

Securities Identification Code: 6430

June 11, 2024

(Electronic provision measures commencement date: June 4, 2024)

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 51st 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 51st 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 25, 2024 (Japan Standard Time).

Thank you very much for your cooperation.

### Details of the 51st Ordinary General Meeting of Shareholders

1. **Date and Time** Wednesday, June 26, 2024 at 10:00 a.m.
  2. **Place** 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 51st Business Term (from April 1, 2023 to March 31, 2024)  
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 51st Business Term (from April 1, 2023 to March 31, 2024)  
Report on the Non-Consolidated Financial Statements
- Matters for Resolution**
- Proposal 1 Election of Six Directors
  - Proposal 2 Election of One Auditor
  - Proposal 3 Provision of Retirement Benefits to a Retiring Auditor
  - Proposal 4 Payment of Bonuses to Directors and Auditors for the 51st Business Term
  - Proposal 5 Determination of Remuneration for Granting Restricted Stock to Directors (Excluding External Directors)

#### 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.

\* 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 25, 2024  
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 25, 2024
  - (i) Read the QR Code on the Voting Right Exercise Form (no need of entering 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 25, 2024
  - (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 26, 2024, 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 inquiry.  
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	<u>Reappointment</u>	Seiichiro Oue	Male		Chairman and Director	17/17 (100%)
2	<u>Reappointment</u>	Masakatsu Kayamori	Male		President and Representative Director	16/17 (94%)
3	<u>Reappointment</u>	Ken Kayamori	Male		Representative Director and Executive Director	17/17 (100%)
4	<u>Reappointment</u>	Toshifumi Oonari	Male		Representative Director and Executive Director	17/17 (100%)
5	<u>Reappointment</u>	Yumiko Sakurai	Female	Independent Director External Director	External Director	16/17 (94%)
6	<u>New election</u>	Masaki Komurasaki	Male	Independent Director External Director	-	-

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, General Manager 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)	2,175
<p data-bbox="243 565 447 586">&lt; Reasons for election &gt;</p> <p data-bbox="243 586 1353 671">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="243 671 1353 737">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) Director, Daikoku Denki Communication PLUS Corporation &lt;Former Daikoku Sangyo Co., Ltd.&gt; (incumbent)</p> <p>April 2024 Director, Nishimoto Industry Co., Ltd. (incumbent)</p>	902,350
<p>&lt; Reasons for election &gt;  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)	June 2000 Director in charge of Corporate Management Office April 2001 Director and General Manager of Corporate Planning Office June 2002 Managing Director and General Manager of Corporate Planning Office April 2005 Representative Director and Executive Director March 2006 Director, DAXEL INC. April 2007 Representative Director and Executive Director and Head of Corporate Management Headquarters April 2012 Representative Director and Executive Director and Head of Management Headquarters March 2013 Director, Daikoku Sangyo Co., Ltd. April 2017 Representative Director and Executive Director (incumbent)	443,000
< Reasons for election > 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. 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.			



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 Information System Division and Manager of Sales Planning Department, Sales Headquarters, Information System Division</p> <p>April 2016    General Manager of Information System Division</p> <p>June 2017    Director of the Company</p> <p>                  General Manager of Information System Division</p> <p>April 2019    Managing Director, General Manager of Information System Division and General Manager of Frontier Department</p> <p>April 2020    Managing Director, General Manager of Information System Division</p> <p>April 2023    Representative Director and Executive Director and General Manager of Management Control Division (incumbent)</p> <p>June 2023    Director, Genki Co., Ltd. (incumbent) Director, Daikoku Denki Communication PLUS Corporation &lt;Former Daikoku Sangyo Co., Ltd.&gt; (incumbent)</p>	2,700
<p>&lt; Reasons for election &gt; 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 Managing 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)	October 1992    Joined Ito Audit Corporation January 2000    Established Yumiko Sakurai CPA Office, Representative (incumbent) June 2009        Appointed as External Auditor of Tosho Co., Ltd. August 2010     Appointed as External Auditor of I.K. Co., Ltd. June 2014        Proto Corporation External Director (incumbent) August 2016     Appointed as External Director (Audit and Supervisory Committee) of I.K. Co., Ltd. June 2019        Appointed as External Auditor of JTEKT Corporation (incumbent) June 2022        External Director (incumbent)	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 the Ministry of International 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 &amp; 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>	100
<p>Reasons for the election of candidate for External Director</p> <p>Mr. Masaki Komurasaki is newly nominated 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 serve as a member of the Nomination and Compensation Advisory Committees.</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 as an independent Director as defined by the Tokyo Stock Exchange (TSE), and notified the TSE to that effect.
- (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 designating Ms. Yumiko Sakurai and Mr. Masaki Komurasaki as independent officers.

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

The term of office of Ms. Yumiko Sakurai 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 current 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 appointments of Ms. Yumiko Sakurai and Mr. Masaki Komurasaki are approved, the Company plans to continue the above contract with Ms. Yumiko Sakurai and to enter into the above contract with 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.

