

Annual Securities Report

(A report pursuant to Article 24, Paragraph 1 of the
Financial Instruments and Exchange Act)

Fiscal Year	From July 1, 2025
(27th Term)	to June 30, 2026

Fibergate Inc.

Nishi 8-10-3, Minami 1-Jo, Chuo-ku, Sapporo City

(E33839)

[Cover]

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[Company Name]	Fibergate Inc.
[Company Name in English]	Fibergate Inc.
[Title and Name of Representative]	Masanori Inomata, Representative Director, President and Executive Officer
[Location of Head Office]	Nishi 8-10-3, Minami 1-Jo, Chuo-ku, Sapporo City
[Telephone Number]	011 (204) 6121 (main)
[Name of Contact Person]	Sho Suzuki, General Manager of Finance and Accounting Department, Management Administration Division
[Nearest Contact Location]	Nishi 8-10-3, Minami 1-Jo, Chuo-ku, Sapporo City
[Telephone Number]	011 (204) 6121 (main)
[Name of Contact Person]	Sho Suzuki, General Manager of Finance and Accounting Department, Management Administration Division
[Places Where This Report Is Available for Public Inspection]	Fibergate Inc. Tokyo Office (2-10-12, Shibadaimon, Minato-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihombashi-Kabutocho, Chuo-ku, Tokyo) Sapporo Securities Exchange, a Membership Corporation (1-14-1, Minami 1-Jo Nishi, Chuo-ku, Sapporo City)

Part I [Company Information]

Item 1 [Overview of the Company]

1. [Trends in Principal Management Indicators, etc.]

(1) Consolidated Management Indicators, etc.

Fiscal year		23rd Term	24th Term	25th Term	26th Term	27th Term
Fiscal year-end		June 2022	June 2023	June 2024	June 2025	June 2026
Net sales	(Millions of yen)	10,624	12,795	12,613	13,070	13,664
Ordinary income	(Millions of yen)	1,604	2,290	2,395	1,943	1,811
Profit attributable to owners of parent	(Millions of yen)	1,073	1,482	1,567	1,319	1,082
Comprehensive income	(Millions of yen)	1,074	1,483	1,573	1,309	1,228
Net assets	(Millions of yen)	3,279	4,758	5,836	6,502	6,995
Total assets	(Millions of yen)	13,087	12,764	13,076	12,144	13,097
Net assets per share	(Yen)	160.74	230.12	285.59	320.34	347.18
Basic earnings per share	(Yen)	52.60	72.70	77.20	65.20	53.79
Diluted earnings per share	(Yen)	52.52	72.58	76.95	65.07	53.74
Equity-to-asset ratio	(%)	25.06	36.80	44.27	53.08	53.34
Return on equity	(%)	30.87	37.19	29.90	21.57	16.12
Price earnings ratio	(Times)	18.08	20.45	14.39	11.04	14.00
Cash flows from operating activities	(Millions of yen)	2,295	4,296	2,833	3,156	2,443
Cash flows from investing activities	(Millions of yen)	△2,626	△2,189	△2,377	△1,564	△1,461
Cash flows from financing activities	(Millions of yen)	436	△2,027	△723	△1,860	△680
Cash and cash equivalents at end of period	(Millions of yen)	2,303	2,382	2,120	1,853	2,156
Number of employees		231	232	230	239	250
[Average number of temporary employees, shown separately]	(Persons)	[24]	[20]	[19]	[17]	[24]

(Note) The number of employees represents the number of persons in active employment; the figures in brackets [] in the "Number of employees" row indicate the average number of temporary employees, stated separately.

(2) Non-Consolidated Management Indicators, etc.

Fiscal year		23rd Term	24th Term	25th Term	26th Term	27th Term
Fiscal year-end		June 2022	June 2023	June 2024	June 2025	June 2026
Net sales	(Millions of yen)	8,921	10,753	11,643	12,366	13,031
Ordinary income	(Millions of yen)	1,262	1,942	2,016	1,687	1,740
Net income	(Millions of yen)	851	1,426	1,323	1,143	1,171
Capital stock	(Millions of yen)	494	494	494	494	494
Total number of issued shares	(Shares)	20,591,200	20,591,200	20,593,600	20,593,600	20,593,600
Net assets	(Millions of yen)	2,411	3,784	4,611	5,102	5,720
Total assets	(Millions of yen)	10,233	11,290	12,094	11,562	12,000
Net assets per share	(Yen)	118.22	184.45	227.51	253.06	284.29
Dividend per share (Of which, interim dividend per share)	(Yen)	4.50 (—)	10.00 (—)	17.50 (5.00)	27.00 (13.50)	27.00 (13.50)
Basic earnings per share	(Yen)	41.71	69.92	65.18	56.52	58.23
Diluted earnings per share	(Yen)	41.65	69.81	64.97	56.41	58.17
Equity-to-asset ratio	(%)	23.57	33.34	38.13	44.04	47.67
Return on equity	(%)	31.27	46.19	31.60	23.57	21.67
Price earnings ratio	(Times)	22.80	21.27	17.05	12.74	12.93
Dividend payout ratio	(%)	10.79	14.30	26.85	47.77	46.37
Number of employees [Average number of temporary employees, shown separately]	(Persons)	218 [23]	220 [19]	217 [18]	227 [16]	214 [19]
Total shareholder return (Benchmark index: TOPIX including dividends)	(%) (%)	62.1 (98.6)	97.6 (123.9)	74.3 (155.6)	50.7 (162.0)	54.6 (232.1)
Highest share price	(Yen)	1,834	1,570	1,540	1,253	773
Lowest share price	(Yen)	887	827	880	720	658

(Notes) 1. The number of employees represents the number of persons in active employment; the figures in brackets [] in the "Number of employees" row indicate the average number of temporary employees, stated separately.

2. The highest and lowest share prices are listed on the Standard Market of the Tokyo Stock Exchange from July 30, 2025, on the Prime Market of the Tokyo Stock Exchange from April 4, 2022, and on the First Section of the Tokyo Stock Exchange prior to that date.

3. Of the dividend per share of 27.00 yen for the 27th Term, the year-end dividend of 13.50 yen is subject to resolution at the 27th Annual General Meeting of Shareholders scheduled to be held on September 25, 2026.

2. [History]

The Company's predecessor, Hello Line 21 Co., Ltd., was established in Wakabayashi-ku, Sendai City, Miyagi Prefecture in 2000 for the purpose of acting as an agent for domestic and international telephone services (fixed-line telecommunications business). Subsequently, in November 2003, the Company relocated its head office to Chuo-ku, Sapporo City, Hokkaido and changed its trade name to Fibergate Inc.; at the same time, Masanori Inomata, the current Representative Director, acquired all of the issued shares, and the Company began operating its current business in earnest.

The principal changes in the Company's business are as follows.

Year and month		Description
2000	September	Established Hello Line 21 Co., Ltd. (Wakabayashi-ku, Sendai City, Miyagi Prefecture; capital stock of 10,000 thousand yen) for the purpose of acting as an agent for domestic and international telephone services (fixed-line telecommunications business)
2003	November	Changed the company name to Fibergate Inc.; Masanori Inomata acquired all shares and assumed the position of representative
	December	Relocated the head office to Chuo-ku, Sapporo City, Hokkaido
		Commenced full-scale operations, primarily engaged in building networks for companies with multiple locations and selling broadband lines via the Web
2004	February	Commenced the free internet service business for multi-unit residential buildings
2005	January	Opened the Tokyo Office in Minato-ku, Tokyo
	November	Commenced the free internet service for multi-unit residential buildings using wireless LAN
		Unified the service brand under the FGBB series
2006	June	Commenced provision of the free internet service for multi-unit residential buildings under private brand (PB)
2008	September	Commenced the internet connection business for monthly (serviced) apartments
2009	January	Commenced multilingual reception and support services for residents of properties with FGBB installed, provided through the Company's call center
	June	Commenced the free Wi-Fi service "Wi-Fi Nex®" (Note) (free Wi-Fi business)
2011	April	Opened the Osaka Office in Chuo-ku, Osaka City
2013	June	Established NOIS Inc. as a wholly owned subsidiary to engage in the planning, development and sale of computer hardware and software, and in the telecommunications line brokerage business
2014	March	Commenced the sales business for communication devices developed in-house
	April	Commenced provision of Wi-Fi services for stores and commercial facilities under private brand (PB)
	June	Newly opened the Fukuoka Office in Hakata-ku, Fukuoka City
	October	Newly opened the Nagoya Office in Atsuta-ku, Nagoya City
2015	January	Obtained a telecommunications construction business license (Hokkaido Governor's license (Han-26) Ishi No. 22017)
		Commenced the Wi-Fi service "SHINOBI Wi-Fi®" for foreign visitors to Japan
	July	Established Fibergate Taiwan Inc. as a wholly owned subsidiary in Taiwan
		Obtained registration as a telecommunications carrier under the Telecommunications Business Act (Registration No. 358)
2016	January	Certified by the Governor of Hokkaido as a company approved under the Management Innovation Plan (Ishi-Sho-Ro No. 74-33)
	February	Obtained Privacy Mark certification (Registration No. 17002586(01))
2017	June	Opened the Sendai Office in Miyagino-ku, Sendai City
2018	March	Listed shares on the Mothers market of the Tokyo Stock Exchange
	May	Commenced the "One-touch Wi-Fi" service, enabling easy Wi-Fi setup with simple operation
	November	Obtained certification under the international standard "ISO/IEC27001 (ISMS)" (Certification No. MSA-IS-284)
2019	June	Changed market segment to the First Section of the Tokyo Stock Exchange (JPX)
	July	Listed on the standard market of the Sapporo Securities Exchange, a membership corporation
2020	January	Established FG-Lab Inc. as a wholly owned subsidiary to engage in the contracted development business and real estate leasing business

Year and month		Description
2021	February	Established FG Smart Asset Inc. as a wholly owned subsidiary to engage in real estate sales and purchase and real estate leasing business
	July	Established OffGrid-Lab Inc. as a wholly owned subsidiary to engage in the renewable energy (electricity) business
2022	April	Transitioned from the First Section of the Tokyo Stock Exchange to the Prime Market of the Tokyo Stock Exchange, following the Tokyo Stock Exchange's review of its market segments
	April	Acquired all shares of TM Asset Co., Ltd., which engages in real estate sales and purchase and real estate leasing business, making it a consolidated subsidiary
2024	July	Established Enepulse Inc., a joint venture with H-Power Holdings Co., Ltd.
2025	July	Changed market segment to the Standard Market of the Tokyo Stock Exchange (JPX)
2025	August	The Company's subsidiary, OffGrid-Lab Inc., acquired all shares of Power Denki Innovation Inc., making it a consolidated subsidiary
2026	April	The Company's subsidiary, OffGrid-Lab Inc., acquired all shares of Smart Green Co., Ltd., making it a consolidated subsidiary
2026	May	Acquired all shares of Aiwa Co., Ltd., making it a consolidated subsidiary

(Note) Wi-Fi Nex®

A service that provides an environment in which users can connect to the internet free of charge via Wi-Fi provided by the Company, regardless of the device they own or the carrier with which they have a contract.

3. [Description of Business]

The Group consists of ten companies, namely the Company (Fibergate Inc.) and nine consolidated subsidiaries (NOIS Inc., Fibergate Taiwan Inc., FG-Lab Inc., FG Smart Asset Inc., OffGrid-Lab Inc., Enepulse Inc., Power Denki Innovation Inc., Smart Green Co., Ltd., and Aiwa Co., Ltd.), and its main business is the provision of telecommunications services as an on-premise infrastructure integrator.

The Group changed its reportable segment classifications beginning in the current consolidated fiscal year. Details are provided in “Notes on (1) Consolidated Financial Statements (Segment information, etc.) of 1. Consolidated Financial Statements and Others in 5. Financial Information.”

The Group is engaged in the Network Solutions Business and the Real Estate Business

In the Network Solutions Business, the Group provides services to provide a communication environment to residents by laying fiber-optic lines and installing Wi-Fi devices in apartment complexes, and we also provide free Wi-Fi services for visitors by installing fiber-optic lines or LTE-based Wi-Fi devices for nursing homes, commercial facilities and events. In addition, we have focused on the development of our own Wi-Fi devices and the construction of corporate networks such as VPNs (see Note). As a result, a major feature of the Group is that it has been able to build a vertically integrated business model with the know-how to provide services from communication equipment development to Wi-Fi environment construction, operation, and customer support. [The advantages of the vertically integrated business model include, from the customer's perspective, the peace of mind of being able to outsource one-stop services and a shortened schedule from contract to service introduction; for the Company Group, know-how at each process stage accumulates within the Group without being dispersed, and costs are reduced through optimization of the overall service, including reductions in procurement costs at each process.

The Company also strives to promptly reflect, in its business strategy, the needs identified through use of equipment provided as part of its telecommunications services and through direct inquiries from end users, such as residents and visitors to facilities.

The telecommunications business has a revenue structure that combines continuing revenue from long-term contracts with one-time revenue generated at the time of service introduction, depending on the type of contract.

The real estate business consists of the real estate sales and purchase business and the real estate leasing business. The real estate sales business involves the sale and purchase of real estate with a short turnover period.

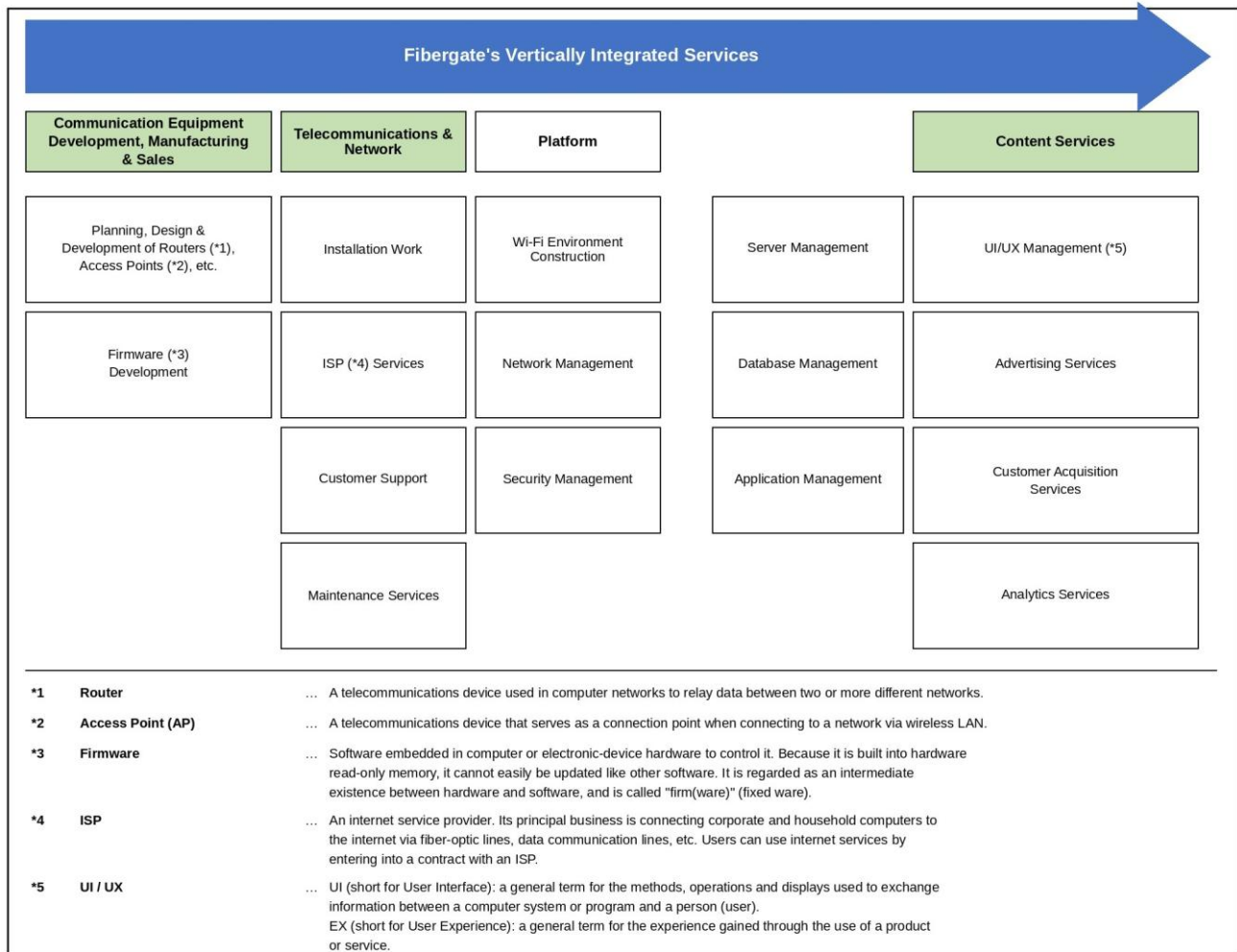
Additionally, OffGrid-Lab Inc., Power Denki Innovation Inc., and Smart Green Co., Ltd. is undertaking installation of solar panels, storage batteries, and other equipment in properties such as apartment complexes.

[Glossary]

(Note 1) VPN (Virtual Private Network)

A private network that establishes a virtual communication environment among users connected to the internet.

Vertically Integrated Business Model



The businesses of the Company Group are as follows.

① Network Solutions Business (construction, maintenance, operation and support of free-internet apartment buildings, and provision under private brand)

In its telecommunications business, the Company provides internet connection services that enable all units in an apartment or rental building to offer residents “unlimited free internet” on a building-wide basis. By using the Company's services, owners of apartments and rental buildings can offer their residents internet facilities free of charge, thereby enhancing the value of their rental properties; the service is widely recognized as effective in promoting move-ins and preventing move-outs, particularly for properties aimed at single occupants. Demand for such facilities is also increasing in student dormitories, driven in part by the aim of attracting international students who wish to use a free internet service.

In addition, the Company Group provides its free Wi-Fi service “Wi-Fi Nex®” mainly to operators of tourist facilities, various stores and shopping streets, and commercial facilities. Users visiting facilities where the Company's service has been installed can connect to the internet freely and free of charge by completing the prescribed authentication procedures such as registration, regardless of the communication device they use or the carrier with which they currently have a contract. In addition, for tourist destinations, the Company Group offers the “SHINOBI Wi-Fi®” service, which provides multilingual connection support and a tourist guide function for foreign visitors to Japan, and the “Wi-Fi BUS®” service, which supports mobile communications by installing mobile communication units on sightseeing buses, excursion boats and other passenger transport vehicles to provide free Wi-Fi to passengers, thereby developing free Wi-Fi services adapted to a variety of settings. The Company also offers the “One-touch Wi-Fi” service, which enables easy Wi-Fi setup with simple operation, as a highly convenient product. For corporate customers operating multiple locations, the Company provides network solutions that achieve security (being guaranteed safe; free from danger of harm) and low cost, including internet connection services, provider services and internet VPN services.

