

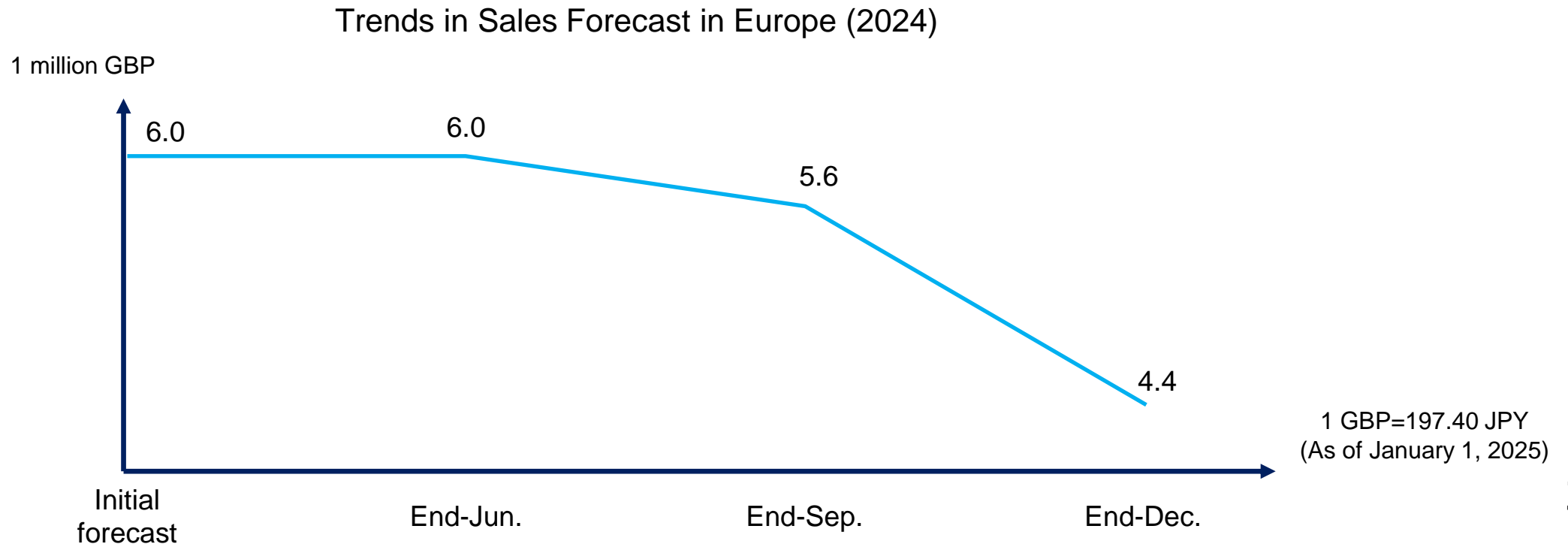
Leader

Management Policy in the current circumstances

LEADER ELECTRONICS CORPORATION

Leader Factors Behind the Downward Revision to Business Forecasts

- In January 2025, our company revised downward its business forecasts for FY3/25. This was due to a sharp decline in sales beyond expectation, particularly in Europe.
 - The sales forecasts are managed by multiplying the project value by the likelihood of closing the deal. As seen in the graph, we are facing an unprecedented situation due to the rapid decline in deal closures caused by cancellations or deferrals.



Leader Market Outlook

- The outlook for both Europe and the U.S markets, which constitute the core of our sales, remains uncertain for the time being.

[Europe]

We are still investigating the cause of the cancellations and deferrals of several projects at the end of the year. However, as similar issues have occurred not only at our company but also at several other broadcasting-related companies, it is unlikely that this event is attributable solely to us. Since the issue is not expected to resolve in the short term, we need to prepare for potential downside market fluctuations.

[U.S.]

There is a risk of high tariffs being introduced. If they are introduced, our after-tax earnings could be reduced.

Leader Management Policy in the current circumstances

- For the time being, as our company face an environment of uncertainty with no clear exit in sight, we are shifting our policy toward steadily recording operating profit each fiscal year.
 - At the stage where medium-term risk factors can be factored into management, we will present the medium-term management guidelines that look 3-5 years into the future.