5. The asterisk (\*) indicates nominees for election as new Directors.

**[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 One Auditor**

Of the current Auditors, Mr. Koji Yoshikawa, a full-time Auditor, will resign at the conclusion of this General Meeting of Shareholders, and the Company proposes to elect a new Auditor.

This proposal has been approved by the Board of Auditors.

The candidates for Auditor are as follows:

Name				Current position in the Company, etc.
<u>New election</u>	Mitsuo Nishio	Male	Full-time	General Manager of Audit Office

Name (Date of birth)	Brief personal profile, position, and significant concurrent positions		Number of Company shares held
* Mitsuo Nishio (August 26, 1965)	August 1991 April 2003 April 2017 April 2018 October 2019 April 2020 April 2024	Joined the Company Control Systems Business Sector AI Team Leader Section Manager of Business Administration Department, Information Systems Division Section Manager of Sales Administration Department, Information Systems Division Deputy General Manager of Audit Office General Manager of Audit Office (incumbent) Auditor, Nishimoto Industry Co., Ltd. (incumbent)	1,100
<p>&lt; Reasons for election &gt;  Mr. Mitsuo Nishio has worked in the Company's control systems business unit (currently the amusement business) for many years, accumulating a great deal of knowledge as a member of project teams, etc., and has been working in the administration section of the information systems business unit since April 2017, and in charge of the audit division since April 2020.  Based on his extensive experience and high-level insight in both business divisions, he is nominated as a candidate for the position of Auditor based on his ability to effectively conduct audits of the Company group as a full-time Auditor.</p>			

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

2. 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 candidate for Auditor is approved, the Company will enter into the above agreement with Mr. Mitsuo Nishio.

3. 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 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 candidate assumes office as Auditor, they will each be an insured person under this insurance policy and we plan to renew the insurance policy during their terms of office.

4. The asterisk (\*) indicates nominees for election as new Auditors.

### **Proposal 3 Provision of Retirement Benefits to a Retiring Auditor**

Since Mr. Koji Yoshikawa, an Auditor, will retire by reason of resignation at the conclusion of this General Meeting of Shareholders, the Company proposes to pay him retirement benefits within a reasonable amount in accordance with the Company's prescribed standards in order to reward his efforts during his term of office.

As an Auditor, Mr. Koji Yoshikawa has been duly engaged in the auditing and management of the Company. The Company believes that the amount of benefits proposed at this general meeting of shareholders is reasonable because it was calculated through consultation among the Auditors based on the Rules for Retirement Benefits for Auditors before being submitted to the Board of Directors.

It is requested that the specific amount, timing and method of presentation, etc., be left to the discretion of the Auditors. The brief personal profile of the retiring Auditor is as follows:

Name	Brief Personal Profile
Koji Yoshikawa	June 2017 Full-time Auditor of the Company (to the present)

### **Proposal 4 Payment of Bonuses to Directors and Auditors for the 51st 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 278,346,000 yen (consisting of 260,760,000 yen for four Directors, 3,000,000 yen for two External Directors and 14,586,000 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.



## **Proposal 5 Determination of Remuneration for Granting Restricted Stock to Directors (Excluding External Directors)**

The amount of remuneration, etc., for Directors of the Company was approved at the 27th Ordinary General Meeting of Shareholders held on June 26, 2000, as 20 million yen or less per month (excluding the employee portion for Directors who are also employees of the Company).

As part of the review of the remuneration system for directors and other officers (excluding External Directors, hereinafter referred to as “Eligible Directors”), the Company proposes to pay remuneration for the grant of restricted stock to the Eligible Directors separately from the remuneration described above in order to provide them with incentive to continuously improve the Company's corporate value and to promote further sharing of value with shareholders.

According to this proposal, the compensation to be paid to the Eligible Directors for the grant of restricted stock shall be receivables, and the total amount of such compensation shall not exceed 160 million yen per year; provided, however, that this shall not include the employee portion of Directors who are also employees of the Company. The specific timing and allocation of the payment to each Eligible Director will be determined by the Board of Directors after deliberation by the Compensation Advisory Committee.

Currently, there are six Directors (including two External Directors), however, if Proposal 1 “Election of Six Directors,” is approved and adopted as originally proposed, the number of Eligible Directors will be four.

In addition, the Eligible Director will, upon resolution of the Board of Directors of the Company, pay all of the receivables provided for in this proposal as assets contributed in kind, and will be issued or disposed shares of common stock of the Company. As a result, the total number of shares of the Company's common stock to be issued or disposed of shall not exceed 40,000 shares per year; provided, however, that in the event of a stock split (including gratis allotment of shares of the Company's common stock) or reverse stock split of shares of the Company's common stock, or any other event that requires an adjustment to the total number of shares of the Company's common stock to be issued or disposed of as restricted stock after the date on which this proposal is approved and adopted, the total number of shares thereof shall be adjusted to a reasonable extent.