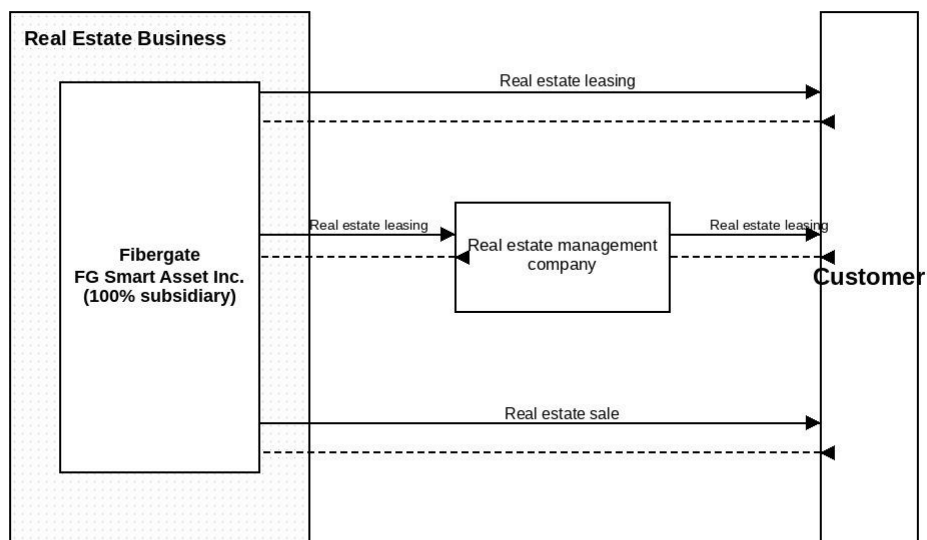
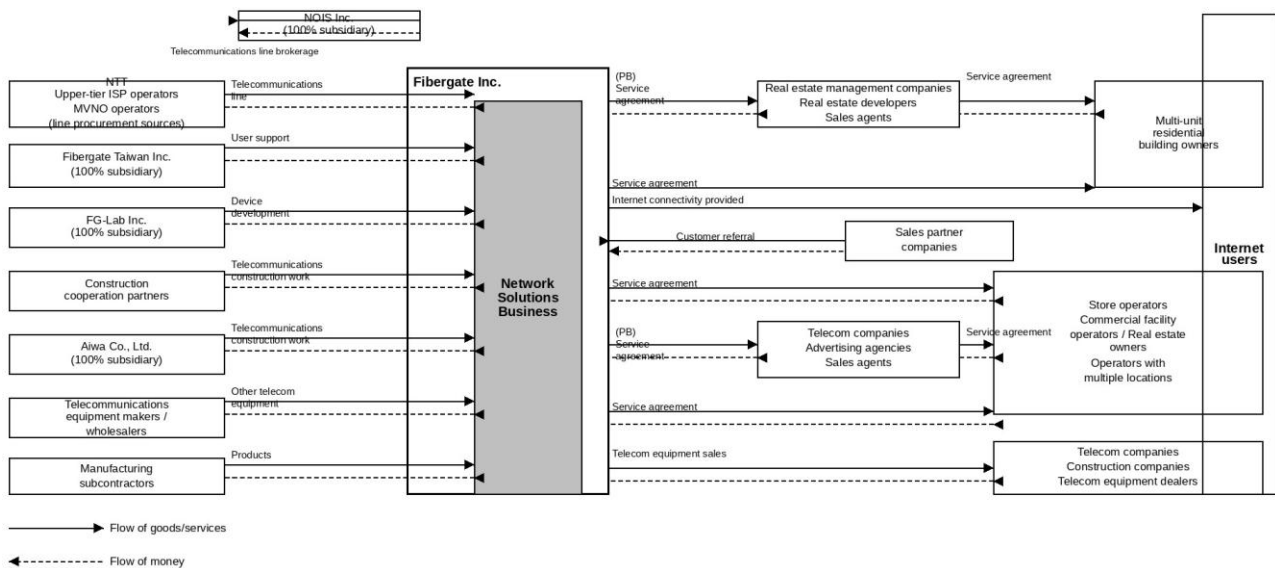
The Company also offers services for nursing care facilities and hospitals. Wi-Fi is essential for linking ICT devices, and the Company's service offerings are expected to improve the satisfaction of facility users through improved operational efficiency from the introduction of bed sensors, intercoms, monitoring devices and other equipment, online visits with family members, and free Wi-Fi for hospital rooms, among other benefits.

In addition, the Company also sells communication devices that it has developed in-house.

Furthermore, within the Company Group, NOIS Inc. handles the brokering of telecommunications lines, while Fibergate Taiwan Inc. handles product and device development and call center operations.

② Real estate business (real estate sales and purchase, real estate leasing)

In its real estate business, the Company Group, through its subsidiary FG Smart Asset Inc., conducts the real estate sales and purchase business and the real estate leasing business.



4. [Status of Affiliated Companies]

Name	Location	Capital stock (Millions of yen)	Description of main business	Ratio of voting rights owned or owned by (%)	Relationship
(Consolidated subsidiary) NOIS Inc.	Minato-ku, Tokyo	10	Telecommunications line brokerage business	100.00	Concurrent officer positions
(Consolidated subsidiary) Fibergate Taiwan Inc.	Tainan City, Taiwan	500,000 NTD	Device development and call center business	100.00	Concurrent officer positions
(Consolidated subsidiary) FG-Lab Inc.	Minato-ku, Tokyo	35	Contracted development business	100.00	Concurrent officer positions
(Consolidated subsidiary) FG Smart Asset Inc. (Note 2)	Minato-ku, Tokyo	50	Real estate sales and leasing business	100.00	Concurrent officer positions
(Consolidated subsidiary) OffGrid-Lab Inc. (Notes 3, 4)	Minato-ku, Tokyo	35	Renewable energy (electricity) business	16.67 [83.33]	Concurrent officer positions
(Consolidated subsidiary) Enepulse Inc.	Minato-ku, Tokyo	20	Sales agency business	51.0	Concurrent officer positions
(Consolidated subsidiary) Power Denki Innovation Inc. (Notes 2, 3, 4)	Takasaki City, Gunma Prefecture	100	Solar power EPC business	16.67 (16.67) [83.33]	Concurrent officer positions
(Consolidated subsidiary) Smart Green Co., Ltd. (Notes 3, 4)	Minato-ku, Tokyo	1	Installation, sales and maintenance of solar power generation systems	16.67 (16.67) [83.33]	Concurrent officer positions
(Consolidated subsidiary) Aiwa Co., Ltd.	Kanagawa Prefecture, Sagamihara City	10	Telecommunications construction business, and installation and related operations of network camera equipment	100.00	Concurrent officer positions

(Notes) 1. None of the above companies files a Securities Registration Statement or Annual Securities Report.

2. Falls under the category of a specified subsidiary.

3. Although the Company's ownership interest is 50% or less, the company is treated as a subsidiary because it is substantially controlled by the Company.

4. Figures in parentheses under the proportion of voting rights represent indirect ownership and are included in the total, while figures in brackets represent ownership by closely related or consenting parties and are excluded from the total.

Item 2 [Overview of Business]

1. [Management Policy, Management Environment, and Issues to Be Addressed]

The Group's management policy, management environment, and issues to be addressed are as follows.

Forward-looking statements herein are based on the judgment of the Group as of the date of submission of this report.

(1) Management Policy

Under its management philosophy of “Gathering 'Thank you.'” the Group positions thorough compliance as a fundamental principle of management in order to remain a company trusted by all stakeholders, including shareholders, business partners and employees, and to aim for highly transparent corporate management. The Group strictly complies with all applicable laws and rules, promotes sincere and fair corporate activities, and fulfills its corporate social responsibility.

(2) Business and Financial Issues to Be Addressed on a Priority Basis

Regarding the management environment surrounding the Group, the domestic economy is recovering moderately, aided by the effects of various economic policies. On the other hand, uncertainty in the global economy is increasing due to factors such as the political situation in various countries and the progress of inflation. Under these circumstances, in order to strengthen the Group's management foundation and achieve stable growth, the Group will work to restore the pace of period profit growth and to establish itself as an on-premises infrastructure integrator, with the aim of building a structure capable of achieving ordinary income of 5.0 billion yen over the medium term.

1) Network Solutions Business

For services primarily targeting apartment complexes, we will strive to acquire new contracts and expand our market share for residential Wi-Fi services.

In addition, we will expand beyond traditional free Wi-Fi services to develop demand for business-use Wi-Fi in hotels, nursing care facilities, and BCP measures.

We view our key issues as our inability to capitalize on latent demand for existing projects because of manpower shortages and our lack of capacity to provide services that satisfy wide-ranging communication requirements and customized solutions for highly specialized projects. To address these challenges, we will accelerate the development of existing projects and launch B2C services and other new business models.

② Establishing a Foothold as an On-Premises Infrastructure Integrator

In order to become an on-premises infrastructure integrator (telecommunications × energy), the Group will work to enhance the appeal of the synergy between telecommunications and energy and to secure rapid construction capabilities.

As specific measures, the Group will accelerate cross-selling of telecommunications and energy through the reorganization of its sales structure by region, improve recognition and strengthen partner companies through active promotion of its energy business services, strengthen its know-how by expanding its lineup of telecommunications- and energy-related equipment and products/services and accumulating a track record, and promote differentiation through a one-stop telecommunications × energy service, among other measures.

③ Response to Rising Costs

In order to respond to cost increases resulting from the rapid expansion of telecommunications traffic and the impact of exchange rates, the Group will take measures to curb the impact of cost increases, including rationalization such as effective use of lines and consideration of forward foreign exchange contracts.

④ Improving the Efficiency and Productivity of In-house Systems

In response to the increasing complexity of operations that accompanies the expansion of the Company's scale, the Group considers it essential to improve the efficiency and productivity of in-house operations. To this end, the Company will upgrade its core systems and make use of external services.

⑤ Stable Operation of Internal Controls and Compliance

The Company recognizes that building a corporate governance structure in which “internal control,” “compliance” and “disclosure controls” function sufficiently is an important management issue. Believing that securing the trust of all stakeholders, including shareholders, and of society, leads to an increase in corporate value, the Company strives for sound and transparent management while pursuing fairness and efficiency, and fulfills its accountability. The Company is also working to build and enhance a management structure that discloses information to stakeholders, including shareholders, in a timely and appropriate manner.

(3) Objective Indicators, etc. Used to Judge the Achievement Status of Management Targets

The Group believes that it has been in its fifth growth stage since 2024, and is working to establish itself as an on-premises infrastructure integrator, moving on from its former position as an independent Wi-Fi solutions company.

Since entering the fifth stage, the pace of profit growth has slowed and ROE has gradually declined, and the Group believes that further growth investment will be necessary going forward.

(Reference) The Company's Concept of Growth Stages

Stage	Year	Description
Stage 1	From 2000	Founded as an NTT sales agent Launched free internet service for apartment residents (FGBB) Promoted private brand (PB) strategy
Stage 2	From 2009	Launched free Wi-Fi for business use (Wi-Fi Nex) Expanded business domain from home use to business use
Stage 3	From 2015	Commenced manufacture of communication devices at Taiwanese subsidiary Built an integrated system from hardware to services
Stage 4	From 2018	Listed on stock exchange Built a growth strategy and internal structure that could withstand the scrutiny of external shareholders Expanded into the real estate and renewable energy fields
Stage 5	From 2024	Transformed business model in line with changes in the environment Transition from an independent Wi-Fi solutions company to an on-premises infrastructure integrator

(4) Management Environment

Regarding the outlook for the next fiscal year, the Group expects an increase in revenue driven by the acceleration of outright equipment sales projects and renewable energy projects, the accumulation of recurring (stock-type) projects, and the expansion of new construction projects and cross-selling projects.

Although the timing of investment in corporate projects and increases in fixed costs such as personnel expenses are expected, the increase in costs is expected to be largely absorbed by the revenue-boosting effect, as the rise in line procurement costs is expected to be curbed.

The Group has calculated its consolidated earnings forecast based on information and forecasts available at the present time.

(Outlook for Consolidated Business Results) (Unit: Millions of yen)

	Results for the fiscal year ended June 2026	Forecast for the fiscal year ending June 2027	Rate of change (%)
Net sales	13,664	16,500	20.8
Operating income	1,838	1,870	1.7
Ordinary income	1,811	1,820	0.5
Profit attributable to owners of parent	1,082	1,140	5.3

(Outlook for Consolidated Net Sales by Segment) (Unit: Millions of yen)

Segment	Results for the fiscal year ended June 2026	Forecast for the fiscal year ending June 2027	Change (%)
Network Solutions Business	13,162	14,370	9.2
Real Estate Business	296	750	153.4
Other	206	1,380	568.6
Total	13,664	16,500	20.8

Based on the above background, the Group forecasts net sales of 16,500 million yen, operating income of 1,870 million yen, ordinary income of 1,820 million yen, and profit attributable to owners of parent of 1,140 million yen for the fiscal year ending June 2027.

The above earnings forecast has been prepared based on information available as of the date of submission of this report, and actual results may differ from the forecast due to a variety of factors going forward.

2. [Approach to and Initiatives for Sustainability]

The Group's approach to and initiatives for sustainability are as follows.

(1) Approach to Sustainability

As its management philosophy, the Group has adopted the goal of “gathering business 'thank you's' by contributing to our customers' businesses.” This is because we believe that a business style focused solely on the pursuit of profit has its limits, and that the spirit of “putting righteousness before profit,” which places trust and good faith first, is more important for corporate growth. Based on this philosophy, the Company aims to be a company that contributes not only to its own development but also to the development of society as a whole.

In order to achieve sustainable growth, long-term, favorable relationships with all stakeholders, including employees, are essential. For this reason, the Company places importance on creating an environment in which diverse human resources can thrive, building a business model that will continue into the next generation, and developing the internal structure that supports it. The Company will also address challenges related to the global environment through its business.

Based on the above, the Company will work on “contributing to society through telecommunications solutions,” “promoting carbon offsets,” and “promoting human capital management” as its material issues (materiality).

Materiality (theme)	Issue
Contributing to society through telecommunications solutions	① Contribution to daily life
	② Contribution to regional revitalization
Promoting carbon offsets through the renewable energy business	① CO2 reduction through solar power generation facilities
Promoting human capital management	① Employee health management
	② Employee skill development
	③ Development of management executive candidates
	④ Improvement of per-employee profitability

(2) Governance

As a sustainability promotion structure, the Company has established a Sustainability Committee chaired by an outside director, in order to strengthen advisory and supervisory functions in each field and to build an even more robust sustainability promotion structure. This committee deliberates on initiatives related to sustainable growth, focusing on the material issues identified by the Company, evaluates progress in these activities, and reports to the Board of Directors.

(3) Strategy

As part of “contributing to society through telecommunications solutions,” the Group is developing its business strategy with the aim of contributing to daily life and regional revitalization through its telecommunications business. In addition, as part of its efforts toward the global environment, the Group will promote “carbon offsets” through its renewable energy business. Regarding “promoting human capital management,” the Company's policy is to reliably execute these strategies by supporting employees' self-actualization through health management and skill development, developing management executive candidates, and strengthening its management foundation by improving profitability.

In addition, regarding the promotion of carbon offsets (response to climate change) and the promotion of human capital management, the Company will pursue the following initiatives.

① Response to Climate Change

Based on the TCFD recommendations, the Company discloses its material physical risks, transition risks, and opportunities related to its own risks, responses and possible opportunities related to climate change, as follows.

Type of risk			Timing of materialization	Degree of impact	Response policy
Transition risks (Assumed to materialize most under a 1.5–2°C scenario)	Policy and regulatory risk	Increase in regulatory response costs	Medium-term	Medium	• Research on laws and regulations and information gathering from manufacturing vendors • Promotion of resource-saving in products • Stable procurement from multiple sources and procurement at appropriate prices
	Technology risk	Increase in investment and development costs for environmentally friendly technologies	Medium-term	Medium	• Monitoring of market trends among manufacturers and the industry • Promotion of product recycling; long-term use through energy conservation and improved durability • Development of new partners
	Market risk	Decrease in demand for products with a large environmental impact	Medium-term	Small	• Expanding investment and development for the growth of environmentally friendly businesses • Monitoring of market trends among equipment manufacturers and the industry
Physical risks	Acute risk	Disruption to operations due to damage to the supply chain	Medium-term	Medium	• Implementation of supply chain management aimed at sustainable procurement • Formulation of a supply chain BCP
Type of opportunity			Timing of materialization	Degree of impact	Response policy
Opportunity	Resource efficiency	Reduction in energy costs through greater efficiency in production and transportation	Long-term	Small	• Reduction of manufacturing costs for telecommunications equipment and of transportation costs through inventory control • Promotion of telecommunications introduction, higher speeds and longer distances everywhere, activating remote business using drones, sensors and VR/AR/MR, thereby reducing energy costs
	Products and services	Increased demand for self-consumption solar power generation systems through the renewable energy business	Long-term	Small	• Expanding energy storage and heat storage facilities to promote the provision of recycled energy
		Strengthening of subsidies for the development and implementation of environmentally friendly technologies	Short-term	Medium	• Expanding the renewable energy business through the use of subsidy programs
		Increased demand for materials, parts and solutions required for environmentally friendly equipment (renewable energy, batteries, fuel cells, etc.)	Medium-term	Medium	• Investment in the development of environmentally friendly technologies, development of responsive technologies through partner development, and increased sales through new market development

② Realizing Human Capital Management

The Group has achieved a business model that provides one-stop services from product development, sales, installation and operation through to after-sales support, and is characterized by “job-type diversity.” Specifically, the Group's job types are wide-ranging, including various types of engineers in hardware, firmware, networks and other areas, as well as sales staff, customer support staff and management administration staff.

In addition, the Group's aim is not job-based employment, but rather the “development of multi-skilled personnel” who acquire the ability to handle multiple tasks, and the Group will continue to develop employees' capabilities so that they can be flexibly deployed in response to the management issues of the time. The measures for each issue are as set out below.

Issue	Measures
Employee health management	• Regular health checkups and stress checks • Review through visualization of employee engagement
Employee skill development	• Enhancement of in-house training programs and qualification acquisition support programs • In-house open recruitment system • Establishment and operation of a commendation system
Development of management executive candidates	• Establishment of a management executive development course
Improvement of per-employee profitability	• Improvement of profitability through implementation of the above measures (health management, skill development) • Support for operational efficiency using generative AI • Introduction of an appropriate evaluation system for multi-functional organizations

(4) Risk Management

The Risk and Compliance Committee, headed by the officer in charge, identifies and monitors company-wide risks. As a preventive measure, specific risk items reported from each division are analyzed, and whether the relevant events have occurred and whether countermeasures are being taken are confirmed quarterly, shared with the Executive Officers' Meeting, and responded to in a timely manner. Climate change risk is monitored by the Sustainability Promotion Team, which coordinates its response with the Risk and Compliance Committee.

In the event a risk incident occurs, an emergency response headquarters, headed by members of the Executive Officers' Meeting, is established to respond swiftly and appropriately to the situation.

(5) Indicators and Targets

The Company's indicators related to climate change are as follows.

① Response to Climate Change

(a) Indicators Used to Manage Climate-related Risks and Opportunities

The Company has not currently established indicators for managing climate-related risks and opportunities.

Going forward, the Company will discuss the purpose and necessity of establishing indicators, and, while paying close attention to trends in TCFD-related disclosures by companies in the same industry or of a similar size, will consider formulating indicators if necessary.

(b) Greenhouse Gas Emissions (Scope 1 and 2) (*1)

The Company has been calculating greenhouse gas emissions for the entire Group since fiscal 2021 (*2).

The Company's Scope 1 and 2 greenhouse gas emissions were approximately 89.42 t-CO₂ in fiscal 2021 (*2), 76.77 t-CO₂ in fiscal 2022 (*3), 77.23 t-CO₂ in fiscal 2023 (*4), 45.25 t-CO₂ in fiscal 2024 (*5), 41.43 t-CO₂ in fiscal 2025 (*6), and 37.00 t-CO₂ in fiscal 2026 (*7). The Company aims to achieve zero emissions by fiscal 2030.

The Company's Scope 1 and 2 Greenhouse Gas Emissions: Results, Projections and Targets

(Unit: t-CO₂)

Greenhouse gas emissions Results/Target	Results					Target *7
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2030
Scope 1 and 2 emissions Total	76.77	77.23	45.25	41.43	37.00	0
Scope 1 emissions	5.99	6.72	6.09	6.46	3.52	0
Scope 2 emissions	70.78	70.51	39.16	34.97	33.48	0

※ 1.