	Conventional management policy	Management policy in the current circumstances
Prerequisites	<ul style="list-style-type: none">■ Clear sales outlook, even in the medium term	<ul style="list-style-type: none">■ Unclear sales outlook, even in the short term
Management policy	<ul style="list-style-type: none">■ An "investment-driven growth model" where the Company actively makes upfront investments to later reap significant profits	<ul style="list-style-type: none">■ A "micro-management" model that prioritizes cost control and consistently posts steady profits

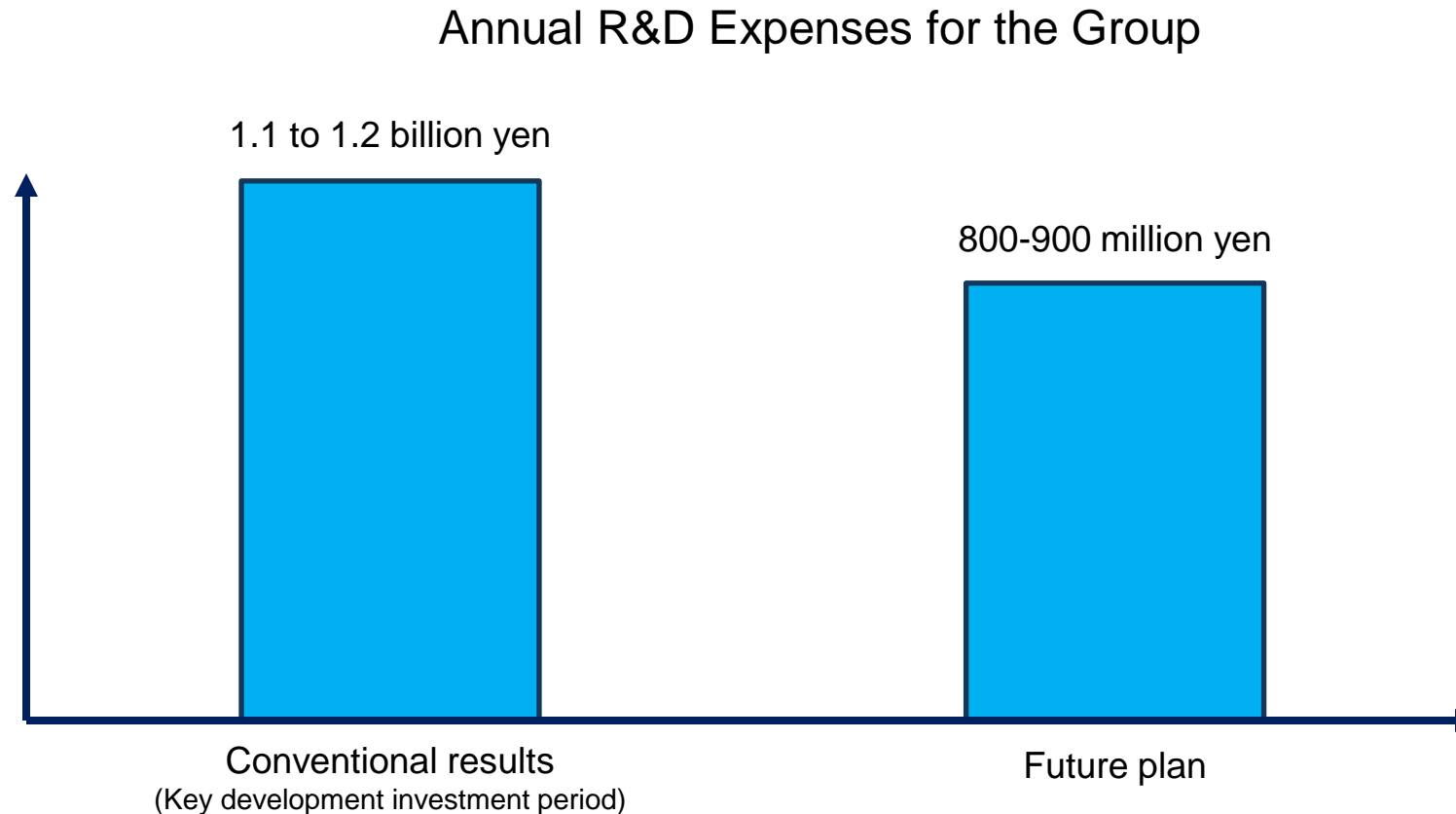
Leader **Specific Policy**

■ In line with the change in management policy, we will implement the following measures to enhance cost control.