The amount to be paid per share shall be determined by the Board of Directors on the basis of the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors (or the closing price of the immediately preceding trading day if there was no trading on such date), to the extent not particularly favorable to the Eligible Directors who subscribe for such common stock. The issuance or disposition of shares of the Company's common stock and the payment of receivables as assets contributed in kind shall be subject to the execution of a restricted stock Allotment Agreement (hereinafter referred to as the “Allotment Agreement”) between the Company and the Eligible Directors containing the following terms and conditions. The Company believes that the maximum amount of compensation under this proposal, the total number of shares of the Company's common stock to be issued or disposed, and other terms and conditions of the grant of restricted stock to the Eligible Directors under this proposal have been determined in light of the foregoing purposes, the Company's business conditions, the Company's policy with respect to determining the content of compensation, etc., for each individual Director (for details of the policy, please refer to “IV. Matters Regarding Corporate Officers” of the Company's 51st Business Report), and other various factors, and are therefore reasonable.

[Outline of the Allotment Agreement]

(1) Restricted Transfer Period

For a period of 30 years from the date of allotment (hereinafter referred to as the “Restricted Transfer Period”), the Eligible Directors may not transfer, pledge, or otherwise dispose of the shares of the Company's common stock allotted under the Allotment Agreement (hereinafter referred to as the “Allotted Shares”) in accordance with the Allotment Agreement (hereinafter referred to as the “Restriction on Transfer”).

(2) Treatment upon resignation or retirement

In the event that an Eligible Director resigns or retires from their position as an officer or employee of the Company or its subsidiary, as determined in advance by the Board of Directors of the Company, prior to the expiration of the Restricted Transfer Period, the Company shall be entitled to acquire the Allotted Shares without consideration, unless there is a justifiable reason such as the expiration of the term of office or death.

(3) Removal of Restriction on Transfer

Notwithstanding the provisions of (1) above, the Company shall remove the Restriction on Transfer of all Allotted Shares upon expiration of the Restricted Transfer Period, provided that the Eligible Director has continuously held the position of an officer or employee of the Company or any of its subsidiaries during the Restricted Transfer Period, as determined in advance by the Board of Directors of the Company. However, if such Eligible Director resigns or retires from the position referred to in (2) above prior to the expiration of the Restricted Transfer Period by reason of the expiration of their term of office, death, or for any other justifiable reason referred to in (2) above, the number of Allotted Shares to be released from the Restriction on Transfer and the timing of the release from the Restriction on Transfer shall be reasonably adjusted as necessary. In addition, the Company shall, from the time immediately following the removal of Restriction on Transfer in accordance with the above provisions, acquire without consideration the Allotted Shares for which the Restriction on Transfer has not yet been removed.

(4) Treatment upon reorganization, etc.

Notwithstanding the provisions of (1) above, if, during the Restricted Transfer Period, a merger agreement under which the Company will cease to exist, a share exchange agreement under which the Company becomes a wholly-owned subsidiary, or a share transfer plan, or any other matters relating to organizational restructuring, etc., are approved at a general meeting of shareholders of the Company (if the approval of the general meeting of shareholders of the Company is not required for such reorganization, etc., the Company's Board of Directors), the Company shall, by resolution of its Board of Directors, remove the Restriction on Transfer of the Allotted Shares in a number reasonably determined in light of the period from the commencement of the Restricted Transfer Period to the date of approval of such organizational restructuring, etc., prior to the effective date thereof. In addition, the Company shall, from the time immediately following the removal of Restriction on Transfer in the case of the above provisions, acquire without consideration the Allotted Shares for which the Restriction on Transfer has not yet been lifted.

(5) Other matters

The Board of Directors of the Company shall determine all other matters relating to the Allotment Agreement.

## Business Report

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

### I. Current Status of the Company Group

#### 1. Progress and results of operations

During the consolidated fiscal year under review (from April 1, 2023 to March 31, 2024), the Japanese economy showed a gradual recovery trend as regulations related to COVID-19 were eased and socioeconomic activities normalized. However, the outlook remained uncertain as consumers became more frugal due to the impact of rising prices caused by the increase in energy and raw material prices resulting from international circumstances.

In the pachinko industry, in which our Group operates, according to the National Police Agency (announced in April 2024), the number of pachinko halls in operation as of the end of December, 2023, was 7,083 (92.4% year on year) and the number of installed pachinko and pachislot machines decreased to 3,425,246 units (96.1% year on year) indicating that the market environment continues to be severe. However, the number of machines installed per pachinko hall increased significantly to 483.6 units, up 18.6 units year on year, and pachinko halls continued to grow in size. More than a year has passed since the introduction of smart gaming machines to the market. Regarding the introduction of smart gaming machines at the end of period under review, smart pachislot machines accounted for 36.4% of all pachislot machines installed (up 5.4 points from the end of the 3rd quarter; up 28.2 points year on year), and smart pachinko machines accounted for 4.7% of all pachinko machines installed (down 0.2 points from the end of the 3rd quarter; up 4.7 points year on year) (based on our DK-SIS data).