- Scope 1: Company's gasoline usage × emission factor (2.29 (t-CO₂/kl)).

The emission factor is based on the "List of Calculation Methods and Emission Factors under the Calculation, Reporting and Publication System" published by the Ministry of the Environment.

- FY2021 Scope 2: Sum of (electricity usage at each of the Company's offices × emission factor by electric power company).

The emission factors are based on "Emission Factors by Electric Power Company – R1 Results – R3.1.7, Ministry of the Environment and Ministry of Economy, Trade and Industry."

- FY2022 Scope 2: Sum of (electricity usage at each of the Company's offices × emission factor by electric power company).

The emission factors are based on "Emission Factors by Electric Power Company – R2 Results – R4.1.7, Ministry of the Environment and Ministry of Economy, Trade and Industry."

- FY2023 Scope 2: Sum of (electricity usage at each of the Company's offices × emission factor by electric power company).

The emission factors are based on "Emission Factors by Electric Power Company – R3 Results – published R5.1.24 by the Ministry of the Environment and Ministry of Economy, Trade and Industry, partially revised R5.5.26, correction factor added R5.6.20, partially added and updated R5.7.18."

- FY2024 Scope 2: Sum of (electricity usage at each of the Company's offices × emission factor by electric power company).

The emission factors are based on "Emission Factors by Electric Power Company – R4 Results – published R5.12.22 by the Ministry of the Environment and Ministry of Economy, Trade and Industry, partially added and updated R6.7.19."

- FY2025 Scope 2: Sum of (electricity usage at each of the Company's offices × emission factor by electric power company).

The emission factors are based on "Emission Factors by Electric Power Company – R5 Results – published R7.3.18 by the Ministry of the Environment and Ministry of Economy, Trade and Industry, partially added and updated R7.7.18, R7.7.28 and R7.8.1."

- For Scope 2, the emission factor for the Taiwan office is based on the following source.

Taiwan Power Company (<https://www.taipower.com.tw/2289/2363/48864/51153/normalPost>)

*2. Fiscal 2021: July 1, 2020 to June 30, 2021

*3. Fiscal 2022: July 1, 2021 to June 30, 2022

*4. Fiscal 2023: July 1, 2022 to June 30, 2023

*5. Fiscal 2024: July 1, 2023 to June 30, 2024

*6. Fiscal 2025: July 1, 2024 to June 30, 2025

*7. Fiscal 2026: July 1, 2025 to June 30, 2026

*8. Includes reductions from the purchase of J-Credits.

② Realizing Human Capital Management

The Group aims to enhance corporate value by developing human resources with diverse perspectives and values, and is pursuing job-type diversity, which enables employees to develop their skills through experience in a variety of job types, as well as developing human resources capable of responding to change and improving the internal environment to support them. The Group also promotes initiatives to support each employee in achieving self-actualization and a sense of fulfillment through their work. Furthermore, in response to the diversification of human resources and working styles, the Group is focusing on promoting flexible working arrangements such as flextime systems, remote work, and taking childcare leave.

(a) As indicators for its response to the diversification of working styles, the Group compiles the “remote work implementation rate,” “childcare leave utilization rate,” “ratio of female managers,” and “ratio of global human resources.” The results are as follows.

Through the establishment of flexible working styles, the Group has achieved a childcare leave utilization rate of 100% for women and 56% for men, and the “ratio of female managers” has reached 25%. Flexible working style options tailored to life stages and a culture of mutual support have contributed to employees' sense of fulfillment and the exercise of diverse leadership.

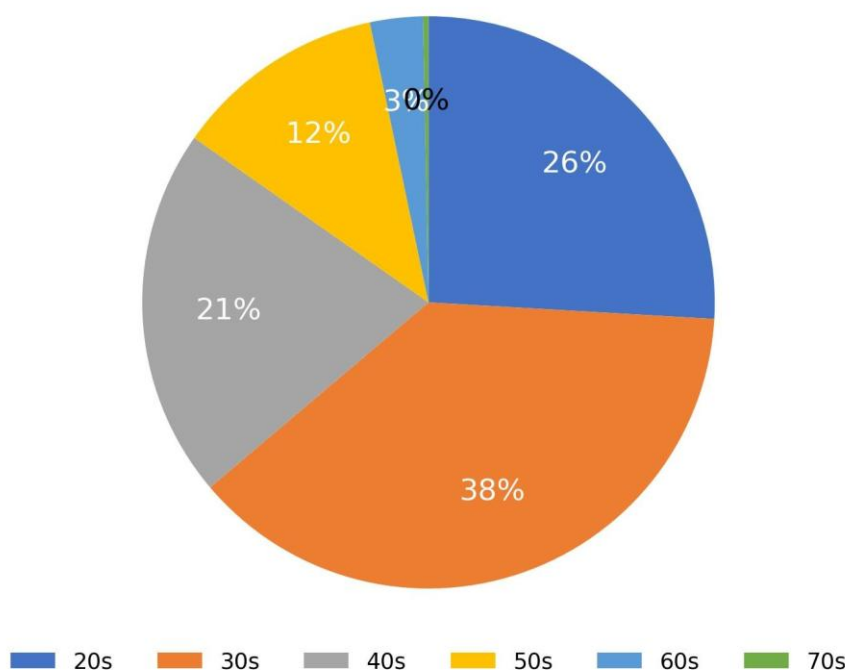
	Results for the fiscal year ended June 2026				
	Remote work implementation rate (Note) 1	Childcare leave utilization rate (Female)	Childcare leave utilization rate (Male)	Ratio of female managers	Ratio of global human resources (Note) 2
Ratio	50%	100%	56%	25%	11%

(Notes) 1. The percentage of regular employees who worked remotely at least once a month

2. The percentage of regular employees who are foreign nationals

(b) The Group compiles the age distribution of its personnel as an indicator for promoting diversity that enables personnel of various ages to thrive. The results are as follows.

Age Distribution of Regular Employees



The Company is proceeding with consideration of indicators and targets for each material issue. With respect to initiatives related to human capital as well, the Company will establish indicators and targets going forward.

3. [Business Risks]

This section describes the main matters, among those relating to the status of operations, accounting matters, etc. described in this report, that are considered to potentially constitute risk factors in the Group's business development. In addition, matters not necessarily falling under business risks, but considered important for investors' decision-making, are also described below from the perspective of proactive information disclosure to investors.

While the Group is fully aware of the possibility of these risks occurring and intends to work to avoid their occurrence and to respond appropriately should they occur, investment decisions regarding the Group's shares should be made carefully, taking into account this section as well as other matters described elsewhere in this report.

In addition, the description in this section does not cover all risks related to investment in the Company's shares.

Unless otherwise specifically stated, forward-looking statements described below are based on the judgment of the Group as of the date of submission of this report, and, because they involve inherent uncertainty, actual results may differ from these statements.

(1) Risks Related to Information Security

The Group provides internet-based services, and strives to prevent the occurrence of failures by strengthening information security, including the computer networks necessary for providing the Group's services, monitoring and building redundancy into equipment and networks, and conducting regular data backups.

However, in the event that the Company's facilities or networks become unavailable due to attacks by computer viruses or hackers exploiting product vulnerabilities, hardware or software malfunctions, human error, disasters such as earthquakes or fires, or other unforeseen significant events, this may affect the Group's operating results and financial condition.

(2) Risks Related to the Management of Personal Information

The Company is a telecommunications carrier, and the databases held by the Group store communication records related to consumers' communication activities and personal information data of service users. For this reason, each Group company falls under the category of a business operator handling personal information as defined in the Act on the Protection of Personal Information, and is subject to regulations concerning the handling of personal information.

In light of the importance of this information, the Group has established various regulations concerning information protection, obtained Privacy Mark certification in February 2016, and conducts in-house training on personal information management by the Group. The Group strictly implements and operates measures such as concluding confidentiality agreements with external contractors in accordance with laws and rules, and presents its privacy policy and other information on the Company's website.

To date, the Group is not aware of any major accidents or troubles related to information management having occurred. However, the possibility that such information may be leaked externally in some form or misused cannot be completely ruled out.

Accordingly, should such an event occur, particularly a leak of communication records, the relevant supervisory authority may issue a business improvement order, and the Group may be subject to claims for damages or a decline in its credibility, which may affect the Group's operating results and future business development.

(3) Risks Related to Legal Regulation

The Group's business is subject to, and complies with, legal regulations including the Wired Telecommunications Act, the Radio Act, the Telecommunications Business Act, and the Construction Business Act (Hokkaido Governor's license: telecommunications construction business), among others. The Company has been registered by the Ministry of Internal Affairs and Communications as a telecommunications carrier under the Telecommunications Business Act, as follows.

Date obtained	July 2015
Name of license, etc.	Full registration certification as a telecommunications carrier (Telecommunications Business Registration No. 358)
Competent authority, etc.	Ministry of Internal Affairs and Communications
Content of license, etc.	Registration of telecommunications business pursuant to Article 9 of the Telecommunications Business Act
Expiration date	None
Requirements for violation of laws and regulations, and main grounds for revocation of license	Requirements for violation of laws and regulations: Article 14 of the Telecommunications Business Act Grounds for revocation: Falling under the disqualification requirements as a telecommunications carrier

At present, the Group is not aware of any tightening of regulations under these laws; however, should these regulations be changed, or new laws and regulations be applied, thereby strengthening restrictions on the Group's business, its business activities may be restricted, or this may lead to an increase in costs.

In addition, while the Group has no concerns regarding the revocation of the above registration or certification, should such an event occur, it may impede the Group's principal business activities and affect its operating results and financial condition.

(4) Risks Related to Intellectual Property Rights

The Group has been strengthening its internal management structure for intellectual property rights in line with technological innovation and business expansion in the telecommunications and internet business industry; however, due to discrepancies in the interpretation of contractual terms, the establishment of intellectual property rights of which the Group is not aware, or other factors, should the Group be subject to litigation or requests for injunctions from third parties relating to infringement of intellectual property rights such as trademarks, resulting in the payment of money or other costs, this may affect the Group's operating results and future business development.

(5) Effects of Competitors

There are numerous competing companies in the industry, primarily consisting of the Network Solutions Business, to which the Group belongs. While the Group seeks to differentiate itself by strengthening its brand power and providing a seamless, one-stop service encompassing product development and planning in response to customer needs, service pricing, communication speed and quality, value-added services, and multilingual call centers, competitors, including new entrants from other industries, may have superior product and service capabilities, price competitiveness, brand recognition, or customer base. In such cases, a decline in the Group's profitability or a slowdown in customer acquisition may affect the Group's operating results.

(6) Alliances and Cooperative Relationships

The Group is working to further advance its alliances with business partners, such as sales agents and cooperating companies, and to develop and strengthen the development and sales structure for its products and services and to further expand its customer sales channels. As of the date of submission of this report, the Group's relationships with its business partners are favorable; however, should the expected effects not be obtained, or should the alliance or cooperative relationship be terminated for some reason, this may affect the Group's operating results and financial condition.

In addition, a slowdown in sales through a business partner's sales channel that accounts for a high proportion of sales may affect the Group's operating results.

(7) Procurement, Network Line and Bandwidth Adjustment Costs, Data Center Lease Agreements, and Outsourced Manufacturing in the Business

The Group conducts its business by receiving the provision of telecommunications service lines from multiple domestic telecommunications carriers, without owning some of the network lines and data center facilities itself, and by installing its own product equipment within those facilities to provide services to customers.

On the internet, the amount of data used per user is increasing rapidly. As a result, throughout the internet industry, the development of telecommunications lines is failing to keep up with demand, or bandwidth shortages are occurring, in some cases.

The Group is working to respond to this environment through efforts such as highly efficient network operation, including greater efficiency in line and bandwidth procurement; however, should equipment supply shortages progress further, these factors may restrict the Group's business operations and expansion, and an increase in procurement costs may lead to deterioration in profitability.

In addition, the Group enters into service provision agreements and lease agreements with the owners of network lines and data center facilities, and plans to continue such lease agreements after the expiration of the contract period. However, should the owner refuse to continue the contract, in whole or in part, for some reason, or request changes to the contract terms, there is no guarantee that the Group will be able to renew the contract on the same terms as before.

(8) Risks Related to Large-Scale System Failures

The Group holds a large amount of equipment for service product development, and, in order to diversify risk, manages the servers that store customers' information assets for the services provided by the Group at two or more locations within Japan. These data centers are equipped with maximum business continuity measures to enable stable operation 24 hours a day, 365 days a year, including redundant configurations with detour routes secured as required for registered electricity providers, earthquake-resistant structures capable of withstanding large-scale earthquakes, fire-fighting equipment, and backup power sources in the event of a power outage. The Group has also established a structure to swiftly detect failures and secure on-site response personnel when they occur.

However, should a system failure occur due to unpredictable events such as cyberattacks, system or hardware malfunctions, power shortages or large-scale blackouts at electric power companies, natural disasters such as earthquakes, typhoons, or floods far exceeding assumed levels, war, terrorism, or accidents, this may affect the Group's business and operating results.

In addition, should a system failure occur due to a malfunction in telecommunications equipment, or a deficiency in a program change associated with a system setting or specification change, it may become difficult to provide the Company's telecommunications services over a wide area.

(9) Reputational Damage

The Group regularly monitors social media sites and other sources, reports the results of such monitoring at Executive Officers' Meetings, and works to dispel reputational damage through appropriate information disclosure as necessary.

However, should reputational damage arise or spread as a result of posts on social media or the internet, regardless of the accuracy of their content, this may lead to a decline in brand power and adversely affect the Group's business results and financial condition.

(10) Obsolescence of Products and the Emergence of Vulnerabilities

The Group develops telecommunications equipment such as routers in-house, and regularly updates firmware and replaces products with new ones every few years.

However, should the components comprising these products deteriorate, or should a computer virus infection occur exploiting a product vulnerability, this may result in temporary service suspensions or replacement costs, which may affect the Group's operating results and financial condition.

(11) Delays in Responding to Technological Trends

As internet speeds increase and IoT and other internet-connected products and cloud services continue to emerge one after another, should the Group experience delays in introducing new services or products, this may impede customer acquisition and retention, and the Group may lose competitiveness relative to its competitors. Should the Group experience delays in system enhancement or personnel training aimed at improving operational efficiency internally as well, it may lose its advantage relative to its competitors.

(12) Procurement of Products That Are Illegal or Dangerous

The Group clarifies the warranty terms and roles of its product development and manufacturing contractors, and, for new development, conducts investigations and audits of contractors, thereby preventing in advance the procurement of illegal or dangerous products.

However, should the Group procure an illegal or dangerous product, it may have no choice but to dispose of the product, or, should such a product have already been installed, replacement costs will be incurred, which may affect the Group's business results.

(13) Securing and Developing Human Resources

In order to further strengthen its sales activities and expand its business, the Group is strengthening its recruitment of new graduates and of mid-career hires with specialized knowledge or work experience, and is also actively adopting recruitment methods such as referral systems and alumni networks. The Group also intends to continue to focus on invigorating its human resources, including by conducting training tailored to each employee's level.

However, should recruitment activities or human resource development based on the above policy not proceed as planned, this may affect the Group's operating results and financial condition.

(14) Dependence on Specific Individuals

Masanori Inomata, the Group's Representative Director, has played an important role, as Chief Executive Officer, in determining management policy and business strategy, as well as in the process from the development of new businesses and business models through to their commercialization, since the Group commenced its business.

The Group is working to build a management structure that does not rely excessively on Masanori Inomata by delegating authority, developing management executive candidates, and sharing information among officers and senior employees at meetings of the Board of Directors and the Executive Officers' Meeting, among other means. However, should Masanori Inomata become unable to perform his duties for some reason, this may affect the Group's operating results and financial condition.

(15) Revenue Structure in the Network Solutions Business

Among the Group's Network Solutions Business, the provision of services to rental properties such as apartments has a revenue structure combining recurring revenue from long-term contracts with one-time revenue generated at the time of service introduction, depending on the type of contract. With respect to recurring revenue from long-term contracts, because the Group depreciates, using the declining-balance method, the telecommunications equipment constructed as an advance investment upon receipt of an order, as a cost corresponding to usage fee revenue, the profit margin tends to be low in the early period after usage fee revenue is generated for newly contracted projects, resulting in a lower profit margin compared with the one-time revenue generated at the time of service introduction.

On the other hand, with respect to installations at various facilities and stores, sales scale and profit margins differ from project to project, and the amount of individual transactions may be larger compared with services for rental housing.

In the current phase of business expansion, the Group's overall profit margin may fluctuate, and its operating results and financial condition may be affected, due to a decline in segment profit margin resulting from a rise in the proportion of sales accounted for by recurring revenue in the early period after the start of service for newly contracted projects for rental housing, and due to fluctuations in the number and scale of projects at various facilities and stores.

(16) Period Attribution of Revenue Related to Initial Installation Services in the Network Solutions Business

In its Network Solutions Business, the Group performs the installation and configuration of internet connection equipment for customers (hereinafter referred to as "initial installation services"). Of these, initial installation services that are not deemed to be a performance obligation integral to the provision of internet services (hereinafter referred to as "monthly usage fee services") recognize revenue at the point in time when the installation and configuration of internet connection equipment is completed. Sales for which revenue was recognized at a point in time in respect of such initial installation services in the current consolidated fiscal year were 2,684 million yen, equivalent to 20% of consolidated net sales.

However, because it is practically difficult for the Group's customers, who are owners of rental properties such as apartments, to be present on-site on the day construction is carried out, it is difficult to obtain a written construction completion report or similar document on that day. As an alternative, the Group confirms that the telecommunications equipment, such as routers, installed on-site is connected to the internet (hereinafter referred to as "connectivity confirmation"), and uses the date of this confirmation as the date of revenue recognition.

For this reason, should connectivity confirmation fail to function effectively, or should the results of connectivity confirmation be improperly adjusted, revenue may not be recorded in the appropriate accounting period. In addition, should revenue be recorded without connectivity confirmation being carried out, revenue relating to initial installation services may not be recorded in the appropriate accounting period.

(17) Physical Verification of Telecommunications Equipment

In the consolidated balance sheet for the current consolidated fiscal year, the Group has recorded telecommunications equipment (net) of 6,561 million yen. This represents fixed assets such as routers and access points held by the Company to provide internet connection services to customers. The asset balance is equivalent to approximately 50% of the Group's consolidated total assets for the current consolidated fiscal year.

This telecommunications equipment is installed at customer facilities and other locations, and is derecognized for accounting purposes upon termination of the internet connection service. Of the 54 million yen in losses on retirement of fixed assets recorded in the current consolidated fiscal year, 50 million yen relates to losses on retirement of telecommunications equipment.

The Group confirms the physical existence of such telecommunications equipment, including routers, by carrying out internet connectivity confirmation (connectivity confirmation) on a semi-annual basis; however, as of the end of the current consolidated fiscal year, the Group owned 803,935 units of telecommunications equipment, and 17,687 units were retired during the current consolidated fiscal year. Because of the large quantity involved, should the retirement of such telecommunications equipment not be processed in a timely manner upon termination of service, assets may be overstated on the consolidated balance sheet, and profit attributable to owners of parent may be overstated.

(18) Risks Related to Impairment Losses

The Group holds telecommunications equipment for providing Wi-Fi communication services. These assets are used in the reportable segment for the Network Solutions Business. In these businesses, should a decline in profitability make it no longer probable that the investment amount will be recovered, the Group will impair the carrying amount and record the decrease as an impairment loss, which may affect the Group's financial condition and operating results.

(19) Internal Management Structure

In order to maximize the Group's corporate value, the Group has positioned the enhancement of corporate governance as one of its important management issues, and is implementing a variety of measures. The Group maintains and builds an appropriate internal management structure through internal audits centered on the Internal Audit Office and the establishment and improvement of internal controls by the Internal Control Team of the Management Administration Division; however, should the Group be unable to keep pace with the establishment of a sufficient internal management structure due to rapid business expansion or other factors in the future, appropriate business operations may become difficult, which may affect the Group's operating results and financial condition.