1. Reassessment of R&D Expenses
2. Full-scale Reduction of Cost of Sales
3. Improvement of Operational Efficiency through Active Introduction of ICT
4. Reduction of Management Personnel Costs

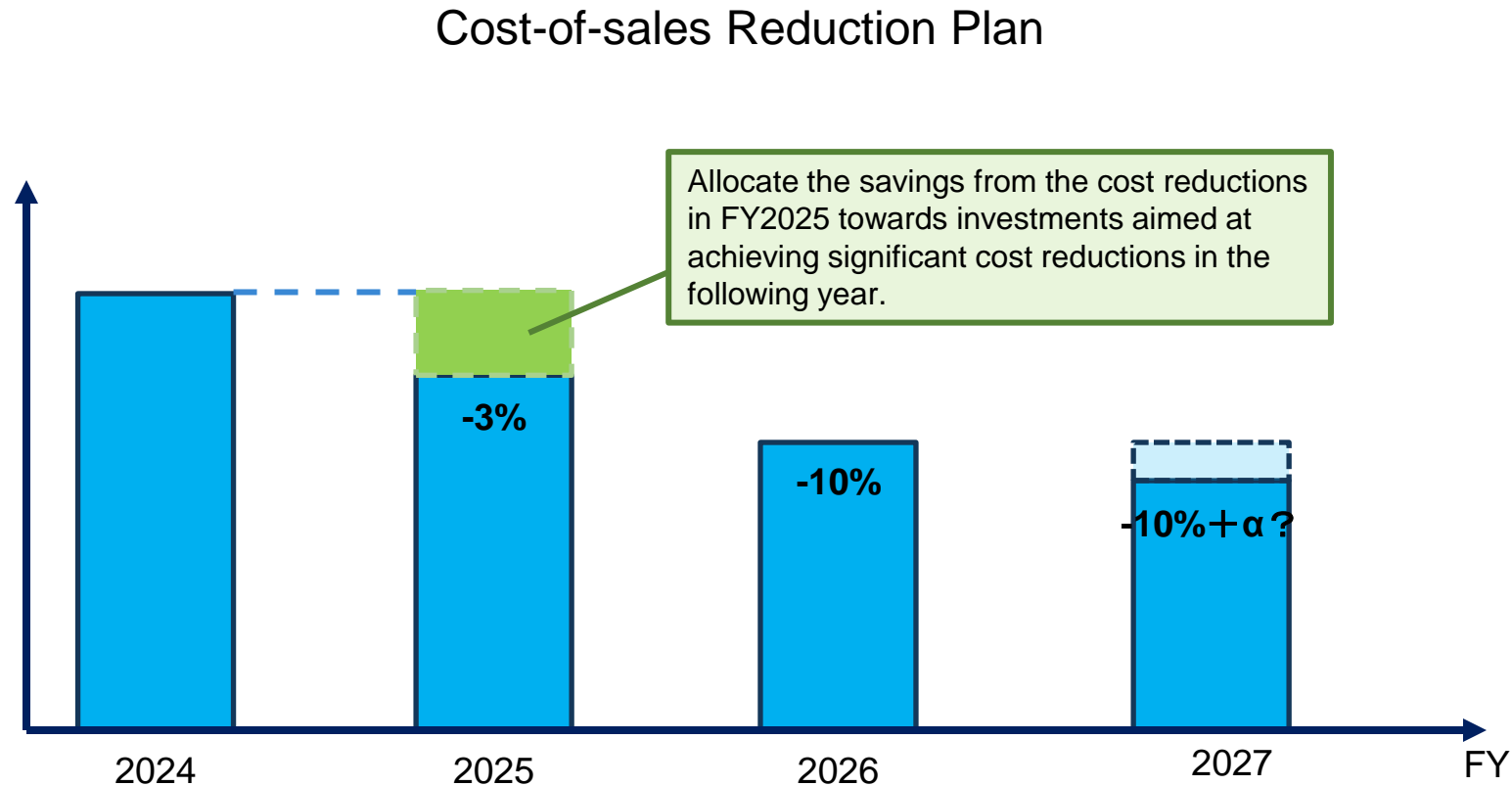
Leader 1. Reassessment of R&D Expenses

- Fundamentally reassess R&D themes in the Value Business and Broadcast-related Equipment Business to reduce R&D expenses



Leader 2. Full-scale Reduction of Cost of Sales

- To achieve a 10% cost-of-sales reduction in FY2026 compared to FY2024



Leader 3. Improvement of Operational Efficiency through Active Introduction of ICT

- Through operational efficiency improvements, we aim to achieve the following effects:
 - Execution of increased workload with current personnel structure
 - Improving operational skills by minimizing information asymmetry
 - Increase in productive work time through reduction of inter-company inquiries, etc., to improve work quality and reduce overtime costs

[Introduction Plan]

- Global expansion of digital marketing
- Knowledge management using generative AI
- Customer service using chatbots, etc.

Leader 4. Reduction of Management Personnel Costs

- Cut management personnel costs starting January 2025
 - President and Representative Director: 50%
 - Other directors: 20%
 - Senior Executive Officers and Corporate Officers: 20%
 - General Managers: 10%

Leader Numerical Targets

- Profit target: Operating profit of 300 million yen (consolidated-basis)
- Stock price target: PBR of 1x
- Dividend payout ratio: Maintain at least 25%