Next, the average operating status of all gaming machines in the period from January to March 2024 reached 106.4% compared to the same period previous fiscal year, and 105.6% compared to the previous fiscal year (from April 1, 2022 to March 31, 2023). Pachislot machine utilization was strong at 117.7% compared to the same period the previous fiscal year, and 122.1% year on year, due to the launch of several smart pachislot machines that were well received by pachislot fans. Pachinko machines were slightly sluggish at 99.5% compared to the same period the previous fiscal year, and 97.1% year on year. However, the single month of March saw an increase to 103.1% compared to the same period of previous fiscal year due to the introduction of several new machines with a new game style called “Lucky Trigger” in March this year, which had high approval from fans (based on our DK-SIS 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 in smart pachinko/pachislot machines is expected to remain strong.

In this market environment, the Information Systems Business held its first real exhibition and seminar in five years in

major cities nationwide from February to March 2024, which was attended by many pachinko hall management companies. At the exhibition, we introduced three products: the REVOLA II LCD terminal with the industry's largest and highest picture quality 13.3" full HD LCD and touch panel; the DUALINA, the industry's largest dual-segment terminal with a top-mounted display that shows the number of payouts and a sense of prosperity; and the industry's first pachinko hall-specific noise-cancelling earphones, Wellph, which protect the hall staff from noise problems by reducing ear strain. At the seminar, we reviewed the performance of each pachinko and pachislot machine in 2023 and presented a lecture on pachinko/pachislot machine management methods for pachinko halls to restore their performance, based on the results of a real-time survey participated in by the attendees. In addition, with the aim of further expanding MIRAIGATE services that respond to market changes brought about by smart gaming machines, we promoted Raku Raku Replacement Operation Option, which contributes to operational efficiency by quickly completing complicated operations at the time of model replacement, ClarisLink, a cloud chain store management system, and Market-SIS, a trade area analysis service that provides information on customer traffic in the surrounding area.

In the amusement business, to facilitate early entry into the smart pachislot business, we promoted planning and software development of pachislot machines in cooperation with ALOFT Co., Ltd. and Riley, which became our sub-subsubsidiary in April 2023, and hardware development and construction of manufacturing and sales systems in cooperation with DAXEL INC..

As a result, the performance for the consolidated fiscal year under review recorded net sales of ¥53,861 million (up 69.2% year on year), an operating profit of ¥12,001 million (up 198.6% year on year), an ordinary profit of ¥12,102 million (up 184.1% year on year) and profit attributable to owners of parent of ¥8,464 million (up 189.1% year on year).

The results by segment are as follows: The name of the reportable segment previously known as the Control systems business was changed to the Amusement business.

#### Information Systems Business

During the consolidated fiscal year under review, pachinko hall operators continued to experience active capital investment demand due to the introduction of smart gaming machines.

In this market environment, sales of “Products for Pachinko Halls, etc.” were significantly higher than in the same period of the previous fiscal year due to strong sales of our VEGASIA card units, including those dedicated for smart machines, REVOLA information display terminals, and BiGMO PREMIUM, as well as demand for card units to support the revision and printing ahead of the circulation of new banknotes from July 2024. 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 segment recorded net sales of ¥49,412 million (up 88.5% year on year) and an operating profit of ¥14,603 million (up 166.0% year on year) in the Business.

#### Amusement Business

During the fiscal year under review, sales of both game display and control units decreased compared to the same period of the previous fiscal year due to a decrease in the number of pachinko machines sold in the overall market, but sales of parts exceeded the same period of the previous fiscal year.

As a result, this business recorded net sales of ¥4,499 million (down 20.2% year on year) and an operating loss of ¥390 million (compared with the operating profit of ¥140 million in the same period 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, 2023		Fiscal year ended March 31, 2024		Year-on-Year Comparison (%)
	Amount	Composition (%)	Amount	Composition (%)	
Information Systems Business	26,209	82.4	49,412	91.7	188.5
Amusement Business	5,614	17.6	4,449	8.3	79.2
Total	31,824	100.0	53,861	100.0	169.2

(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 2,234 million yen. It was primarily for the version update of product software and the maintenance of internal server equipment, etc.

## 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) We will strengthen proposals to improve the performance of pachinko hall management companies by providing valuable products and services in a timely manner in response to the changing market environment, such as smart gaming machines and new banknote circulation.
- (ii) We will strive to strengthen information disclosure to provide new game features and specifications to fans in a more attractive way, while improving support functions to realize data management methods tailored to complicated game features and save labor.
- (iii) We will continue to promote and strengthen proposals for the application of the “Market-SIS” trade area analysis service, the “ClarisLink” cloud chain store management system, and the “X (Kai)” AI-based hall computer, and aim to improve the value of management support service that leads to better business performance for pachinko hall management companies.

### Amusement Business

- (i) We will promote measures for smart gaming machines by building a manufacturing and sales structure for pachislot machines and expanding the software development line for gaming machines.
- (ii) We will further strengthen cooperation among our Group companies to improve operational efficiency from planning and development to manufacturing and sales, and to enhance the product appeal of gaming machines.
- (iii) In addition to acquiring leading content (IP) for the future of the amusement machine market, we will work on alliances in other areas with the goal of maximizing product value.