(20) Dependence on Interest-Bearing Debt

Due to the nature of its business, the Group requires investment in telecommunications equipment in advance of generating revenue. In the current phase of business expansion, the scale of investment in telecommunications equipment is trending upward, and, in terms of funding, the Group procures funds through a combination of funds on hand and borrowings from financial institutions. In its real estate business as well, funds for the purchase of real estate for sale are procured through a combination of funds on hand and borrowings from financial institutions. The Group adjusts the amount and timing of borrowings while balancing them against funds on hand in order to maintain the soundness of its financial condition; however, should market interest rates rise, or should the risk premium for the telecommunications industry or the Company rise, interest expenses will increase, which may affect the Group's operating results and financial condition.

In addition, when procuring funds, the Group confirms the status of orders received through sales activities, the outline of real estate properties for sale, and the inventory status of product equipment through the development of telecommunications equipment within the Product Development Division and the Construction and Operations Division, and, without relying on a specific financial institution, approaches financial institutions for financing on a project-by-project basis and obtains their consent to provide financing.

However, should the Group's fund procurement be restricted for some reason, this may affect the Group's operating results and financial condition.

(21) Fluctuations in Exchange Rates

Because the manufacture of the telecommunications equipment sold by the Group is carried out through a partner factory in Taiwan, the Group conducts transactions denominated in U.S. dollars. As a result, the Group incurs costs, assets and liabilities denominated in U.S. dollars. In addition, the Group procures overseas telecommunications terminal equipment through domestic companies. Accordingly, should the exchange rate between the Japanese yen and the U.S. dollar trend toward a weaker yen, procurement prices converted into yen will increase. The Group takes risk-avoidance measures, such as forward foreign exchange contracts, to respond to a rapid depreciation of the yen; however, depending on the circumstances at the time, the Group may be unable to appropriately reflect such increases in its selling prices, which may lead to a decline in the Group's profit margin.

On the other hand, should the yen trend toward appreciation, depending on the circumstances, the Group may be forced to lower its selling prices to reflect the stronger yen in inventory sales transactions, narrowing the margin against the cost of products procured in advance, which may lead to a decline in profit margin.

(22) Inappropriate Financial Reporting

The Group has established an internal control structure to ensure the appropriateness of its financial reporting.

However, should internal controls related to financial reporting fail to function, resulting in inappropriate financial reporting, this may lead to a loss of trust, a decline in market evaluation, delisting, or other consequences that may affect the Group's business results.

(23) Damages Arising from Complaints Due to Inadequate Customer Response and from Accidents at Construction Sites

The Group works to prevent complaints by identifying projects showing signs of potential complaints through the preparation of complaint response manuals and the sharing of information through records of responses. The Group also works to prevent accidents at construction sites through, among other measures, regular review of work instructions to construction contractors.

However, should complaints arise due to inadequate customer response, or should an accident occur at a construction site, this may result in litigation such as claims for damages, which may affect the Group's business results.

4. [Management's Analysis of Financial Position, Operation Results and Cash Flows]

Forward-looking statements herein are based on the judgment made as of the last day of the current consolidated fiscal year.

(1) Overview of Operating Results, etc.

① Overview of Operating Results for the Current Period

(Unit: Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share (Yen, sen)
Current consolidated fiscal year	13,664	1,838	1,811	1,082	53.79
Previous consolidated fiscal year	13,070	1,958	1,943	1,319	65.20
Percent change year on year (%)	4.5	△6.1	△6.8	△18.0	△17.5

During the current consolidated fiscal year (from July 1, 2025 to June 30, 2026), the outlook for the Japanese economy remained uncertain, owing to factors including the effect on financial and capital markets of rising geopolitical risks stemming from the situation in the Middle East and diplomatic relations with neighboring countries, as well as continuing chronic inflation.

Under these circumstances, the Group has adopted the new slogan, “Lead The 'Telecomenergy®'” and will evolve from simply providing connectivity to a phase in which it creates new value based on telecommunications.

Effective July 1, 2025, the Group reorganized its sales structure from a business-based to a region-based system, and, as a result, revised its method of classifying reportable segments, consolidating and renaming the “Home-Use Business” and “Business-Use Business” segments as the “Network Solutions Business.”

In the Network Solutions Business, the number of installations in rental properties was steady, and sales of cross-selling products, mainly network cameras, also progressed smoothly. In addition to robust sales in the target sectors of medical and nursing care, projects for schools also grew.

The trend of declining profit margins due to changes in the customer base, among other factors, continued; however, the impact of higher costs resulting from an increase in outright sales projects is gradually easing. Although profit margins declined, profit increased year on year due to the revenue-boosting effect of free Wi-Fi projects.

As a result of the above, segment sales were 13,162 million yen (up 4.9% year on year) and segment profit was 3,059 million yen (up 3.2% year on year), marking increases in both sales and profit.

In the Real Estate Business, there was one sale of real estate at FG Smart Asset Inc. Although the number of sales was the same as in the previous consolidated fiscal year, because the scale of the previous project was larger, the current consolidated fiscal year saw a decline in both sales and profit.

As a result of the above, sales were 296 million yen (down 33.0% year on year) and segment profit was 18 million yen (down 71.8% year on year), marking decreases in both sales and profit.

In other businesses, there were sales related to the renewable energy (electricity) business and other operations at OffGrid-Lab Inc. and its subsidiary, Power Denki Innovation Inc. In addition, various expenses associated with strengthening the renewable energy (electricity) business increased.

As a result of the above, sales were 206 million yen (up 159.8% year on year), and segment loss was 142 million yen (compared with a segment loss of 0 million yen in the same period of the previous year).

As a result, business results for the current consolidated fiscal year were net sales of 13,664 million yen (up 4.5% year on year), operating income of 1,838 million yen (down 6.1% year on year), ordinary income of 1,811 million yen (down 6.8% year on year), and profit attributable to owners of parent of 1,082 million yen (down 18.0% year on year).

② Overview of Financial Position for the Current Period

		End of previous consolidated fiscal year	End of current consolidated fiscal year	Rate of change (%)
Total assets	(Millions of yen)	12,144	13,097	7.9
Net assets	(Millions of yen)	6,502	6,995	7.6
Equity-to-asset ratio	(%)	53.1	53.3	0.4
Net assets per share	(Yen)	320.34	347.18	8.4

(Assets)

Total assets for the current consolidated fiscal year increased by 953 million yen from the end of the previous consolidated fiscal year, to 13,097 million yen, due to increases in trade receivables, inventories, and machinery and equipment resulting from the consolidation of Power Denki Innovation Inc., Smart Green Co., Ltd. and Aiwa Co., Ltd. as subsidiaries. As a result, fixed assets decreased by 269 million yen, while current assets increased by 1,223 million yen.

The increase in current assets was due mainly to an increase of 303 million yen in cash and deposits, 177 million yen in accounts receivable, and 505 million yen in real estate for sale, although merchandise decreased by 94 million yen. The decrease in fixed assets was due mainly to a decrease of 394 million yen in telecommunications equipment for the Company's telecommunications service and 49 million yen in deferred tax assets.

(Liabilities)

Total liabilities for the current consolidated fiscal year increased by 461 million yen from the end of the previous consolidated fiscal year, to 6,102 million yen.

This was due mainly to an increase of 491 million yen in short-term borrowings and 140 million yen in accrued income taxes, although contract liabilities decreased by 260 million yen and long-term borrowings (including the current portion) decreased by 34 million yen.

(Net Assets)

Total net assets for the current consolidated fiscal year increased by 492 million yen from the end of the previous consolidated fiscal year, to 6,995 million yen.

This was due mainly to an increase of 539 million yen in retained earnings.

③ Overview of Cash Flows for the Current Period

(Unit: Millions of yen)

	Previous period	Current period	Rate of change (%)
Cash flows from operating activities	3,156	2,443	△22.6
Cash flows from investing activities	△1,564	△1,461	6.6
Cash flows from financing activities	△1,860	△680	63.4
Increase (decrease) in cash and cash equivalents	△267	303	213.6
Cash and cash equivalents at beginning of period	2,120	1,853	△12.6
Cash and cash equivalents at end of period	1,853	2,156	16.4

The balance of cash and cash equivalents (hereinafter referred to as “funds”) at the end of the current consolidated fiscal year was 2,156 million yen, an increase of 303 million yen from the end of the previous consolidated fiscal year.

The status of each cash flow for the current consolidated fiscal year and the factors behind it are as follows.

(Cash Flows from Operating Activities)

Funds provided by operating activities in the current consolidated fiscal year were 2,443 million yen (compared with funds provided of 3,156 million yen in the previous consolidated fiscal year). This was due mainly to profit before income taxes of 1,798 million yen and depreciation of 1,720 million yen.

(Cash Flows from Investing Activities)

Funds used in investing activities in the current consolidated fiscal year were 1,461 million yen (compared with funds used of 1,564 million yen in the previous consolidated fiscal year). This was due mainly to expenditures of 1,363 million yen for the acquisition of property, plant and equipment and 227 million yen for the acquisition of shares of subsidiaries resulting in a change in the scope of consolidation, partially offset by proceeds of 158 million yen from the acquisition of shares of subsidiaries resulting in a change in the scope of consolidation.

(Cash Flows from Financing Activities)

Funds used in financing activities in the current consolidated fiscal year were 680 million yen (compared with funds used of 1,860 million yen in the previous consolidated fiscal year). This was due mainly to proceeds of 1,080 million yen from long-term borrowings, offset by expenditures of 1,185 million yen for the repayment of long-term borrowings and 543 million yen for the payment of dividends.

④ Results of Production, Orders Received and Sales

a. Production Results

Because the businesses conducted by the Group are not suited to being described in terms of production results, given the nature of the services provided, such description has been omitted.

b. Orders Received

Because the principal businesses conducted by the Group have a short period from receipt of order to sale, given the nature of the services provided, such description has been omitted.

c. Sales Results

The Group's sales results for the current consolidated fiscal year, by segment, are as follows.

Segment name	Amount (Millions of yen)	Percent change year on year (%)
Network Solutions Business	13,162	4.9
Real Estate Business	296	△33.0
Other	206	159.8
Total	13,664	4.5

(Note) 1. Sales to principal customers, and the percentage of such sales to total sales, for the two most recent consolidated fiscal years are as follows.

Customer	Previous consolidated fiscal year (From July 1, 2024 to June 30, 2025)		Current consolidated fiscal year (From July 1, 2025 to June 30, 2026)	
	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)
U-NEXT LIVING PARTNERS Inc.	2,565	19.6	2,475	18.1

(2) Analysis and Discussion of the Status of Operating Results, etc. from Management's Perspective

Management's recognition, analysis and discussion of the Group's status of operating results, etc. are as follows. Forward-looking statements herein are based on the judgment made as of the date of submission of this report.

① Recognition, Analysis and Discussion of the Status of Operating Results, etc. for the Current Consolidated Fiscal Year

Business results for the current consolidated fiscal year were net sales of 13,664 million yen (up 4.5% from the previous consolidated fiscal year), cost of sales of 8,214 million yen (up 7.5%), and selling, general and administrative expenses of 3,611 million yen (up 4.1%), resulting in operating income of 1,838 million yen (down 6.1%), ordinary income of 1,811 million yen (down 6.8%), and profit attributable to owners of parent of 1,082 million yen (down 18.0%).

a. Net Sales

Net sales were 13,664 million yen (up 4.5% from the previous consolidated fiscal year). This was due to the continued firm performance of the Network Solutions Business.

b. Cost of Sales and Gross Profit

Cost of sales was 8,214 million yen (up 7.5% from the previous consolidated fiscal year). Gross profit margin has been on a declining trend due to the increase in sales in the Network Solutions Business, the effect of the introduction of the outright equipment sales model, and an increase in communication costs resulting from higher communication traffic. As a result, gross profit was 5,449 million yen (up 0.4% from the previous consolidated fiscal year).

c. Selling, General and Administrative Expenses, and Operating Income

Selling, general and administrative expenses were 3,611 million yen (up 4.1% from the previous consolidated fiscal year). As a result, operating income was 1,838 million yen (down 6.1% from the previous consolidated fiscal year).

d. Non-Operating Income, Non-Operating Expenses and Ordinary Income

There were no significant items of non-operating income or non-operating expenses. As a result, ordinary income was 1,811 million yen (down 6.8% from the previous consolidated fiscal year).

e. Extraordinary Income, Extraordinary Losses, and Profit Attributable to Owners of Parent

Extraordinary income was 40 million yen. This was due to the recognition of a gain on bargain purchase of 40 million yen resulting from the acquisition of shares of subsidiaries accompanying a change in the scope of consolidation.

Extraordinary losses were 54 million yen (up 2.7% year on year). This was due mainly to the recognition of losses on retirement of telecommunications equipment that was no longer in use. As a result, profit before income taxes was 1,798 million yen (down 4.9% from the previous consolidated fiscal year), and, after recording corporate, resident and enterprise taxes and the adjustment for corporate taxes, profit attributable to owners of parent was 1,082 million yen (down 18.0% from the previous consolidated fiscal year).

② Analysis and Discussion of Cash Flows, and Information Concerning Capital Resources and Liquidity of Funds

a. Analysis and Discussion of Cash Flows

The status of cash flows for the current consolidated fiscal year is as described in “4. Analysis of Financial Position, Operating Results and Cash Flows by Management, (1) Overview of Operating Results, etc., ③ Overview of Cash Flows for the Current Period.”

b. Funding Requirements

The Group's principal working capital requirements consist of amounts arising from the difference between the timing of payment of trade payables and collection of trade receivables due to increased sales, amounts arising from increases in inventories such as telecommunications equipment and real estate for sale, and payments for the acquisition of telecommunications equipment classified as property, plant and equipment. In addition, selling, general and administrative expenses, including an increase in personnel expenses resulting from business expansion and the enhancement of the Group's management structure, are also a factor increasing funding requirements.

c. Financial Policy

The Group intends to procure additional working capital through a combination of its own funds and borrowings from financial institutions.

③ Significant Accounting Policies and Estimates

The Group's consolidated financial statements are prepared in accordance with accounting standards generally accepted as fair and appropriate in Japan. Their preparation requires management to select and apply accounting policies and to make estimates that affect the reported amounts of, and disclosures relating to, assets, liabilities, revenues and expenses. These estimates are made based on reasonable judgment, taking into account past results and other factors, and are revised as necessary; however, because estimates involve inherent uncertainty, actual results may differ from these estimates.

The significant accounting policies used in the preparation of these consolidated financial statements are described in "Item 5. Status of Accounting, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements," under "Notes: Significant Matters Forming the Basis for the Preparation of the Consolidated Financial Statements."

④ Factors Having a Significant Impact on Operating Results

As described in "Item 2. Overview of Business, 3. Business Risks," the Group recognizes that various risk factors, including the business environment, business content, and legal regulations, may have a significant impact on the Group's operating results.

For this reason, in order to diversify and reduce such risks, the Group will pay attention to market trends, strengthen its internal management structure, secure and develop talented personnel, and accurately grasp user needs in order to provide optimal products and services at the optimal time.

⑤ Current Status and Outlook of Management Strategy

Under its management policy of creating niche markets of its own and becoming a price maker by increasing market share as an on-premises infrastructure integrator, the Group has worked to expand its business, primarily centered on its Network Solutions Business.

In order to achieve the continuous development of the Group's business, the Group will continue to strengthen its sales structure, including partner companies, and will further strengthen the promotion of differentiation and higher added value through the development of new products and services based on feedback from service operations and customer support, thereby expanding its business through further sales expansion.

Under these management strategy policies, the Group aims to achieve sustainable growth, and, in the process of pursuing the Group's growth and development, hopes to contribute to the development of the on-premises infrastructure market.

⑥ Management's Awareness of Issues and Future Policy

Management recognizes that, in order for the Group to expand its business scale and continue to provide better services going forward, it is necessary to address the various issues described in "Item 2. Overview of Business, 1. Management Policy, Management Environment, and Issues to Be Addressed." In order to address these issues, management's policy is to constantly obtain and analyze information concerning changing needs and the business environment, to confirm the current and future business environment, to recognize the issues involved, and, at the same time, to implement optimal solutions.

5. [Material Contracts, etc.]

(Manufacturing Outsourcing Agreement)

Name of counterparty (location of counterparty)	Name of agreement	Content of agreement	Term of agreement
Tailyn Technologies, Inc. (Taiwan)	Manufacturing outsourcing agreement	Outsourcing of product development and manufacturing of telecommunications equipment	From December 27, 2017 to December 26, 2021 (automatically renewed annually thereafter)
Emplus Technologies, Inc. (Taiwan)	Manufacturing outsourcing agreement	Outsourcing of product development and manufacturing of telecommunications equipment	No fixed term

(Acquisition of Shares by a Consolidated Subsidiary)

OffGrid-Lab Inc., a consolidated subsidiary of the Company, has entered into a share transfer agreement to acquire all shares of Power Denki Innovation Inc. and Smart Green Co., Ltd. and subsequently acquired all shares of both companies.

For details, please refer to “Notes on (1) Consolidated Financial Statements (Matters related to business combination) of 1. Consolidated Financial Statements and Others in 5. Financial Information.”

(Acquisition of Shares by the Company)

The Company has entered into a share transfer agreement to acquire all shares of Aiwa Co., Ltd. and subsequently acquired all such shares.

For details, please refer to “Notes on (1) Consolidated Financial Statements (Matters related to business combination) of 1. Consolidated Financial Statements and Others in 5. Financial Information.”

6. [Research and Development Activities]

In order to further strengthen its vertically integrated business model, the Group conducts research and development activities relating to telecommunications equipment and systems. Specifically, the Group's activities are centered on the development and improvement of telecommunications equipment, such as Wi-Fi routers that also function as access points (APs), and on system development.

In addition, in order to manage the Company efficiently, the Group is also developing a telecommunications infrastructure management system for the provision of the Group's Wi-Fi services.

Research and development expenses for the current consolidated fiscal year were 16 million yen.

Because the above research and development expenses cannot be associated with a specific segment, they are not described by segment.

Item 3 [Status of Facilities]

1. [Overview of Capital Expenditures, etc.]

The total amount of capital expenditures made by the Group during the current consolidated fiscal year was 1,541 million yen.

The principal component of this was capital expenditure of 1,340 million yen relating to the installation of telecommunications equipment for the provision of services.

2. [Status of Principal Facilities]

The Group's principal facilities are as follows.

(1) The Company

As of June 30, 2026

Office name (Location)	Segment name	Description of facility	Book value (Millions of yen)					Number of employees (Persons)
			Buildings	Telecommu- nications equipment	Land (Area, m ²)	Other	Total	
Head Office (Chuo-ku, Sapporo City)	Network Solutions Business Company-wide (shared)	Office equipment and fixtures	1	0	— (—)	1	2	33 (4)
Tokyo Office (Minato-ku, Tokyo)	Network Solutions Business Company-wide (shared)	Office equipment and fixtures	26	—	— (—)	5	32	144 (13)
Other	Network Solutions Business Company-wide (shared)	Office equipment and telecommunication s equipment for rental, etc.	1	6,561	— (—)	0	6,563	37 (2)

(Notes) 1. There are no significant facilities currently idle.

2. The figures in parentheses () for the number of employees indicate the average number of temporary employees, shown separately.

3. "Other" in book value consists of tools, furniture and fixtures.

(2) Domestic Subsidiaries

Description has been omitted due to its lack of materiality.

(3) Overseas Subsidiaries

Description has been omitted due to its lack of materiality.

3. [Plans for New Installation, Retirement, etc. of Facilities]

(1) Significant New Installation of Facilities, etc.

