b>	
Current liabilities	6,928,553
Accounts payable - trade	928,172
Short-term borrowings	3,803,364
Accounts payable – other	354,044
Accrued expenses	450,075
Income taxes payable	591,765
Provision for bonuses	262,462
Other	538,667
Non-current liabilities	9,195,503
Long-term borrowings	8,330,998
Retirement benefit liability	67,974
Other	796,530
Total liabilities	16,124,057
<b>Net assets</b>	
Shareholders' equity	13,652,034
Share capital	4,246,400
Capital surplus	4,119,452
Retained earnings	5,788,701
Treasury shares	△502,520
Share acquisition rights	129,414
Non-controlling interests	564,798
Total net assets	14,346,248
Total liabilities and net assets	30,470,305

## Consolidated Statement of Income

(Fiscal year ended March 31, 2025)

(Unit: thousand yen)

Description	Amount	
Net sales		26,690,860
cost of sales		17,158,948
Gross profit		9,531,912
Selling, general and administrative expenses		6,423,929
Operating profit		3,107,982
Non-operating income		
Interest income	7,257	
Foreign exchange gains	6,628	
Gain on reversal of share acquisition rights	16,428	
Other	7,842	38,156
Non-operating expenses		
Interest expenses	161,213	
Financing expenses	28,071	
Loss on extinguishment share-based compensation expenses	47,569	
Other	5,503	242,358
Ordinary profit		2,903,781
Extraordinary income		
Gain on sales of investment securities	266,877	
Other	19,072	285,950
Extraordinary loss		
Loss on retirement of non-current assets	69,432	
Loss on valuation of investment securities	134,399	
Other	14,182	218,015
Profit before income taxes		2,971,716
Income taxes - current	1,011,182	
Income taxes - deferred	113,885	1,125,068
Profit		1,846,647
Profit attributable to non-controlling interests		149,593
Profit attributable to owners of parent		1,697,053

(Note) Amounts are rounded down to the nearest thousand yen.

## Non-Consolidated Balance Sheets

(As of March 31, 2025)

(Unit: thousand yen)

Description	Amount
<b>Assets</b>	
Current assets	21,452,707
Cash and deposits	3,444,940
Accounts receivable – trade	186,424
Operating investments in capital	3,289,759
Inventories	13,811,490
Advance payments to suppliers	108,305
Prepaid expenses	106,208
Other	505,579
Non-current assets	7,342,224
Property, plant and equipment	438,095
Buildings	367,511
Tools, furniture and fixtures	61,290
Lease assets	9,292
Intangible assets	500,459
Trademarks	9,269
Software	490,789
Other	400
Investments and other assets	6,403,669
Investment securities	45,000
shares of subsidiaries and associates	5,486,672
Investments in capital	150
Long-term Prepaid expenses	130,693
Deferred tax assets	210,381
Other	530,773
Total assets	28,794,932

(Note) Amounts are rounded down to the nearest thousand yen.

Description	Amount
<b>Liabilities</b>	
Current liabilities	8,728,683
Accounts payable - trade	838,496
Short-term borrowings	6,597,076
Lease liabilities	1,853
Accounts payable – other	38,104
Accrued expenses	533,731
Income taxes payable	138,846
Advances received	191,518
Deposits received	157,412
Provision for bonuses	186,919
Other	44,724
Non-current liabilities	8,993,863
Long-term borrowings	8,255,954
Lease liabilities	8,004
Long-term accrued expenses	110,747
Asset retirement obligation	129,164
Other	489,992
Total liabilities	17,722,546
<b>Net assets</b>	
Shareholders' equity	10,942,970
Share capital	4,246,400
Capital surplus	4,246,400
Capital reserve	4,246,400
Retained earnings	2,952,689
Other retained earnings	2,952,689
Retained earnings brought forward	2,952,689
Treasury shares	△502,520
Share acquisition rights	129,414
Total net assets	11,072,385
Total liabilities and net assets	28,794,932

(Note) Amounts are rounded down to the nearest thousand yen.

## Non-Consolidated Statement of Income

(Fiscal year ended March 31, 2025)

(Unit: thousand yen)

Description	Amount	
Net sales		20,645,274
cost of sales		14,875,898
Gross profit		5,769,376
Selling, general and administrative expenses		4,864,386
Operating profit		904,990
Non-operating income		
Interest income	2,034	
Gain on reversal of share acquisition rights	16,428	
Other	45	18,507
Non-operating expenses		
Interest expenses	155,971	
Financing expenses	28,071	
Loss on extinguishment share-based compensation expenses	47,569	
Other	3,555	235,167
Ordinary profit		688,330
Extraordinary income		
Gain on sales of investment securities	260,500	260,500
Extraordinary loss		
Loss on retirement of non-current assets	41,754	
Loss on valuation of investment securities	134,399	
Other	14,182	190,336
Profit before income taxes		758,494
Income taxes – current	221,184	
Income taxes – deferred	44,818	266,003
Profit		492,490

(Note) Amounts are rounded down to the nearest thousand yen.