[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 CO<sub>2</sub>)</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, 2024

### E: Contribution to the global environment

- (i) Calculations for Scopes 1, 2 and 3 have been made in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- (ii) We received a management level “B” score for our efforts to address climate change from CDP, an international non-profit organization that evaluates and certifies environmental strategies and initiatives, and this was an improvement from the “B-” score in the previous year.

### S: Provision of solutions through innovation

- (i) As part of the “Kizuna (Bond) Exchange” between Nagoya City and Rikuzentakata City in Iwate Prefecture, students from Rikuzentakata Municipal Junior High School had a work experience at “Robocube,” a programming school for elementary school students that we operate as a permanent classroom.
- (ii) “Wellph,” a noise-canceling earphone for intercom connection, was sold to reduce the strain on the ears of pachinko hall employees and protect them from noise problems.

### S: Promotion of human resource activities

- (i) In recognition of our efforts to promote work-life balance as a family-friendly company in Aichi Prefecture and our 100% use of childcare leave by male employees from 2021, we were interviewed by the Aichi Prefectural Labor Bureau as an example of a company that promotes the use of childcare leave by male employees.

### S: Response to addiction

- (i) As one of the measures to address the problem of addiction, which has become a social issue, we released “Cheppachi,” a game to check gambling addiction, in fiscal 2022. Due to popular demand, we are developing the second series.

### S: Other

- (i) The Company sponsored the Kasugai Festival held in Kasugai City, Aichi Prefecture, where the Company has two bases, and conducted community clean-up activities in cooperation with General Incorporated Association Japan Amusement Business Association (Nichiyukyo), a cross-industry organization of the pachinko industry of which the Company is a member.
- (ii) We donated 10 million yen to Ishikawa Prefecture to support areas affected by the 2024 Noto Peninsula Earthquake.

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		48th Term	49th Term	50th Term	51st Term
		(FY Ended March 2021)	(FY Ended March 2022)	(FY Ended March 2023)	(Consolidated Fiscal Year under Review) (FY Ended March 2024)
Net sales	(million yen)	23,345	24,390	31,824	53,861
Ordinary profit	(million yen)	986	1,367	4,260	12,102
Profit attributable to owners of parent	(million yen)	612	1,228	2,927	8,464
Profit per share	(yen)	41.44	83.13	198.05	572.60
Total Assets	(million yen)	41,084	41,489	48,298	59,281
Net assets	(million yen)	30,662	31,141	33,399	40,720

- (Notes) 1. Profit per share is computed based on the weighted average number of common shares outstanding (excluding treasury shares) during each term.
2. The Company adopts the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year ended March 31, 2022 (49th term), and the figures for the fiscal year ended March 31, 2022 (49th term) and after that are stated after the Accounting Standard, etc. is applied.
3. The item of “dividends received” previously recorded under “non-operating income” is included in “net sales” starting from the 49th term. Accordingly, net sales for the 48th term are stated after being retroactively adjusted, with the change in the presentation method reflected.

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

Segment		48th Term	49th Term	50th Term	51st Term
		(FY Ended March 2021)	(FY Ended March 2022)	(FY Ended March 2023)	(Fiscal Year under review) (FY Ended March 2024)
Net sales	(million yen)	21,877	23,161	30,354	52,695
Ordinary profit	(million yen)	738	1,338	4,466	12,870
Profit	(million yen)	837	1,060	3,007	8,666
Profit per share	(yen)	56.66	71.75	203.44	586.24
Total Assets	(million yen)	40,029	40,220	47,319	58,421
Net assets	(million yen)	29,702	30,013	32,359	39,846

- (Notes) 1. Profit per share is computed based on the weighted average number of common shares (excluding treasury shares) outstanding during each term.
2. The Company adopts the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year ended March 31, 2022 (49th term), and the figures for the fiscal year ended March 31, 2022 (49th term) and after that are stated after the Accounting Standard, etc. is applied.
3. The item of “dividends received” previously recorded under “non-operating income” is included in “net sales” starting from the 49th term. Accordingly, net sales for the 48th term are stated after being retroactively adjusted, with the change in the presentation method reflected.

## 7. Status of significant subsidiaries (as of March 31, 2024)

### (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 Sangyo Co., Ltd.	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

(Note) Daikoku Sangyo Co., Ltd. changed its trade name to “Daikoku Denki Communication PLUS Corporation” on April 1, 2024.

### (2) Status of specific wholly owned subsidiaries

Not applicable.

## 8. Main business lines (as of March 31, 2024)

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

(Note) With respect to the name of the business category, the Control Systems business has been changed to the Amusement Business from the consolidated period under review.