Capital expenditure by the Group is formulated taking into account economic forecasts, industry trends, and investment efficiency, among other factors.

The Group plans to continue to make additional acquisitions of telecommunications equipment for the Network Solutions Business in the 28th Term as well, in line with business expansion.

Company name	Office name (Location)	Segment name	Description of facility	Planned investment amount		Method of funding	Planned commencement and completion date		Increase in capacity after completion
				Total (Millions of yen)	Amount already paid (Millions of yen)		Commencement	Completion	
The Company	Company-wide (-)	Network Solutions Business	Telecommunications equipment for the business	1,400	-	Own funds and borrowings	July 2026	June 2027	- (Note)
The Company	Company-wide (-)	All businesses	Core system	130	25	Own funds and borrowings	August 2025	September 2027	- (Note)

(Note) The increase in capacity after completion is not described because it is difficult to quantify.

(2) Significant Retirement, etc. of Facilities

Other than retirements for the routine renewal of facilities, there are no significant retirements, etc. of facilities.

Item 4 [Status of the Filing Company]

1. [Status of Shares, etc.]

(1) [Total Number of Shares, etc.]

① [Total Number of Shares]

Type	Total number of authorized shares (Shares)
Common stock	79,100,000
Total	79,100,000

② [Issued Shares]

Type	Number of shares issued as of the end of the fiscal year (Shares) (June 30, 2026)	Number of shares issued as of the filing date (Shares) (September 24, 2026)	Name of the listed financial instruments exchange or the name of the authorized financial instruments firms association	Content
Common stock	20,593,600	20,593,600	Tokyo Stock Exchange (Standard Market) Sapporo Securities Exchange	The number of shares per unit is 100 shares. Common stock is a fully voting share with no limitations on its rights, and is the standard type of share issued by the Company.
Total	20,593,600	20,593,600	—	—

(2) [Status of Stock Acquisition Rights, etc.]

① [Content of the Stock Option System]

Not applicable.

② [Content of Rights Plan]

Not applicable.

③ [Status of Other Stock Acquisition Rights, etc.]

Not applicable.

(3) [Status of Exercise of Bonds with Stock Acquisition Rights with Exercise Price Amendment Provisions, etc.]

Not applicable.

(4) [Changes in Total Number of Issued Shares, Capital Stock, etc.]

Date	Increase (decrease) in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Increase (decrease) in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Increase (decrease) in capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
July 15, 2021 to October 15, 2021 (Note)	103,400	20,591,200	5	494	5	400
May 15, 2024 (Note)	2,400	20,593,600	0	494	0	400

(Note) The increase was due to the exercise of stock acquisition rights.

(5) [Status by Type of Owner]

As of June 30, 2026

As of June 30, 2020

Classification	Status of shares (100 shares per unit)								Status of shares less than one unit (Shares)
	National and local governments	Financial institutions	Financial instrument s business operators	Other corporatio ns	Foreign corporations, etc.		Individuals and others	Total	
					Excluding individuals	Individuals			
Number of shareholders (Persons)	0	10	22	50	65	23	5,884	6,054	—
Number of shares held (Units)	0	35,505	4,042	61,031	13,191	93	91,867	205,729	20,700
Percentage of shares held (%)	0.00	17.26	1.96	29.67	6.41	0.05	44.65	100.00	—

(Note) Treasury stock of 472,242 shares is included in “Individuals and others” (4,722 units) and in “Status of shares less than one unit” (42 shares).

(6) [Status of Major Shareholders]

As of June 30, 2026

Name	Address	Number of shares held (Thousands of shares)	Percentage of shares held to total number of issued shares (excluding treasury shares) (%)
MI Corporation Inc.	2-12, Minami 9-jo Nishi 20-chome, Chuo-ku, Sapporo City, Hokkaido	4,749	23.60
Masanori Inomata	Chuo-ku, Sapporo City, Hokkaido	2,794	13.88
Sumitomo Mitsui Trust Bank, Ltd. (Trust Account A-23)	1-4-1, Marunouchi, Chiyoda-ku, Tokyo	1,700	8.44
Taizo Matsumoto	Taito-ku, Tokyo	1,097	5.45
Hikari Tsushin KK Investment Limited Partnership	1-4-10, Nishi-Ikebukuro, Toshima-ku, Tokyo	1,069	5.31
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	1,003	4.98
UH5 Co., Ltd.	1-4-10, Nishi-Ikebukuro, Toshima-ku, Tokyo	977	4.85
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 1-8-1, Akasaka, Minato-ku, Tokyo	555	2.75
INTERACTIVE BROKERS LLC (Standing proxy: Interactive Brokers Securities Japan, Inc.)	ONE PICKWICK PLAZA GREENWICH, CONNECTICUT 06830 USA (3-2-5, Kasumigaseki, Chiyoda-ku, Tokyo)	272	1.35
Hikari Tsushin, Inc.	1-4-10, Nishi-Ikebukuro, Toshima-ku, Tokyo	205	1.02
Total	—	14,425	71.69

(Notes) 1. The percentage of shares held to the total number of issued shares (excluding treasury shares) is shown rounded down to the third decimal place.

2. Of the above numbers of shares held, the number of shares related to trust operations is not stated, as the Company is unable to ascertain such figures.

3. The 1,700 thousand shares of Sumitomo Mitsui Trust Bank, Ltd. (Trust Account A-23) relate to a trust agreement for the purpose of managing shares, with Masanori Inomata, the Company's Representative Director, as trustor and beneficiary, and Sumitomo Mitsui Trust Bank, Ltd. as trustee. In addition, of the 1,003 thousand shares held by Custody Bank of Japan, Ltd. (Trust Account), 800 thousand shares relate to the conclusion of a donated share management trust agreement with respect to shares held by Masanori Inomata, the Company's Representative Director. As a result, the actual number of shares held by Masanori Inomata, including the number of shares held by MI Corporation Inc., his asset management company, totals 10,043 thousand shares, representing a ratio of 49.91%.

(7) [Status of Voting Rights]

① [Issued Shares]

As of June 30, 2026

Classification	Number of shares (Shares)	Number of voting rights (Units)	Content
Shares without voting rights	—	—	—
Shares with restricted voting rights (treasury stock, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury stock, etc.)	Common stock 472,200	—	—
Shares with full voting rights (other)	Common stock 20,100,700	201,007	—
Shares less than one unit	Common stock 20,700	—	—
Total number of issued shares	20,593,600	—	—
Total voting rights of all shareholders	—	201,007	—

② [Treasury Stock, etc.]

As of June 30, 2026

Name of owner	Address of owner	Number of shares held in the Company's own name (Shares)	Number of shares held in others' names (Shares)	Total number of shares held (Shares)	Percentage of shares held to total number of issued shares (%)
Fibergate Inc.	Nishi 8-10-3, Minami 1-Jo, Chuo-ku, Sapporo City	472,200	—	472,200	2.30
Total	—	472,200	—	472,200	2.30

(8) [Content of the Officer and Employee Stock Ownership System]

Stock-based compensation system for directors

The Company has introduced a stock-based compensation system for directors, based on a resolution of the 22nd Annual General Meeting of Shareholders held on September 28, 2021.

For details of the system, please refer to “4. Corporate Governance, etc. (4) Compensation, etc. for Officers.”

2. [Status of Acquisition of Treasury Stock, etc.]

[Type of Shares, etc.] Acquisition of common stock falling under Article 155, Item 7 of the Companies Act

(1) [Status of Acquisition Based on a Resolution of the General Meeting of Shareholders]

Not applicable.

(2) [Status of Acquisition Based on a Resolution of the Board of Directors]

Not applicable.

(3) [Content of Acquisitions Not Based on a Resolution of the General Meeting of Shareholders or the Board of Directors]

Classification	Number of shares (Shares)	Total value (Yen)
Treasury stock acquired during the current fiscal year	35	23,345
Treasury stock acquired during the current period	—	—

(Note) Treasury stock acquired during the current period does not include shares acquired through the purchase of shares less than one unit from September 1, 2026 to the date of submission of this report.

(4) [Status of Disposal and Holding of Acquired Treasury Stock]

Classification	Current fiscal year		Current period	
	Number of shares (Shares)	Total disposal value (Yen)	Number of shares (Shares)	Total disposal value (Yen)
Treasury stock acquired for which a solicitation of subscribers was made	—	—	—	—
Treasury stock acquired that was disposed of through retirement	—	—	—	—
Treasury stock acquired that was transferred through merger, share exchange, share delivery, or company split	—	—	—	—
Other	—	—	—	—
Number of treasury shares held	472,242	—	472,242	—

(Note) The number of treasury shares held during the current period does not include shares acquired through the purchase of shares less than one unit from September 1, 2026 to the date of submission of this report.

3. [Dividend Policy]

The Group regards the return of profits to shareholders as one of its most important management issues, alongside aiming to expand business results through growth investment.

The Group's basic policy is to divide the profit for each fiscal year broadly into three parts under a “three-way satisfaction” approach, in principle using one-third as the source of funds for dividend payments to shareholders, one-third for returns to officers and employees, who are important human capital, and for business investment to further grow the Company, and retaining the remaining one-third as internal reserves, while placing greater emphasis on shareholder returns, with a basic target dividend payout ratio of approximately 33%.

The organ that determines dividends is the General Meeting of Shareholders. In addition, the Company's Articles of Incorporation provide that the Company may pay interim dividends as set forth in Article 454, Paragraph 5 of the Companies Act, by resolution of the Board of Directors.

Dividends of surplus relating to the current fiscal year are as follows.

Date of resolution	Total amount of dividends (Millions of yen)	Dividend per share (Yen)
February 13, 2026 Board of Directors	271	13.50
September 25, 2026 Annual General Meeting of Shareholders (scheduled)	271	13.50

4. [Corporate Governance, etc.]

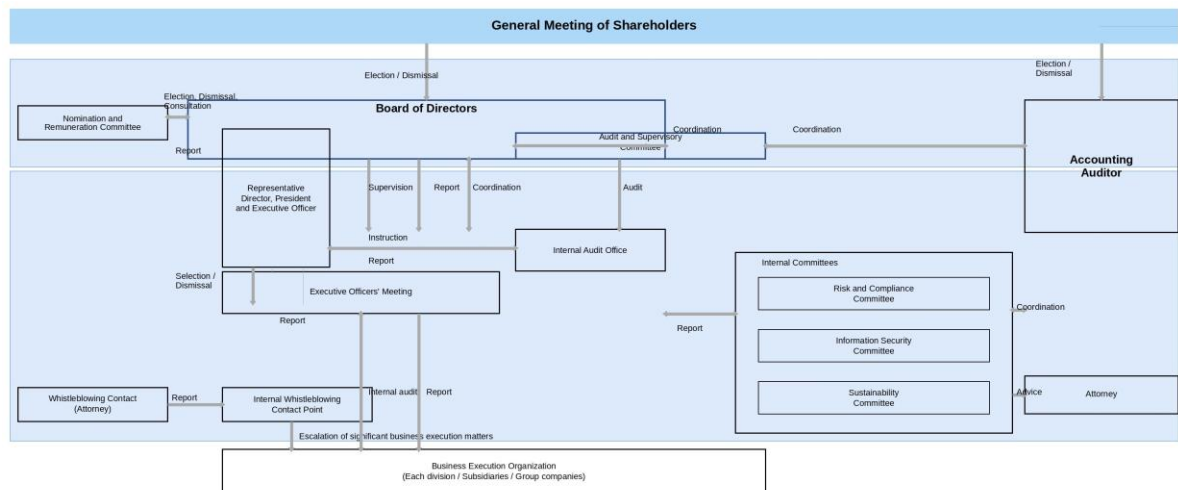
(1) [Overview of Corporate Governance]

1. Basic Approach to Corporate Governance

The Company recognizes that building a corporate governance structure in which “internal control,” “compliance” and “disclosure controls” function sufficiently is an important management issue. Believing that securing the trust of all stakeholders, including shareholders, and of the Company, leads to an increase in corporate value, the Company strives for sound and transparent management while pursuing fairness and efficiency, and fulfills its accountability. The Company is also working to disclose information to stakeholders, including shareholders, in a timely and appropriate manner, and to build and enhance a sound and highly transparent management structure.

2. Overview of the Corporate Governance Structure and Reasons for Adopting It

The Company's corporate governance structure is as follows.



(1) Reasons for Adopting the Corporate Governance Structure

The Company has adopted the structure of a Company with an Audit and Supervisory Committee as its corporate governance structure. In addition, the Company has introduced an executive officer system for the purposes of, among other things, enhancing legal compliance as a company and invigorating the Board of Directors while clarifying responsibility for business execution.

The Internal Audit Office, the Company's internal audit division, has determined that corporate governance functions effectively through the mutual cooperation of these organs, and has therefore adopted its current corporate governance structure.

In addition, in order to strengthen the fairness and objectivity of procedures relating to the nomination and remuneration of directors, and to further enhance corporate governance, the Company has established a Nomination and Remuneration Committee as a discretionary advisory body to the Board of Directors.

(2) Overview of the Corporate Governance Structure

① The Board of Directors and Directors

The Company's Board of Directors consists of six directors excluding Audit and Supervisory Committee Members (of whom two are outside directors) and three directors who are Audit and Supervisory Committee Members (of whom two are outside directors). By functioning as a decision-making body capable of responding swiftly to changes in the environment, the Board seeks to establish a structure for supervising business execution and to ensure fairness in decision-making.

In principle, the Board of Directors holds a regular meeting once a month, and also holds extraordinary meetings as necessary, to decide important matters relating to management and business execution. Executive officers attend meetings of the Board of Directors as necessary.

* The Company has proposed, as an agenda item (matter for resolution) for the 27th Annual General Meeting of Shareholders scheduled to be held on September 25, 2026, "Election of Five Directors Who Are Not Audit and Supervisory Committee Members" and "Election of One Substitute Audit and Supervisory Committee Member." Should these proposals be approved, the Company's directors excluding Audit and Supervisory Committee Members will number five (of whom two are outside directors), directors who are Audit and Supervisory Committee Members will number three (of whom two are outside directors), and there will be one director who is a substitute Audit and Supervisory Committee Member.

② Audit and Supervisory Committee

The Company's Audit and Supervisory Committee consists of a total of three members: one full-time director who is an Audit and Supervisory Committee Member, and two outside directors who are Audit and Supervisory Committee Members. The Audit and Supervisory Committee is required to hold a regular meeting once a month, and may hold extraordinary meetings as necessary.

The Audit and Supervisory Committee has built a structure to conduct audits of overall management, centered on accounting audits and operational audits, and works with the Accounting Auditor and the Internal Audit Office to carry out effective and efficient audits.

③ Executive Officers' Meeting

The Executive Officers' Meeting is held, in principle, once a week, as a body for reporting on operations in line with management policy and gathering important information related thereto, sharing information among divisions, and deliberating on matters relating to the business plan, policies concerning the business as a whole, and issues faced by each division that should be considered across the organization. The Executive Officers' Meeting is composed of executive officers and persons designated by the Representative Director, President and Executive Officer, and is operated so that responsible personnel may attend and offer opinions as necessary.

④ Internal Audit Office

The Company has established an independent Internal Audit Office, and the Internal Audit Office (four members), under instructions from the Representative Director, conducts operational audits so as to cover the Group as a whole,

and reports the results of its audits to the Representative Director and the Audit and Supervisory Committee. Based on the audit results, the Representative Director instructs the audited divisions to make improvements and has them report the results, thereby maintaining and improving internal controls. In addition, the Internal Audit Office, the Audit and Supervisory Committee Members, and the Accounting Auditor exchange information as appropriate in order to conduct audits effectively and efficiently, and strive for efficient audits.

⑤ Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three or more members selected by resolution of the Board of Directors, and, in order to ensure independence, a majority of its members are outside directors.

In response to consultation from the Board of Directors, the Nomination and Remuneration Committee deliberates on and makes recommendations concerning matters relating to the election and dismissal of directors, Audit and Supervisory Committee Members and executive officers, matters relating to the selection and dismissal of the Representative Director and executive officers with titles, matters relating to the remuneration of directors and executive officers, and matters relating to succession planning (including development).

The Company's Board of Directors, Audit and Supervisory Committee, Executive Officers' Meeting, and Nomination and Remuneration Committee are composed of the following members.

Title	Name	Board of	Audit and Supervisory Committee	Executive Officers' Meeting	Nomination and Remuneration Committee (Meeting on Nomination)	Nomination and Remuneration Committee (Meeting on Remuneration)
Representative Director, President and Executive Officer	Masanori Inomata	Chairman	—	Chairman	○	—
Director, Vice President Executive Officer	Daisuke Ishikawa	○	—	○	—	—
Director, Managing Executive Officer	Hisashi Kaneko	○	—	○	—	—
Director, Executive Officer	Mie Ishimaru	○	—	○	—	○
Director (Outside)	Nobuyuki Shinoda	○	—	—	Chairman	Chairman
Director (Outside)	Chikako Shimahata	○	—	—	○	○
Director (Full-time Audit and Supervisory Committee Member)	Tetsurou Tatsuta	○	Chairman	○	—	—
Director (Outside) (Audit and Supervisory Committee Member)	Tomohiro Obata	○	○	—	○	○
Director (Outside) (Audit and Supervisory Committee Member)	Keishi Kamata	○	○	—	○	○
Managing Executive Officer	Shigenori Imagawa	—	—	○	—	—
Executive Officer	Satoshi Inoue	—	—	○	—	—
Executive Officer	Tomohiro Minagawa	—	—	○	—	—

* The Company has proposed “Election of Five Directors Who Are Not Audit and Supervisory Committee Members” as an agenda item (matter for resolution) for the 27th Annual General Meeting of Shareholders scheduled to be held on September 25, 2026. Should this proposal be approved, the Company's Board of Directors, Audit and Supervisory Committee, Executive Officers' Meeting, and Nomination and Remuneration Committee will be composed of the following members.

Title	Name	Board of	Audit and Supervisory Committee	Executive Officers' Meeting	Nomination and Remuneration Committee (Meeting on Nomination)	Nomination and Remuneration Committee (Meeting on Remuneration)
Representative Director, President and Executive Officer	Masanori Inomata	Chairman	—	Chairman	○	—
Director, Senior Managing Executive Officer	Daisuke Ishikawa	○	—	○	—	—
Director, Senior Executive Officer	Mie Ishimaru	○	—	○	—	○
Director (Outside)	Nobuyuki Shinoda	○	—	—	Chairman	Chairman
Director (Outside)	Chikako Shimahata	○	—	—	○	○
Director (Full-time Audit and Supervisory Committee Member)	Tetsurou Tatsuta	○	Chairman	○	—	—
Director (Outside) (Audit and Supervisory Committee Member)	Tomohiro Obata	○	○	—	○	○
Director (Outside) (Audit and Supervisory Committee Member)	Keishi Kamata	○	○	—	○	○
Managing Executive Officer	Hisashi Kaneko	—	—	○	—	—
Managing Executive Officer	Shigenori Imagawa	—	—	○	—	—
Executive Officer	Satoshi Inoue	—	—	○	—	—
Executive Officer	Tomohiro Minagawa	—	—	○	—	—
Executive Officer	Yosuke Kimura	—	—	○	—	—

3. Activities of the Board of Directors, Audit and Supervisory Committee Members, and the Discretionary Nomination and Remuneration Committee

(1) Board of Directors

Activities during the current consolidated fiscal year were as follows.

Title	Name	Attendance
Representative Director, President and Executive Officer	Masanori Inomata	100% (15/15 meetings)
Director, Vice President Executive Officer	Daisuke Ishikawa	100% (15/15 meetings)
Director, Managing Executive Officer	Hisashi Kaneko	100% (15/15 meetings)
Director, Executive Officer	Mie Ishimaru	100% (15/15 meetings)
Director (Outside)	Nobuyuki Shinoda	100% (15/15 meetings)
Director (Outside)	Chikako Shimahata	100% (15/15 meetings)
Director (Full-time Audit and Supervisory Committee Member)	Tetsurou Tatsuta	100% (15/15 meetings)
Director (Outside) (Audit and Supervisory Committee Member)	Tomohiro Obata	100% (15/15 meetings)
Director (Outside) (Audit and Supervisory Committee Member)	Keishi Kamata	100% (15/15 meetings)

Specific matters considered by the Board of Directors, in addition to matters prescribed by laws and regulations and matters subject to resolution, include the annual and medium-term management plans, bank borrowings, the establishment or abolition of important organizational structures, capital policy, verification of the effectiveness of the Board of Directors, ongoing discussion of matters relating to corporate governance and sustainability, and other important management matters, on which the Board reports, deliberates and makes decisions.

(2) Nomination and Remuneration Committee

Activities during the current consolidated fiscal year were as follows.

Name	Meeting on nomination	Meeting on remuneration
Nobuyuki Shinoda	100% (2/2 meetings)	100% (2/2 meetings)
Chikako Shimahata	100% (2/2 meetings)	100% (2/2 meetings)
Tomohiro Obata	100% (2/2 meetings)	100% (2/2 meetings)
Keishi Kamata	100% (2/2 meetings)	100% (2/2 meetings)
Masanori Inomata	100% (2/2 meetings)	—
Mie Ishimaru	—	100% (2/2 meetings)

* Where a meeting on nomination and a meeting on remuneration are held simultaneously, each meeting is counted as a separate, independent meeting.

Specific matters considered by the Nomination and Remuneration Committee include the remuneration system and remuneration policy for directors (including Audit and Supervisory Committee Members) and executive officers, the details of individual remuneration for directors and executive officers, and consideration of proposals to be submitted to the General Meeting of Shareholders (limited to proposals relating to remuneration), on which the Committee makes recommendations to the Board of Directors.

In addition to the above, the Committee also formulates the rules of the Nomination and Remuneration Committee, selects the chairman, considers the composition of the Board of Directors, and considers the policies and standards for the election and dismissal of directors, including Audit and Supervisory Committee Members, and of executive officers, and considers individual elections.

4. Other Matters Relating to Corporate Governance

In order to improve the transparency of its management and thoroughly ensure compliance-oriented management, the Company positions the strengthening of its corporate governance structure, together with building an organizational structure capable of responding swiftly to changes in the management environment, as an important issue.

With respect to internal controls, the Company resolved its “Basic Policy on Internal Controls” at meetings of the Board of Directors held on September 9, 2016 and October 13, 2023. In order to improve the effectiveness and efficiency of operations, ensure the reliability of financial reporting, and achieve compliance with laws and regulations relating to its business activities, the Company's internal control system employs the internal management structure described in “B. The Company's Corporate Governance Structure,” and, through compliance with its division of duties rules and authority rules, reasonably allocates duties so as to avoid a concentration of operations or authority in a specific organization or specific person in charge, thereby ensuring that internal checks function appropriately. The Company has also established an internal whistleblowing contact point through which employees can directly report or consult regarding misconduct or violations.

(1) Status of Development of the Internal Control System

The Company has established a “Basic Policy on Internal Controls,” and, in accordance with this policy, has developed an internal control system for the Fibergate Group as a whole, including the management of Group companies, compliance, risk management, and ensuring the effectiveness of audits by the Audit and Supervisory Committee. The Company has also organized an Internal Control Team within the Management Administration Division to develop and build internal controls and to provide education and guidance to employees, thereby ensuring the appropriateness of operations and working to enhance corporate value.

(2) Status of Development of the Structure for Managing Group Companies

In order to ensure the appropriateness of operations at Group companies and to ensure that the execution of duties conforms to laws and regulations and the Articles of Incorporation, the Company has established various policies to be observed by Group companies.

(3) Status of Evaluation of the Effectiveness of the Board of Directors

The Company actively incorporates opinions on the operation of the Board of Directors from highly independent outside directors, and strives to ensure the effectiveness of the Board of Directors. In order to further enhance the effectiveness of the Board of Directors, the Company analyzes and evaluates the effectiveness of the Board of Directors as a whole every year, and discloses an overview of the results. A questionnaire is administered to all directors, and, based on the results, together with the opinions of an external consultant, an analysis and evaluation of the effectiveness of the Board of Directors is conducted; the Company has confirmed that its Board of Directors is operated appropriately and that its effectiveness is ensured. The Company will continue to work to further enhance the effectiveness of the Board of Directors going forward.

In addition, the Audit and Supervisory Committee also conducts an evaluation of its own effectiveness every year. The three Audit and Supervisory Committee Members review the audit activities of the current fiscal year, conduct an evaluation and analysis for the purpose of improving audit quality, and, having identified initiatives to improve effectiveness, reflect these in the audit plan for the following fiscal year.

(4) Status of Development of the Risk and Compliance Management Structure

The Company recognizes risk management as an extremely important management activity. Specifically, the Company strives to ensure business execution and supervision by the directors and the Board of Directors, while, in order to strengthen its risk management structure, working to enhance its internal control functions through the formulation of business plans, budgetary control, the operation and checking of operations based on various rules, and the strengthening of internal audits. In addition, with respect to risk management, in the event a serious crisis with external implications comes to light, a Risk and Compliance Committee, composed of executive officers, is established at the Executive Officers' Meeting to investigate the crisis, confirm the facts, respond externally, and work to prevent recurrence.

The Group has established its “Compliance Regulations” and “Detailed Rules of Conduct for Compliance,” which set out the Company's basic approach to compliance and the roles of the Company and Group companies, among other matters, and has established a Risk and Compliance Committee, which deliberates on important matters relating to risk and compliance and reports to the Executive Officers' Meeting.

(5) Overview of the Content of Liability Limitation Agreements

The Company has entered into agreements with its two outside directors who are not Audit and Supervisory Committee Members and its two outside directors who are Audit and Supervisory Committee Members to limit liability for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation. The limit on liability for damages under these agreements is the minimum liability amount prescribed in Article 425, Paragraph 1 of the Companies Act. Such limitation of liability is permitted only where the relevant outside director acted in good faith and without gross negligence in performing the duties that gave rise to the liability.

(6) Overview of the Content of Directors' and Officers' Liability Insurance Contracts

The Company has entered into a directors' and officers' liability insurance contract, as provided for in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company, under which the directors of the Company and its subsidiaries are the insured, and the full amount of the insurance premium is borne by the Company.

The content of this insurance contract is such that the insurance company compensates for damages that may arise from the insured being held liable, or receiving a claim seeking to pursue such liability, in connection with the performance of their duties; the contract is renewed annually, and the Company plans to renew it on the same terms at the next renewal.

(7) Fixed Number of Directors

The Company's Articles of Incorporation provide that the number of directors (excluding those who are Audit and Supervisory Committee Members) shall not exceed 10, and the number of directors who are Audit and Supervisory Committee Members shall not exceed 5.

(8) Requirements for Resolutions on the Election of Directors

The Company's Articles of Incorporation provide that a resolution for the election of directors shall be adopted by a majority of the voting rights of shareholders present, who must hold at least one-third of the voting rights of shareholders entitled to exercise voting rights, and that cumulative voting shall not be used.

(9) Matters Among Those Subject to Resolution by the General Meeting of Shareholders That May Be Resolved by the Board of Directors

① Interim Dividends

The Company may, by resolution of the Board of Directors, pay dividends of surplus, as provided for in Article 454, Paragraph 5 of the Companies Act, to shareholders or registered pledgees of shares recorded in the final register of shareholders as of December 31 of each year.

② Exemption of Directors from Liability

The Company may, by resolution of the Board of Directors, pursuant to Article 426, Paragraph 1 of the Companies Act, exempt directors (including former directors) from liability for damages under Article 423, Paragraph 1 of the same Act, to the extent permitted by law. In addition, the Company may, pursuant to Article 427, Paragraph 1 of the Companies Act, enter into agreements limiting the liability for damages of directors (excluding those who are executive directors, etc.). However, the limit of liability for damages under such agreements shall be the amount prescribed by laws and regulations.

③ Acquisition of Treasury Stock

The Company may, by resolution of the Board of Directors, pursuant to Article 165, Paragraph 2 of the Companies Act, acquire treasury stock through market transactions or other means.

(10) Requirements for Special Resolutions of the General Meeting of Shareholders

For the purpose of ensuring the smooth operation of the General Meeting of Shareholders, the Company's Articles of Incorporation provide that special resolutions of the General Meeting of Shareholders, as provided for in Article 309, Paragraph 2 of the Companies Act, shall be adopted by at least two-thirds of the voting rights of shareholders present, who must hold at least one-third of the voting rights of shareholders entitled to exercise voting rights.

(2) [Status of Officers]

① List of Officers

The status of the Company's officers as of September 24, 2026 (the date of submission of this report) is as follows.

Male: 7; Female: 2 (percentage of female officers: 22%)

Title	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Representative Director President and Executive Officer	Masanori Inomata	Born February 26, 1965	April 1987 Joined Koa Fire and Marine Insurance Co., Ltd. (now Sompo Japan Insurance Inc.) December 1995 Representative Director of Mynet Inc. June 1996 Director of Justic Rare Inc. November 1996 Director of Telecoaptem Inc. (formerly Mynet Inc.) November 1998 Director of Do Telecom Inc. November 2003 Representative Director and President of the Company August 2008 Representative Director of the Japan Monthly Apartment Association December 2008 Audit & Supervisory Board Member of LEOC Co., Ltd. June 2010 Representative Director of FG Marketing Inc. June 2011 Representative Director of Chintai Seikatsu Inc. (now MI Corporation Inc.) (current holder) December 2014 Director of Kaze Co., Ltd. July 2015 Representative Director of Fibergate Taiwan Inc. July 2017 Auditor of the Japan Monthly Apartment Association January 2020 Director of FG-Lab Inc. (current holder) March 2020 Director of BizGenesis Inc. December 2020 Representative Director of the MI Foundation (current holder) February 2021 Director of FG Smart Asset Inc. (current holder) July 2021 Representative Director and President of OffGrid-Lab Inc. (current holder) May 2022 Representative Director of Sakura Aid (current holder) November 2022 Representative Director of MI Management (current holder) January 2023 Outside Director of 3eee Inc. May 2024 Director of the Council for Digital Advancement of Multi-Unit Residential Buildings (current holder) September 2024 Representative Director, President and Executive Officer of the Company (current holder) June 2025 Director and Vice Chairman of the Hokkaido Tourism Organization (current holder) August 2025 Director of Power Denki Innovation Inc. (current holder) January 2026 Director of Enepulse Inc. (current holder) April 2026 Director of Smart Green Co., Ltd. (current holder)	(Note) 2	10,043,790 (Note) 4

Title	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Director Vice President Executive Officer Head of Sales, and General Manager of Hokkaido Sales Division	Daisuke Ishikawa	Born July 31, 1989	April 2012 August 2019 July 2020 September 2021 July 2022 September 2022 May 2023 August 2023 July 2024 July 2024 September 2024 July 2025 January 2026 July 2026 Joined the Company Manager of Residence Wi-Fi Sales Department of Business Promotion Division of the Company Manager of Sales for Eastern Japan in Business Promotion Division of the Company Executive Officer, Deputy Chief Director of Business Promotion Division and Manager of Sales for Eastern Japan of the Company Executive Officer, Chief Director of Home-Use Sales Division and Manager of Sales for Western Japan of the Company Director, Chief Director of Home-Use Sales Division and Manager of Sales for Western Japan of the Company Director, Chief Director of Home-Use Sales Division, Manager of Sales for Western Japan, and Deputy Chief Director of Business-Use Sales Division of the Company Director, Chief Director of Home-Use Sales Division, and Deputy Chief Director of Business-Use Sales Division of the Company Director, Chief Director of Business-Use Sales Division of the Company Director of Enepulse Inc. Director, Vice President Executive Officer, Head of Sales and Chief Director of Business-Use Sales Division of the Company Director, Vice President Executive Officer, Head of Sales and General Manager of Hokkaido Sales Division of the Company Representative Director of Enepulse Inc. (current holder) Director, Vice President Executive Officer, Head of Sales, General Manager of Hokkaido Sales Division and General Manager of Western Japan Sales Division of the Company (current holder)	(Note) 2	8,420

Title	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Director Managing Executive Officer Chief Director of Energy Business Promotion Division	Hisashi Kaneko	Born April 25, 1966	April 1989 Joined Ome Shinkin Bank July 1994 Joined Osaka Yusen Broadcast Co., Ltd. (now USEN Corporation) June 2009 Joined UCOM Corporation October 2013 Joined the Company; Manager of Sales for Eastern Japan in Apartment ISP Business Division January 2014 Manager of Sales for Eastern Japan in Sales Division of the Company July 2015 Executive Officer, Manager of Sales for Eastern Japan in Sales Division of the Company July 2016 Senior Executive Officer, Manager of Sales for Eastern Japan in Sales Division of the Company May 2017 Senior Executive Officer, Manager of the First Sales Department in Business Promotion Division of the Company October 2018 Senior Executive Officer, Manager of Residence Wi-Fi Sales Department in Business Promotion Division of the Company February 2020 Managing Executive Officer, Manager of Residence Wi-Fi Sales Department in Business Promotion Division of the Company July 2020 Managing Executive Officer, Chief Director of Business Promotion Division and General Manager of the Administration Center of the Company February 2021 Managing Executive Officer, Chief Director of Business Promotion Division of the Company July 2021 Managing Executive Officer, Chief Director of Business Promotion Division and Manager of Business Development Department of the Company September 2021 Managing Director, Chief Director of Business Promotion Division and Manager of Business Development Department of the Company July 2022 Managing Director, Chief Director of Business-Use Sales Division and Manager of Business Development Department of the Company September 2022 Director of OffGrid-Lab Inc. (current holder) July 2024 Managing Director, Manager of Business Development Department of the Company September 2024 Director, Managing Executive Officer, Manager of Business Development Department of the Company January 2025 Director, Managing Executive Officer, Chief Director of Energy Promotion Division of the Company (current holder) August 2025 Representative Director and Chairman of Power Denki Innovation Inc. (current holder) April 2026 Director of Smart Green Co., Ltd. (current holder)	(Note) 2	107,520

Title	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Director Executive Officer Chief Director of Management Administration Division	Mie Ishimaru	Born November 2, 1969	November 1997 Joined Asahi & Co. (now KPMG AZSA LLC) April 2003 Registered as a Certified Public Accountant February 2010 Head of Ishimaru Certified Public Accountant Office (current holder) April 2011 Joined Densan Co., Ltd. May 2011 Registered as a Certified Tax Accountant June 2012 Director of Densan Co., Ltd. July 2016 Audit & Supervisory Board Member of TMR Systems Co., Ltd. July 2018 Director of the same company Outside Director of Janpara Co., Ltd. (formerly Thirdwave Exchange Co., Ltd.) September 2018 Outside Director of the Company September 2019 Director, Deputy Chief Director of Management Administration Division and Manager of Finance and Accounting Department of the Company January 2020 Audit & Supervisory Board Member of FG-Lab Inc. March 2020 Audit & Supervisory Board Member of BizGenesis Inc. July 2021 Director, Chief Director of Management Administration Division and Manager of Finance and Accounting Department of the Company January 2023 Director, Chief Director of Management Administration Division of the Company September 2024 Director, Executive Officer, Chief Director of Management Administration Division of the Company (current holder) June 2025 Outside Audit & Supervisory Board Member of Japan Post Co., Ltd. (current holder) September 2025 Director of Fibergate Taiwan Inc. (current holder)	(Note) 2	10,020

Title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director Chairman of the Nomination and Remuneration Committee	Nobuyuki Shinoda	Born August 30, 1951	April 1974 March 1992 March 1995 March 1997 September 2002 September 2003 March 2004 May 2008 March 2010 March 2011 June 2016 January 2020 August 2023	Joined Seibu Department Stores, Ltd. Manager of the Human Resources Department, Yurakucho Store, of the same company Manager of the First Personnel Section of the Human Resources Department and Manager of the Human Resources Department, Ikebukuro Store, of the same company Joined Loft Co., Ltd. Executive Officer of the same company Executive Officer and General Manager of the Omiya Store of the same company Executive Officer and General Manager of the Operations Management Department of the same company Director and Executive Officer in charge of Corporate Planning of the same company In charge of the Metropolitan Sales Department of the same company In charge of the Administration Division of the same company Outside Director of the Company (current holder) Chairman of the Remuneration Committee of the Company Chairman of the Nomination and Remuneration Committee of the Company (current holder)	(Note) 2	3,800
Director	Chikako Shimahata	Born January 30, 1985	April 2007 October 2012 April 2013 April 2013 June 2020 September 2020 November 2024	Joined the Sapporo Branch of Shinko Securities Co., Ltd. (now Mizuho Securities Co., Ltd.) Joined the Sapporo-Nishi Pension Office of the Japan Pension Service Registered as a Certified Social Insurance and Labor Consultant Representative of Pirika Office, a certified social insurance and labor consultant office (current holder) Representative Director of Pirika Co., Ltd. (current holder) Outside Director of the Company (current holder) Chairman of the Sustainability Committee of the Company (current holder)	(Note) 2	4,000

Title	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Director (Full-time Audit and Supervisory Committee Member)	Tetsurou Tatsuta	Born November 22, 1949	April 1973 Joined the Obihiro Branch of The Hokkaido Bank, Ltd. July 2002 Managing Director of Toree Souko Co., Ltd. (now Kyokuichi Logi Co., Ltd.) May 2003 Managing Director of Marukita Co., Ltd. (Kitami Regional Wholesale Market) May 2005 Senior Managing Director of Marukita Co., Ltd. (Kitami Regional Wholesale Market) May 2006 Representative Director and President of Marukita Co., Ltd. (Kitami Regional Wholesale Market) June 2014 Senior Managing Director of Kyokuichi Co., Ltd. (Asahikawa Regional Wholesale Market) Director of Marukita Co., Ltd. Audit & Supervisory Board Member of Kyokuichi Logi Co., Ltd. Audit & Supervisory Board Member of Towa Foods Co., Ltd. April 2017 Senior Managing Director of Kyokuichi Holdings Co., Ltd. May 2017 Audit & Supervisory Board Member of Marukita Co., Ltd. October 2018 Joined the Company June 2019 Outside Audit & Supervisory Board Member of Furano Regional Wholesale Market Co., Ltd. (current holder) August 2019 Assumed the position of General Manager of the Internal Audit Office of the Company September 2021 Assumed the position of Director (Full-time Audit and Supervisory Committee Member) of the Company (current holder) October 2021 Assumed the position of Audit & Supervisory Board Member of Fibergate Taiwan Inc. (current holder) June 2023 Non-standing Audit & Supervisory Board Member of Uohan Co., Ltd.	(Note) 3	10,100
Director (Audit and Supervisory Committee Member)	Tomohiro Obata	Born October 15, 1975	October 2005 Registered as an attorney (Daini Tokyo Bar Association); joined Hiraide Law Office (now Hiraide & Takahashi Law Office) January 2012 Co-founded Ota & Obata General Law Office, and became Representative of its Tokyo Office June 2013 Outside Audit & Supervisory Board Member of RS Technologies Co., Ltd. November 2015 Outside Director of Tohoku Enterprise Co., Ltd. June 2016 Outside Audit & Supervisory Board Member of the Company May 2020 Representative Partner of PLAZA General Law Office (current holder) May 2021 Outside Audit & Supervisory Board Member of Paradigm Shift Co., Ltd. September 2021 Assumed the position of Outside Director (Audit and Supervisory Committee Member) of the Company (current holder)	(Note) 3	3,800

Title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director (Audit and Supervisory Committee Member)	Keishi Kamata	Born February 20, 1957	April 1979 May 1980 April 1982 April 1986 April 2000 April 2001 April 2015 April 2016 April 2017 April 2017 December 2020 September 2021	Joined Hayasaka Accounting Office Joined France Bed Sales Co., Ltd. Joined the Hokkaido Commerce and Industry Guidance Center Registered as a Certified SME Management Consultant (Commerce No. 208717) Chief Consultant of the Diagnosis Department of the same organization Joined the Hokkaido SME General Support Center (now the Public Interest Incorporated Foundation Hokkaido SME General Support Center) General Manager of the Enterprise Promotion Department of the same organization Advisor of the Management Support Department of the same organization Representative of Office K. (current holder) Outside Audit & Supervisory Board Member of the Company Auditor of the MI Foundation (current holder) Assumed the position of Outside Director (Audit and Supervisory Committee Member) of the Company (current holder)	(Note) 3	-
Total						10,191,450

(Notes) 1. Directors Nobuyuki Shinoda, Chikako Shimahata, Tomohiro Obata and Keishi Kamata are outside directors.