9. Main business locations and plants (as of March 31, 2024)

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	Higashinohon (Tokyo), Chubu (Aichi) Nishinohon (Osaka), and Kyushu (Fukuoka)
	Sales offices	Sapporo (Hokkaido), Morioka (Iwate), 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
Daikoku Sangyo Co., Ltd.	Head Office	Nagoya
ALOFT Co., Ltd.	Head Office	Chiyoda-ku, Tokyo
GLOBAL WISE Co.	Head Office	Nagoya
LAIRI Inc.	Head Office	Takasaki, Gumma

10. Status of employees (as of March 31, 2024)

(1) Status of employees of the group

Number of employees	Change from the previous consolidated fiscal year
644	Decreased by 1

(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
393	Decrease by 9	46.4 years old	19.3 years

(Note) The number of employees indicates full-time employees and does not include the number of employees seconded to other companies (41).

11. Main lenders (as of March 31, 2024)

Not applicable.

## II. Matters Regarding the Shares of the Company

- |   |  |
|---|--|
| 1. Number of Shares Authorized              | 66,747,000                                   |
| 2. Number of Shares Issued                  | 14,783,900 (including 1,238 treasury shares) |
| 3. Number of Shareholders                   | 17,487                                       |
| 4. Major Shareholders (Top 10 Shareholders) |  |

Name of Shareholder	Number of Shares Owned	Investment Ratio
TSUBURAYA FIELDS HOLDINGS INC	2,958,400	20.01%
KC Plus Co., Ltd.	1,199,200	8.11%
Masakatsu Kayamori	902,350	6.10%
The Master Trust Bank of Japan, Ltd. (Trust Account)	853,700	5.77%
Kayamori Foundation of Informational Science Advancement	750,000	5.07%
Daikokuya Co., Ltd.	750,000	5.07%
Shinji Kayamori	510,000	3.44%
Michiko Kayamori	490,000	3.31%
Ken Kayamori	443,000	2.99%
Daikoku Kosan Co., Ltd.	380,000	2.57%

(Note) Investment ratios are calculated excluding treasury shares (1,238 shares).

## 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, 2024)

Position	Name	Responsibilities in the Company and significant concurrent positions	
Chairman and Director	Seiichiro Oue	-	
* President and Director	Masakatsu Kayamori	Genki Co., Ltd. DAXEL INC. Daikoku Sangyo Co., Ltd. GLOBAL WISE Co.	Director Director Director Director
* Senior Managing Director	Ken Kayamori	-	
* Senior Managing Director	Toshifumi Oonari	Management Control Division Genki Co., Ltd. Daikoku Sangyo Co., Ltd.	General Manager Director Director
Director	Yoshihiro Adachi	The Japan Research and development Center for Metals	Auditor
Director	Yumiko Sakurai	Certified public accountant Proto Corporation JTEKT Corporation	(Representative of Yumiko Sakurai CPA Office) External Director External Auditor
Full-time Auditor	Koji Yoshikawa	Genki Co., Ltd. DAXEL INC. Daikoku Sangyo Co., Ltd. ALOFT Co., Ltd. GLOBAL WISE Co. LAIRI Inc.	Auditor Auditor Auditor Auditor Auditor Auditor
Auditor	Kenichi Nakashima	Attorney at law Mie Prefecture Municipal Equity Committee Nagoya Summary Court Ministry of Finance Bid Monitoring Committee	(Representative of Nakashima Law Office) Chair Mediation Committee Member 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, Mr. Yoshihiro Adachi and Ms. Yumiko Sakurai, are both External Directors as specified in Article 2, Item 15 of the Companies Act. In addition, the Company has designated Mr. Yoshihiro Adachi and Ms. Yumiko Sakurai as independent directors as defined by the Tokyo Stock Exchange (TSE), and notified the TSE to that effect.

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, 2024, 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 of Management Control 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, Sales HQ, Information Systems Division, in charge of PE Promotion Office, seconded to Daikoku Denki Communication PLUS Corporation (formerly Daikoku Sangyo Co., Ltd.)

## 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 Sangyo Co., Ltd., ALOFT Co., Ltd. and GLOBAL WISE Co.). 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 Directors 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 Directors 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.

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 subject officers (persons)
		Fixed compensation	Performance-linked compensation (Directors' bonuses)	Retirement benefits	
Director	351	70	263	16	6
(of which, amount for External Directors)	(9)	(6)	(3)	(-)	(2)
Auditor	28	13	14	0	4
(of which, amount for External Auditors)	(13)	(9)	(4)	(-)	(3)
Total	379	83	278	17	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 12,001 million yen against a target of 4.2 billion yen, and a result for profit attributable to owners of parent of 8,464 million yen against a target of 3.0 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 is no major business or other relationship between The Japan Research and Development Center for Metals, where Director Mr. Yoshihiro Adachi serves as Auditor, 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. She also serves as External Director of Proto Corporation and External Auditor of JTEKT Corporation, but the Company has no significant transactions or relationships with either of them.

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, 2024

Segment	Name	Attendance and opinions
Director	Yoshihiro Adachi	Mr. Yoshihiro Adachi attended 17 out of 17 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. In addition, he 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	Yumiko Sakurai	Ms. Yumiko Sakurai attended 16 out of 17 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 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 17 out of 17 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 17 out of 17 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 17 out of 17 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	40 million yen
Sum of money and other financial profits to be paid by the Company and its subsidiaries to the Accounting Auditor	40 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. Details of services other than auditing

The Company pays the Accounting Auditor consideration for its advisory and guidance work related to accounting standards pertaining to the recognition of revenue.