2. The term of office of directors (excluding directors who are Audit and Supervisory Committee Members) is until the conclusion of the annual general meeting of shareholders relating to the last fiscal year ending within one year from the conclusion of the annual general meeting of shareholders held on September 25, 2025.
3. The term of office of directors who are Audit and Supervisory Committee Members is until the conclusion of the annual general meeting of shareholders relating to the last fiscal year ending within two years from the conclusion of the annual general meeting of shareholders held on September 25, 2025.
4. The number of shares held by Masanori Inomata, Representative Director, President and Executive Officer, includes the number of shares held by MI Corporation Inc., his asset management company, and the number of shares held in the names of Sumitomo Mitsui Trust Bank, Ltd. (Trust Account A-23) and Custody Bank of Japan, Ltd. (Trust Account), which he holds.
5. The Company has introduced a delegated executive officer system for the purposes of speeding up decision-making, improving the efficiency of business execution, and developing the next generation of management executives. As of the date of submission of this report, the following three executive officers do not concurrently serve as directors.

Position	Name	Concurrent positions
Managing Executive Officer Chief Director of Operations Division	Shigenori Imagawa	Representative Director and President of NOIS Inc.
Executive Officer Chief Director of Product Development Division	Satoshi Inoue	Representative Director and President of FG-Lab Inc. Chairman of the Board of Fibergate Taiwan Inc.
Executive Officer Chief Director of Eastern Japan Sales Division	Tomohiro Minagawa	—

“Election of Five Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” and “Election of One Substitute Director Who Is an Audit and Supervisory Committee Member” have been submitted as agenda items (matters for resolution) for the Annual General Meeting of Shareholders scheduled to be held on September 25, 2026, and, should these resolutions be approved, the status of the Company's officers and their terms of office are expected to be as follows.

The titles, etc. of officers described herein include the content of the matters (titles, etc.) to be resolved at the meeting of the Board of Directors scheduled to be held immediately after the Annual General Meeting of Shareholders.

Male: 6; Female: 2 (percentage of female officers: 25%)

Title	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Representative Director President and Executive Officer	Masanori Inomata	Born February 26, 1965	April 1987 Joined Koa Fire and Marine Insurance Co., Ltd. (now Sampo Japan Insurance Inc.) December 1995 Representative Director of Mynet Inc. June 1996 Director of Justic Rare Inc. November 1996 Director of Telecoaptem Inc. (formerly Mynet Inc.) November 1998 Director of Do Telecom Inc. November 2003 Representative Director and President of the Company August 2008 Representative Director of the Japan Monthly Apartment Association December 2008 Audit & Supervisory Board Member of LEOC Co., Ltd. June 2010 Representative Director of FG Marketing Inc. June 2011 Representative Director of Chintai Seikatsu Inc. (now MI Corporation Inc.) (current holder) December 2014 Director of Kaze Co., Ltd. July 2015 Representative Director of Fibergate Taiwan Inc. July 2017 Auditor of the Japan Monthly Apartment Association January 2020 Director of FG-Lab Inc. (current holder) March 2020 Director of BizGenesis Inc. December 2020 Representative Director of the MI Foundation (current holder) February 2021 Director of FG Smart Asset Inc. (current holder) July 2021 Representative Director and President of OffGrid-Lab Inc. (current holder) May 2022 Representative Director of Sakura Aid (current holder) November 2022 Representative Director of MI Management (current holder) January 2023 Outside Director of 3eee Inc. May 2024 Director of the Council for Digital Advancement of Multi-Unit Residential Buildings (current holder) September 2024 Representative Director, President and Executive Officer of the Company (current holder) June 2025 Director and Vice Chairman of the Hokkaido Tourism Organization (current holder) August 2025 Director of Power Denki Innovation Inc. (current holder) January 2026 Director of Enepulse Inc. (current holder) April 2026 Director of Smart Green Co., Ltd. (current holder)	(Note) 2	10,043,790 (Note) 4

Title	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Director Senior Managing Executive Officer Head of Sales, and General Manager of Western Japan Sales Division	Daisuke Ishikawa	Born July 31, 1989	April 2012 August 2019 Joined the Company Manager of Residence Wi-Fi Sales Department of Business Promotion Division of the Company July 2020 Manager of Sales for Eastern Japan in Business Promotion Division of the Company September 2021 Executive Officer, Deputy Chief Director of Business Promotion Division and Manager of Sales for Eastern Japan of the Company July 2022 Executive Officer, Chief Director of Home-Use Sales Division and Manager of Sales for Western Japan of the Company September 2022 Director, Chief Director of Home-Use Sales Division and Manager of Sales for Western Japan of the Company May 2023 Director, Chief Director of Home-Use Sales Division, Manager of Sales for Western Japan, and Deputy Chief Director of Business-Use Sales Division of the Company August 2023 Director, Chief Director of Home-Use Sales Division, and Deputy Chief Director of Business-Use Sales Division of the Company July 2024 Director, Chief Director of Business-Use Sales Division of the Company July 2024 Director of Enepulse Inc. September 2024 Director, Vice President Executive Officer, Head of Sales and Chief Director of Business-Use Sales Division of the Company July 2025 Director, Vice President Executive Officer, Head of Sales and General Manager of Hokkaido Sales Division of the Company January 2026 Representative Director of Enepulse Inc. (current holder) July 2026 Director, Vice President Executive Officer, Head of Sales, General Manager of Hokkaido Sales Division and General Manager of Western Japan Sales Division of the Company September 2026 Senior Managing Executive Officer, Head of Sales, General Manager of Western Japan Sales Division of the Company (current holder)	(Note) 2	8,420

Title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director Senior Executive Officer Chief Director of Management Administration Division	Mie Ishimaru	Born November 2, 1969	November 1997	Joined Asahi & Co. (now KPMG AZSA LLC)	(Note) 2	10,020
			April 2003	Registered as a Certified Public Accountant		
			February 2010	Head of Ishimaru Certified Public Accountant Office (current holder)		
			April 2011	Joined Densan Co., Ltd.		
			May 2011	Registered as a Certified Tax Accountant		
			June 2012	Director of Densan Co., Ltd.		
			July 2016	Audit & Supervisory Board Member of TMR Systems Co., Ltd.		
			July 2018	Director of the same company Outside Director of Janpara Co., Ltd. (formerly Thirdwave Exchange Co., Ltd.)		
			September 2018	Outside Director of the Company		
			September 2019	Director, Deputy Chief Director of Management Administration Division and Manager of Finance and Accounting Department of the Company		
			January 2020	Audit & Supervisory Board Member of FG-Lab Inc.		
			March 2020	Audit & Supervisory Board Member of BizGenesis Inc.		
			July 2021	Director, Chief Director of Management Administration Division and Manager of Finance and Accounting Department of the Company		
			January 2023	Director, Chief Director of Management Administration Division of the Company		
			September 2024	Director, Executive Officer, Chief Director of Management Administration Division of the Company (current holder)		
			June 2025	Outside Audit & Supervisory Board Member of Japan Post Co., Ltd. (current holder)		
			September 2025	Director of Fibergate Taiwan Inc. (current holder)		
			September 2026	Director, Senior Executive Officer, Chief Director of Management Administration Division of the Company (current holder)		
			September 2026	Audit & Supervisory Board Member of OffGrid-Lab Inc. (current holder)		

Title	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Director Chairman of the Nomination and Remuneration Committee	Nobuyuki Shinoda	Born August 30, 1951	April 1974 March 1992 March 1995 March 1997 September 2002 September 2003 March 2004 May 2008 March 2010 March 2011 June 2016 January 2020 August 2023 Joined Seibu Department Stores, Ltd. Manager of the Human Resources Department, Yurakucho Store, of the same company Manager of the First Personnel Section of the Human Resources Department and Manager of the Human Resources Department, Ikebukuro Store, of the same company Joined Loft Co., Ltd. Executive Officer of the same company Executive Officer and General Manager of the Omiya Store of the same company Executive Officer and General Manager of the Operations Management Department of the same company Director and Executive Officer in charge of Corporate Planning of the same company In charge of the Metropolitan Sales Department of the same company In charge of the Administration Division of the same company Outside Director of the Company (current holder) Chairman of the Remuneration Committee of the Company Chairman of the Nomination and Remuneration Committee of the Company (current holder)	(Note) 2	3,800
Director	Chikako Shimahata	Born January 30, 1985	April 2007 October 2012 April 2013 April 2013 June 2020 September 2020 November 2024 September 2026 Joined the Sapporo Branch of Shinko Securities Co., Ltd. (now Mizuho Securities Co., Ltd.) Joined the Sapporo-Nishi Pension Office of the Japan Pension Service Registered as a Certified Social Insurance and Labor Consultant Representative of Pirika Office, a certified social insurance and labor consultant office (current holder) Representative Director of Pirika Co., Ltd. (current holder) Outside Director of the Company (current holder) Chairman of the Sustainability Committee of the Company (current holder) Substitute Director (Audit and Supervisory Committee Member) of the Company (current holder)	(Note) 2	4,000

Title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director (Full-time Audit and Supervisory Committee Member)	Tetsurou Tatsuta	Born November 22, 1949	April 1973	Joined the Obihiro Branch of The Hokkaido Bank, Ltd.	(Note) 3	10,100
			July 2002	Managing Director of Toree Souko Co., Ltd. (now Kyokuichi Logi Co., Ltd.)		
			May 2003	Managing Director of Marukita Co., Ltd. (Kitami Regional Wholesale Market)		
			May 2005	Senior Managing Director of Marukita Co., Ltd. (Kitami Regional Wholesale Market)		
			May 2006	Representative Director and President of Marukita Co., Ltd. (Kitami Regional Wholesale Market)		
			June 2014	Senior Managing Director of Kyokuichi Co., Ltd. (Asahikawa Regional Wholesale Market) Director of Marukita Co., Ltd.		
				Audit & Supervisory Board Member of Kyokuichi Logi Co., Ltd.		
				Audit & Supervisory Board Member of Towa Foods Co., Ltd.		
			April 2017	Senior Managing Director of Kyokuichi Holdings Co., Ltd.		
			May 2017	Audit & Supervisory Board Member of Marukita Co., Ltd.		
			October 2018	Joined the Company		
			June 2019	Outside Audit & Supervisory Board Member of Furano Regional Wholesale Market Co., Ltd. (current holder)		
			August 2019	Assumed the position of General Manager of the Internal Audit Office of the Company		
			September 2021	Assumed the position of Director (Full-time Audit and Supervisory Committee Member) of the Company (current holder)		
			October 2021	Assumed the position of Audit & Supervisory Board Member of Fibergate Taiwan Inc. (current holder)		
			June 2023	Non-standing Audit & Supervisory Board Member of Uohan Co., Ltd.		
Director (Audit and Supervisory Committee Member)	Tomohiro Obata	Born October 15, 1975	October 2005	Registered as an attorney (Daini Tokyo Bar Association); joined Hiraide Law Office (now Hiraide & Takahashi Law Office)	(Note) 3	3,800
			January 2012	Co-founded Ota & Obata General Law Office, and became Representative of its Tokyo Office		
			June 2013	Outside Audit & Supervisory Board Member of RS Technologies Co., Ltd.		
			November 2015	Outside Director of Tohoku Enterprise Co., Ltd. (current holder)		
			June 2016	Outside Audit & Supervisory Board Member of the Company		
			May 2020	Representative Partner of PLAZA General Law Office (current holder)		
			May 2021	Outside Audit & Supervisory Board Member of Paradigm Shift Co., Ltd.		
			September 2021	Assumed the position of Outside Director (Audit and Supervisory Committee Member) of the Company (current holder)		

Title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director (Audit and Supervisory Committee Member)	Keishi Kamata	Born February 20, 1957	April 1979 May 1980 April 1982 April 1986 April 2000 April 2001 April 2015 April 2016 April 2017 April 2017 December 2020 September 2021	Joined Hayasaka Accounting Office Joined France Bed Sales Co., Ltd. Joined the Hokkaido Commerce and Industry Guidance Center Registered as a Certified SME Management Consultant (Commerce No. 208717) Chief Consultant of the Diagnosis Department of the same organization Joined the Hokkaido SME General Support Center (now the Public Interest Incorporated Foundation Hokkaido SME General Support Center) General Manager of the Enterprise Promotion Department of the same organization Advisor of the Management Support Department of the same organization Representative of Office K. (current holder) Outside Audit & Supervisory Board Member of the Company Auditor of the MI Foundation (current holder) Assumed the position of Outside Director (Audit and Supervisory Committee Member) of the Company (current holder)	(Note) 3	-
Total						10,083,930

(Notes) 1. Directors Nobuyuki Shinoda, Chikako Shimahata, Tomohiro Obata and Keishi Kamata are outside directors.

2. The term of office of directors (excluding directors who are Audit and Supervisory Committee Members) is until the conclusion of the annual general meeting of shareholders relating to the last fiscal year ending within one year from the conclusion of the annual general meeting of shareholders held on September 25, 2026.
3. The term of office of directors who are Audit and Supervisory Committee Members is until the conclusion of the annual general meeting of shareholders relating to the last fiscal year ending within two years from the conclusion of the annual general meeting of shareholders held on September 25, 2025.
4. The number of shares held by Masanori Inomata, Representative Director, President and Executive Officer, includes the number of shares held by MI Corporation Inc., his asset management company, and the number of shares held in the names of Sumitomo Mitsui Trust Bank, Ltd. (Trust Account A-23) and Custody Bank of Japan, Ltd. (Trust Account), which he holds.
5. The Company has introduced a delegated executive officer system for the purposes of speeding up decision-making, improving the efficiency of business execution, and developing the next generation of management executives. As of the date of submission of this report, the following five executive officers do not concurrently serve as directors.

Position	Name	Concurrent positions
Managing Executive Officer General Manager of Energy Business Promotion Department	Hisashi Kaneko	Director of OffGrid-Lab Inc. Representative Director and Chairman of Power Denki Innovation Inc. Director of Smart Green Co., Ltd.
Managing Executive Officer Chief Director of Operations Division	Shigenori Imagawa	Representative Director and President of NOIS Inc.
Executive Officer Chief Director of Product Development Division	Satoshi Inoue	Representative Director and President of FG-Lab Inc. Chairman of the Board of Fibergate Taiwan Inc.
Executive Officer Chief Director of Eastern Japan Sales Division	Tomohiro Minagawa	—
Executive Officer Chief Director of Corporate Planning Division	Yosuke Kimura	Audit & Supervisory Board Member of Enepulse Inc. Representative Director and President of Power Denki Innovation Inc. Audit & Supervisory Board Member of Smart Green Co., Ltd.

6. The Company has elected in advance one Director who is a Substitute Audit and Supervisory Committee Member pursuant to Article 329, paragraph 3 of the Companies Act, in preparation for the event that the number of Directors who are Audit and Supervisory Committee Members falls below the legally required number. The career history of the Director who is a Substitute Audit and Supervisory Committee Member is as follows.

Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Chikako Shimahata	Born January 30, 1985	April 2007	Joined the Sapporo Branch of Shinko Securities Co., Ltd. (now Mizuho Securities Co., Ltd.)	(Note)	4,000
		October 2012	Joined the Sapporo-Nishi Pension Office of the Japan Pension Service		
		April 2013	Registered as a Certified Social Insurance and Labor Consultant		
		April 2013	Representative of Pirika Office, a certified social insurance and labor consultant office (current holder)		
		June 2020	Representative Director of Pirika Co., Ltd. (current holder)		
		September 2020	Outside Director of the Company (current holder)		
		November 2024	Chairman of the Sustainability Committee of the Company (current holder)		
		September 2026	Appointed Director (Substitute Audit and Supervisory Committee Member) of the Company (current holder)		

(Note) The term of office of a Director who is a Substitute Audit and Supervisory Committee Member shall be from the date on which the substitute assumes office to the expiration of the term of office of the Director whom the substitute replaced.

2) Status of Outside Executives

The Company has elected two outside directors who are not Audit and Supervisory Committee Members for the purpose of ensuring the effectiveness of supervision by the Board of Directors over the execution of directors' duties, and has secured a structure that enables appropriate decision-making on important management matters by receiving advice based on their expert views as management professionals. The career summaries of the two outside directors are as set out in “① List of Officers” above; the specialized knowledge cultivated through such experience continues to provide valuable input to the Company's Board of Directors. Although the two Outside Directors who are not Audit and Supervisory Committee members hold shares in the Company as stated in the “Number of shares held” column under “Status of Executives,” their capital relationships with the Company are immaterial, and there are no personal relationships, business relationships, or other interests between them and the Company. As the Company has determined that neither has a conflict of interest with general shareholders, it has notified Tokyo Stock Exchange, Inc. of their designation as independent executives.

In addition, the Company has elected two outside directors who are Audit and Supervisory Committee Members for the purpose of securing a fair and objective audit structure, thereby enhancing the effectiveness of audits by the Audit and Supervisory Committee and maintaining the transparency and soundness of the Company's management. The career summaries of the two outside directors who are Audit and Supervisory Committee Members are as set out in “① List of Officers” above; the specialized knowledge cultivated through such experience has helped to build an objective audit structure at the Company.

Of the two Outside Directors who are Audit and Supervisory Committee members, Tomohiro Obata holds shares in the Company as stated in the “Number of shares held” column under “Status of Executives.” However, his capital relationship with the Company is immaterial, and there are no personal relationships, other capital ties, business relationships, or other interests between him and the Company. As the Company has determined that he has no conflict of interest with general shareholders, it has notified Tokyo Stock Exchange, Inc. of his designation as an independent executive.

(Standards Concerning the Independence of Outside Directors)

The Company has established standards concerning independence for the election of outside directors. The Company's independence standards for outside directors are as follows.

<Independence Standards for Outside Directors>

In order to establish highly transparent management and a robust management oversight function, and to enhance corporate value, when selecting independent officers from among the Company's outside officers, the Company in principle determines that a person who does not fall under any of the following is a person with independence.

1. Relationship with the Company and its Subsidiaries

Not currently, and not having been at any time during the past 10 years, an officer or employee of the Company or its subsidiaries (together, the “Company Group”).

2. Relationship with Business Partners

Not currently, and not having been at any time during the past 3 years, falling under either ① or ② below.

① A major business partner of the Company Group (or, if such major business partner is a corporation, an officer or employee thereof).

② A person for whom the Company Group is a major business partner (or, if such person is a corporation, an officer or employee thereof).

3. Relationship with Shareholders

Not currently, and not having been at any time during the past 3 years, a major shareholder of the Company (or, if such major shareholder is a corporation, an officer or employee thereof).

4. Relationship with Advisors and Consultants

Not currently, and not having been at any time during the past 3 years, falling under either ① or ② below.