### 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 treatment 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 17 Board of Directors meetings and determined the material facts regarding management matters (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 51st term dividend, we have decided on a total payment of 120 yen per share for this fiscal year (100 yen year-end dividend plus 20 yen interim dividend) in accordance with the above policy.

## Consolidated Balance Sheet

(As of March 31, 2024)

(Thousand yen)

Account	Amount	Account	Amount
Net assets		Liabilities	
Current assets	43,955,870	Current liabilities	17,668,331
Cash and deposits	20,434,496	Notes and accounts payable - trade	3,109,936
Notes receivable - trade	359,192	Electronically recorded obligations - operating	6,768,531
Electronically recorded monetary claims - operating	4,042,301	Accounts payable - other	1,798,516
Accounts receivable - trade	4,551,481	Accrued expenses	908,645
Contract assets	244,437	Income taxes payable	3,229,015
Merchandise and finished goods	13,162,491	Contract liabilities	103,859
Work in process	69,200	Provision for product warranties	13,900
Raw materials and supplies	613,604	Provisions for quality warranties	90,106
Other	782,981	Provision for bonuses for directors (and other officers)	287,346
Allowance for doubtful accounts	-304,316	Other	1,358,474
Non-current assets	15,326,106	Non-current liabilities	893,338
(Property, plant and equipment)	8,064,889	Provision for retirement benefits for directors (and other officers)	473,593
Buildings and structures	3,047,013	Retirement benefit liability	199,491
Machinery, equipment and vehicles	42,857	Other	220,252
Tools, furniture and fixtures	776,076		
Land	4,162,117	Total liabilities	18,561,669
Construction in progress	36,824	Net assets	
(Intangible assets)	3,392,191	Shareholders' equity	40,558,021
Software	2,587,605	Share capital	674,000
Goodwill	772,019	Capital surplus	680,008
Other	32,566	Retained earnings	39,206,726
(Investments and other assets)	3,869,025	Treasury shares	-2,713
Investment securities	292,932	Accumulated other comprehensive income	162,285
Deferred tax assets	783,385	Valuation difference on available-for-sale securities	22,111
Investment property	848,861	Remeasurements of defined benefit plans	140,174
Membership	230,926		
Leasehold and guarantee deposits	423,503	Total net assets	40,720,307
Other	1,470,834		
Allowance for doubtful accounts	-181,419	Total liabilities and net assets	59,281,977
Total assets	59,281,977		

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

## Consolidated Statement of Income

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

(Thousand yen)

Account	Amount	
Net sales		53,861,539
Cost of sales		28,879,583
Gross profit		24,981,956
Selling, general and administrative expenses		12,980,445
Operating profit		12,001,510
Non-operating income		
Interest income	15,233	
Dividend income	6,691	
Royalty income	18,418	
Rental income from real estate	85,238	
Other	40,722	166,304
Non-operating expenses		
Interest expenses	6,553	
Foreign exchange losses	11,088	
Rental expenses on real estate	47,255	
Other	748	65,645
Ordinary profit		12,102,168
Extraordinary income		
Gain on sale of non-current assets	340	340
Extraordinary losses		
Loss on retirement of non-current assets	19,945	
Impairment losses	158,346	
Loss on valuation of investment securities	1,546	
Other extraordinary losses	769	180,608
Profit before income taxes		11,921,900
Income taxes - current	3,641,431	
Income taxes - deferred	-184,130	3,457,300
Profit		8,464,599
Profit attributable to owners of parent		8,464,599

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



## Consolidated Statement of Changes in Equity

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

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance on April 1, 2023	674,000	680,008	31,924,756	-1,897	33,276,867
Changes during the period					
Dividends of surplus	-	-	-1,182,629	-	-1,182,629
Profit attributable to owners of parent	-	-	8,464,599	-	8,464,599
Purchase of treasury shares	-	-	-	-815	-815
Net changes in items other than shareholders' equity during the period	-	-	-	-	-
Total changes during the period	-	-	7,281,970	-815	7,281,154
Balance on March 31, 2024	674,000	680,008	39,206,726	-2,713	40,558,021

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance on April 1, 2023	16,872	106,139	123,011	33,399,879
Changes during the period				
Dividends of surplus	-	-	-	-1,182,629
Profit attributable to owners of parent	-	-	-	8,464,599
Purchase of treasury shares	-	-	-	-815
Net changes in items other than shareholders' equity during the period	5,238	34,035	39,274	39,274
Total changes during the period	5,238	34,035	39,274	7,320,428
Balance on March 31, 2024	22,111	140,174	162,285	40,720,307

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

## Balance Sheet

(As of March 31, 2024)

(Thousand yen)

Account	Amount	Account	Amount
Net assets		Liabilities	
Current assets	42,729,758	Current liabilities	17,870,635
Cash and deposits	19,281,320	Notes payable - trade	548,652
Notes receivable - trade	359,192	Electronically recorded obligations - operating	6,762,401
Electronically recorded monetary claims - operating	4,042,301	Accounts payable - trade	2,549,892
Accounts receivable - trade	4,386,884	Accounts payable - other	2,241,046
Contract assets	160,334	Accrued expenses	786,400
Merchandise and finished goods	13,163,178	Income taxes payable	3,219,129
Work in process	78,901	Contract liabilities	100,046
Raw materials and supplies	553,017	Provision for product warranties	13,900
Other	817,699	Provisions for quality warranties	90,106
Allowance for doubtful accounts	-113,071	Provision for bonuses for directors (and other officers)	278,346
Non-current assets	15,692,070	Other	1,280,714
(Property, plant and equipment)	8,023,155	Non-current liabilities	704,541
Buildings	2,944,367	Provision for retirement benefits	100,268
Structures	82,942	Provision for retirement benefits for directors (and other officers)	441,439
Machinery and equipment	34,094	Other	162,833
Vessels	0	Total liabilities	18,575,177
Vehicles	7,964	Net assets	
Tools, furniture and fixtures	754,543	Shareholders' equity	39,825,094
Land	4,162,117	Share capital	674,000
Construction in progress	37,125	Capital surplus	680,008
(Intangible assets)	2,573,200	Legal capital surplus	680,008
Software	2,540,634	Retained earnings	38,473,799
Other	32,566	Legal retained earnings	30,000
(Investments and other assets)	5,095,714	Other retained earnings	38,443,799
Investment securities	289,095	General reserve	20,000,000
Shares of subsidiaries and associates	784,539	Retained earnings brought forward	18,443,799
Long-term loans receivable from subsidiaries and associates	12,565,878	Treasury shares	-2,713
Deferred tax assets	602,734	Valuation and translation adjustments	21,557
Membership	227,993	Valuation difference on available- for-sale securities	21,557
Investment property, etc.	848,861		
Leasehold and guarantee deposits	380,916		
Other	1,322,853		
Allowance for doubtful accounts	-11,927,159	Total net assets	39,846,651
Total assets	58,421,828	Total liabilities and net assets	58,421,828

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

## Statement of Income

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

(Thousand yen)

Account	Amount	
Net sales		52,695,563
Cost of sales		28,533,066
Gross profit		24,162,497
Selling, general and administrative expenses		11,440,743
Operating profit		12,721,753
Non-operating income		
Interest income	93	
Interest income on securities	15,123	
Dividend income	6,123	
Rental income from real estate	85,238	
Rental income from non-current assets	65,226	
Other	42,206	214,010
Non-operating expenses		
Interest expenses	6,552	
Rental expenses on real estate	47,255	
Foreign exchange losses	11,090	
Other	695	65,593
Ordinary profit		12,870,170
Extraordinary income		
Gain on sale of non-current assets	340	340
Extraordinary losses		
Impairment losses	89,270	
Loss on retirement of non-current assets	17,835	
Provision of allowance for doubtful accounts for subsidiaries and associates	348,317	
Other extraordinary losses	769	456,192
Profit before income taxes		12,414,319
Income taxes - current	3,853,825	
Income taxes - deferred	-105,687	3,748,137
Profit		8,666,181

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

## Statement of Changes in Equity

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

(Thousand yen)

	Shareholders' equity		
	Share capital	Capital surplus	
		Legal capital surplus	Total capital surplus
Balance on April 1, 2023	674,000	680,008	680,008
Changes during the period			
Dividends of surplus	-	-	-
Profit	-	-	-
Purchase of treasury shares	-	-	-
Net changes in items other than shareholders' equity during the period	-	-	-
Total changes during the period	-	-	-
Balance on March 31, 2024	674,000	680,008	680,008

	Shareholders' equity			
	Retained earnings			Total retained earnings
	Legal retained earnings	Other retained earnings		
General reserve		Retained earnings brought forward		
Balance on April 1, 2023	30,000	20,000,000	10,960,247	30,990,247
Changes during the period				
Dividends of surplus	-	-	-1,182,629	-1,182,629
Profit	-	-	8,666,181	8,666,181
Purchase of treasury shares	-	-	-	-
Net changes in items other than shareholders' equity during the period	-	-	-	-
Total changes during the period	-	-	7,483,551	7,483,551
Balance on March 31, 2024	30,000	20,000,000	18,443,799	38,473,799

(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 on April 1, 2023	-1,897	32,342,357	16,831	32,359,188
Changes during the period				
Dividends of surplus	-	-1,182,629	-	-1,182,629
Profit	-	8,666,181	-	8,666,181
Purchase of treasury shares	-815	-815	-	-815
Net changes in items other than shareholders' equity during the period	-	-	4,726	4,726
Total changes during the period	-815	7,482,736	4,726	7,487,462
Balance on March 31, 2024	-2,713	39,825,094	21,557	39,846,651

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