- ① The Company Group's Accounting Auditor, tax accountant or attorney, or other consultant (or, if such person is a corporation, partnership or other organization, its member, partner or employee), who receives a substantial amount of money or other property-based benefit from the Company Group, other than officer remuneration.
- ② A certified public accountant, tax accountant, attorney, or other consultant not falling under the above (or, if such person is a corporation, partnership or other organization, its member, partner or employee), who receives a substantial amount of money or other property-based benefit from the Company Group, other than officer remuneration.

5. Relationship with Donation Recipients

Not currently, and not having been at any time during the past 3 years, an officer or employee of a corporation, organization or other entity that receives substantial donations from the Company Group.

6. Relationship with Close Relatives

Not a close relative of a person falling under 1. through 5. above (excluding persons of low importance).

- (Notes) 1. A “major business partner of the Company Group” means a business partner with which the transaction amount for the most recent fiscal year accounts for 2% or more of the Company Group's annual consolidated net sales.
2. A “person for whom the Company Group is a major business partner” means a person for whom the transaction amount with the Company Group for the most recent fiscal year accounts for 2% or more of such person's annual consolidated net sales.
3. A “major shareholder” means a shareholder holding (including indirect holding) 10% or more of total voting rights.
4. A “substantial amount of money” means, on average over the past 3 years, 10 million yen or more per year in the case of an individual, or 2% or more of consolidated net sales or total income of the relevant organization in the case of an organization.
5. A “substantial donation” means, on average over the past 3 years, a donation exceeding the greater of 10 million yen per year or 2% of consolidated net sales or total income.
6. A “close relative” means a spouse or a relative within the second degree of kinship.

③ Coordination Among Supervision or Audits by Outside Directors Who Are Not, or Who Are, Audit and Supervisory Committee Members, Internal Audits, Audits by the Audit and Supervisory Committee and Accounting Audits, and Relationship with the Internal Control Division

Regarding the relationship between supervision or audits by outside directors who are not, or who are, Audit and Supervisory Committee Members and internal audits, audits by the Audit and Supervisory Committee, and accounting audits, internal audits are conducted by the Internal Audit Office (four members), which audits internal checks, and the operation and management of rules and regulations, among other matters, relating to business activities. The Internal Audit Office also periodically investigates the status of compliance, and the results of its audits are reported to the Executive Officers' Meeting. In addition, the Internal Audit Office works closely with the Audit and Supervisory Committee, and the Audit and Supervisory Committee is able to grasp the status of internal audits in a timely manner.

The Audit and Supervisory Committee Members, based on the audit plan formulated by the Audit and Supervisory Committee, conduct planned and comprehensive audits of the Company Group's operations as a whole, centered on the full-time Audit and Supervisory Committee Member. They also attend meetings of the Board of Directors and other important meetings, express opinions, interview directors who are not Audit and Supervisory Committee Members, and audit important approval documents. From the standpoint of the Audit and Supervisory Committee (three members), the Committee meets regularly in order to conduct appropriate oversight. The Committee also actively exchanges information with, and works closely with, the Accounting Auditor. The Internal Audit Office, the Audit and Supervisory Committee and the Accounting Auditor exchange information and communicate on a regular basis.

For accounting audits, the Company has appointed KPMG AZSA LLC as its Accounting Auditor, and is audited accordingly.

Directors who are not Audit and Supervisory Committee Members, Audit and Supervisory Committee Members, and the Accounting Auditor hold review meetings four times a year, and exchange opinions and information on business conditions and the status of internal controls, among other matters, as necessary, thereby obtaining advice on accounting and audit-related issues.

(3) [Status of Audits]

① Status of Audits by the Audit and Supervisory Committee

a. Composition of the Audit and Supervisory Committee and the Structure for Performing its Duties

The Company is a Company with an Audit and Supervisory Committee. The Audit and Supervisory Committee consists of a total of three members: one full-time director who is an Audit and Supervisory Committee Member, and two non-standing directors who are Audit and Supervisory Committee Members, of whom two are outside directors.

The Audit and Supervisory Committee shares information relevant to audits in a timely manner, and deliberates from a variety of perspectives, drawing on the execution experience of the Internal Audit Office and the diverse knowledge of the full-time Audit and Supervisory Committee Member, who has experience as an officer at other companies, together with the extensive knowledge of the outside Audit and Supervisory Committee Members, based on their respective expertise and experience as officers at other companies.

b. Status of Audits by the Audit and Supervisory Committee

The Audit and Supervisory Committee Members attend important meetings, such as those of the Board of Directors, audit the Board's decision-making process, and conduct operational audits, accounting audits and internal control audits through means such as reviewing important documents and interviewing internal audit personnel and other employees.

The Audit and Supervisory Committee Members share information at meetings of the Audit and Supervisory Committee, and also exchange opinions and share information with the Internal Audit Office and the Accounting Auditor from time to time, including through three-way meetings, thereby working to enhance audit functions.

The full-time Audit and Supervisory Committee Member conducts activities such as operational audits of office locations, interviews with each officer and employee, receipt of audit reports from the Accounting Auditor, and meetings relating to the three-way audit system.

The activities of the full-time and outside Audit and Supervisory Committee Members are broadly divided into operational audits and accounting audits, and they monitor and verify matters such as the status of compliance with laws and regulations, the status of development and operation of the risk management structure, the status of development and operation of the internal control system, the appropriateness of the content of financial reporting disclosures, and the adequacy of the Accounting Auditor's audits. They also strive to conduct audit activities efficiently, using a combination of in-person and online formats, including attendance at various meetings, interviews with directors, executive officers, employees, and directors of subsidiaries, and discussions with the Accounting Auditor.

In addition, the full-time Audit and Supervisory Committee Member makes full use of the information available through day-to-day audit activities to grasp the status of the corporate group, sharing information and exchanging opinions with the outside Audit and Supervisory Committee Members as appropriate. The full-time Audit and Supervisory Committee Member also makes suggestions and gives advice on operational improvements as appropriate regarding matters identified in the course of day-to-day audits. The outside Audit and Supervisory Committee Members offer opinions from a broad perspective at meetings of the Board of Directors and the Audit and Supervisory Committee, based on their extensive practical experience and advanced expertise. The outside Audit and Supervisory Committee Members also receive explanations of management policy at meetings for the exchange of opinions with the Representative Director, and offer opinions from an outside perspective, drawing on their expertise and experience.

In addition, the outside Audit and Supervisory Committee Members attend meetings for the exchange of opinions with the Representative Director, where they engage in wide-ranging discussions on management issues and risk awareness for the current fiscal year and going forward. Meetings for the exchange of information with the Audit and Supervisory Committee Members are held quarterly to provide information to the outside directors.

The specific matters considered during the current fiscal year include the status of initiatives relating to the key measures supporting the medium-term plan, the status of development and operation of governance and internal controls within the corporate group, the status of response to the Corporate Governance Code and sustainability, and the monitoring and verification of the financial reporting and information disclosure process (including verification of key audit matters).

Name	Frequency of Audit and Supervisory Committee meetings	Content of statements
Tetsurou Tatsuta	Attended 15 of 15 meetings (100%)	Having been engaged in the banking industry for many years, he offers accurate advice and recommendations on the Company's overall management from an objective standpoint, based on the extensive knowledge and experience of management he has cultivated.
Tomohiro Obata	Attended 15 of 15 meetings (100%)	Mainly from the specialized standpoint of an attorney, he deliberates on agenda items and offers advice and recommendations as appropriate, from an objective standpoint independent of management, as an outside Audit and Supervisory Committee Member.
Keishi Kamata	Attended 15 of 15 meetings (100%)	Having extensive work experience as a Certified SME Management Consultant for many years, and knowledge of general management and administrative operations, he offers advice and recommendations that contribute to improvements in accounting and finance, human resource development, risk management and corporate governance at operating companies.

② Status of Internal Audit

As of the end of the fiscal year ended June 2026, four persons were engaged in internal audit operations at the Company.

The Company's Internal Audit Division, which is independent of other divisions, audits the status of business execution at each division with a view to establishing an appropriate management structure for the Fibergate Group as a whole. The Group has also formulated basic policies on internal audits, and conducts efficient and effective internal audits of each Group company, giving consideration to frequency, depth and other factors according to the type and degree of risk.

As an initiative to ensure the effectiveness of internal audits, internal audits are conducted based on the audit plan prepared at the start of the period, and the results of internal audits are notified to the audited divisions, and are also reported directly to the Representative Director, executive officers, the Audit and Supervisory Committee, and, on a regular basis, the Board of Directors; the status and results of improvements are confirmed for matters requiring improvement. In addition to regular meetings with the Representative Director, President and Executive Officer, regular meetings are also held with the Audit and Supervisory Committee Members and the Accounting Auditor to explain the status of audits and exchange opinions. Significant matters among the results of internal audits of the Company and each Group company are reported to the Company's Board of Directors, thereby ensuring the appropriate and sound operation of business at each Group company.

② Status of Accounting Audits

a. Name of the Audit Firm

KPMG AZSA LLC

b. Continuous Audit Period

11 years

c. Names of the Certified Public Accountants Who Performed the Audit

Engagement Partners: Satoshi Nishino, Tomoaki Murakami

(Note) The number of consecutive years of audit for both persons does not exceed 7 years.

d. Composition of Assistants in the Accounting Audit Work

17 certified public accountants, and 26 other assistants

e. Policy and Reasons for Selection of the Audit Firm

As a result of a comprehensive evaluation of the Accounting Auditor's ability, structure, status and results of audit performance, and independence, among other factors, in accordance with the evaluation criteria established by the Audit and Supervisory Committee, the Audit and Supervisory Committee has decided to reappoint KPMG AZSA LLC. If the Audit and Supervisory Committee determines that there is a problem with the Accounting Auditor's qualifications, or otherwise determines it appropriate to do so, it will decide to submit to the General Meeting of Shareholders a proposal for the dismissal of, or non-reappointment of, the Accounting Auditor.

f. Evaluation of the Audit Firm by the Audit and Supervisory Committee

The Audit and Supervisory Committee monitors and verifies whether the Accounting Auditor maintains its independent position and conducts appropriate audits, and receives reports from the Accounting Auditor on the status of the performance of its duties, requesting explanations as necessary.

③ Content, etc. of Audit Remuneration

a. Remuneration Paid to the Certified Public Accountants Conducting the Audit

Category	Previous consolidated fiscal year		Current consolidated fiscal year	
	Remuneration based on audit certification services (Millions of yen)	Remuneration based on non-audit services (Millions of yen)	Remuneration based on audit certification services (Millions of yen)	Remuneration based on non-audit services (Millions of yen)
The Company	46	—	49	—
Consolidated subsidiaries	—	—	—	—
Total	46	—	49	—

The content of non-audit services provided to the Company is as follows.

(Previous consolidated fiscal year)

Not applicable.

(Current consolidated fiscal year)

Not applicable.

b. Remuneration Paid to Organizations Belonging to the Same Network as the Certified Public Accountants Conducting the Audit (Excluding a. Above)

Not applicable.

c. Content of Other Significant Remuneration Based on Audit Certification Services

Not applicable.

d. Policy for Determining Audit Remuneration

Audit remuneration is determined by the Board of Directors, after examining the appropriateness of the audit plan (audit scope, number of days required, etc.) in light of the scale and characteristics of the Group, and obtaining the consent of the Audit and Supervisory Committee.

e. Reasons the Audit and Supervisory Committee Consented to the Accounting Auditor's Remuneration, etc.

As a result of scrutinizing and examining the Accounting Auditor's audit plan, the status of audit performance, and the estimated audit man-hours, among other matters, by obtaining necessary documents and reports from the Accounting Auditor and related divisions, the Audit and Supervisory Committee consented to the amount of the Accounting Auditor's audit remuneration, etc.

(4) [Compensation, etc. for Officers]

(1) Matters Relating to the Policy for Determining the Amount of Compensation, etc. for Officers or the Method of Calculating Such Amount

At a meeting of the Board of Directors held on August 23, 2023, the Company resolved that the content of individual compensation, etc. for directors would be determined after prior consultation with, and receipt of a recommendation from, the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is chaired by an outside director, and a majority of its members are outside officers, thereby strengthening its objectivity and transparency.

The content of the policy for determining individual compensation, etc. for directors is as follows.

a. Basic Policy

The Company's basic policy on director compensation is to pay a sufficient and appropriate level of compensation as consideration for bearing management responsibility, with the aim of enabling a sustainable increase in corporate value by enhancing the incentive to contribute to improving medium- to long-term business performance.

Compensation for directors other than Audit and Supervisory Committee Members (excluding outside directors) consists of fixed compensation paid according to position, stock-based compensation for achievement of annual performance targets, and stock-based compensation for achievement of management targets. In addition, compensation for directors who are Audit and Supervisory Committee Members and outside directors consists of fixed compensation and stock-based compensation for achievement of management targets, from the standpoint of their role and independence.

(a) Fixed Compensation

Fixed compensation is determined according to position, and is paid monthly in cash.

(b) Stock-Based Compensation

- Stock-based compensation for achievement of annual performance targets and stock-based compensation for achievement of management targets

Please refer to b. Policy for Determining the Content of Performance-Linked Compensation, etc. and Non-Monetary Compensation, etc., and the Method of Calculating the Amount or Number Thereof, below.

b. Policy for Determining the Content of Performance-Linked Compensation, etc. and Non-Monetary Compensation, etc., and the Method of Calculating the Amount or Number Thereof

- Stock-based compensation for achievement of annual performance targets

For directors other than Audit and Supervisory Committee Members (excluding outside directors), a number of the Company's shares, calculated by a predetermined calculation method, is delivered after the end of the period from the date of each year's Annual General Meeting of Shareholders to the date of the following year's Annual General Meeting of Shareholders, on condition that the relevant director holds the position of director of the Company or another position determined by the Company's Board of Directors throughout such period. "Consolidated ordinary income," the Company's numerical management target, is set as the annual numerical target, and compensation is paid if the numerical target is achieved.

- Stock-based compensation for achievement of management targets

For directors, a number of the Company's shares, calculated by a predetermined calculation method, is delivered to the relevant director after the end of the period from the date of each year's Annual General Meeting of Shareholders to the date of the following year's Annual General Meeting of Shareholders, on condition that the relevant director holds the position of director of the Company or another position determined by the Company's Board of Directors throughout such period. Compensation is paid if relative TSR (Note), the Company's numerical management target, exceeds 1.0.

(Note) Relative TSR: Calculated by comparing the Company's Total Shareholder Return (TSR) with the growth rate of TOPIX (including dividends) over the same period.

c. Policy for Determining the Ratio of the Amount of Monetary Compensation, the Amount of Performance-Linked Compensation, etc., or the Amount of Non-Monetary Compensation, etc. to the Amount of Individual Compensation, etc. for Directors

Compensation for directors other than Audit and Supervisory Committee Members (excluding outside directors) consists of fixed compensation paid in cash according to position, stock-based compensation for achievement of annual performance targets, and stock-based compensation for achievement of management targets; the target ratio of fixed compensation, stock-based compensation for achievement of annual performance targets, and stock-based compensation for achievement of management targets is 70%:10%:20%, and the amount of compensation is determined based on each director's position, performance evaluation, and compensation standards.

Compensation for directors who are Audit and Supervisory Committee Members and for outside directors consists of fixed compensation and stock-based compensation for achievement of management targets, from the standpoint of their role and independence; the target ratio of fixed compensation to stock-based compensation for achievement of management targets for outside directors other than Audit and Supervisory Committee Members is 80%:20%, and the amount of compensation is determined based on each director's position and compensation standards.

d. Matters Relating to the Determination of the Content of Individual Compensation, etc. for Directors

With respect to the individual amount of compensation, the Company's Representative Director is delegated authority to determine the specific content thereof based on a resolution of the Board of Directors. The content of this authority is the determination of the amount of directors' compensation, etc. or the method of calculating such amount, and the Representative Director determines this amount within the limit of the amount of compensation resolved at the General Meeting of Shareholders, taking into comprehensive account the status of achievement of, and contribution to, management policy and targets.

In order to ensure that this authority is appropriately exercised by the Representative Director, the Board of Directors has established a discretionary Nomination and Remuneration Committee, and the Representative Director fully considers the method of calculating directors' compensation, etc. deliberated by the discretionary Nomination and Remuneration Committee, in the process of determining the amount of directors' compensation, etc.

②. Matters Relating to the Delegation of the Determination of the Content of Individual Compensation, etc. for Directors, and Other Methods of Determining the Content of Individual Compensation, etc. for Directors

- Name, Position and Responsibilities of the Person to Whom Authority Is Delegated

Representative Director, President and Executive Officer, Masanori Inomata

- Content of the Delegated Authority

Determination of the amount of directors' compensation, etc. or the method of calculating such amount

- Measures to Ensure Appropriate Exercise of Authority

The Representative Director, President and Executive Officer shall make the above determination within the maximum amount of compensation, etc. approved at the General Meeting of Shareholders, after receiving a report from the Nomination and Remuneration Committee, a majority of whose members are outside directors.

The compensation, etc. received during the current fiscal year is within the limit of the amount of compensation resolved at the General Meeting of Shareholders.

(2) Total Amount of Compensation, etc. by Officer Classification, Total Amount by Type of Compensation, etc., and Number of Officers Subject Thereto

The amounts of compensation for the Company's directors and Audit and Supervisory Committee Members for the fiscal year ended June 2026 are as follows.

Officer classification	Total amount of compensation, etc. (Millions of yen)	Total amount by type of compensation, etc. (Millions of yen)					Number of officers subject thereto (Persons)
		Basic compensation	Stock options	Bonuses	Retirement benefits	Of which, non-monetary compensation, etc.	
Directors (excluding Audit and Supervisory Committee Members and outside directors)	104	104	—	—	—	—	5
Audit and Supervisory Committee Members (excluding outside directors)	15	15	—	—	—	—	3
Outside directors	6	6	—	—	—	—	2

(3) Total Amount of Compensation, etc. for Persons Whose Total Amount of Compensation, etc. Is 100 Million Yen or More

Not applicable.

(4) Significant Employee Salary Among the Employee Salary of Officers Concurrently Serving as Employees

Not applicable.

(5) [Status of Shareholdings]

① Standards and Approach for Classifying Investment Shares

With respect to investment shares held for purposes other than pure investment purposes, the Company's policy is to hold such shares where it is determined that doing so will build, maintain and strengthen favorable business and collaborative relationships with business partners and others, and will enable the creation of business opportunities and the smooth promotion of the Company's business.

② Investment Shares Held for Purposes Other Than Pure Investment Purposes

a. Holding Policy, Method of Verifying the Rationality of Holding, and Content of Verification by the Board of Directors, etc. Regarding the Appropriateness of Holding Individual Issues

The Company regularly verifies the appropriateness of holding individual cross-shareholdings, including the significance of holding, the appropriateness of the holding purpose, and whether the benefits and risks associated with holding are commensurate with the cost of capital, reports the results to the Board of Directors, and discloses the results. For cross-shareholdings for which the significance or rationality of holding has diminished, the Company will consider selling or reducing the holding, taking into account the impact on the market and other factors to be considered. In addition, with respect to the exercise of voting rights for cross-shareholdings, the Company appropriately determines whether to approve or disapprove each proposal, taking into account whether the proposal would impair shareholder value or contribute to an improvement in corporate value over the medium to long term, as well as the status of the investee company.

b. Number of Issues and Amount Recorded on the Balance Sheet

	Number of issues (Issues)	Total amount recorded on the balance sheet (Millions of yen)
Unlisted shares	1	0
Shares other than unlisted shares	1	0

(Issues for which the number of shares increased during the current fiscal year)

	Number of issues (Issues)	Total acquisition value relating to the increase in the number of shares (Millions of yen)	Reason for the increase in the number of shares
Unlisted shares	—	—	—
Shares other than unlisted shares	1	0	Increase through acquisition of shares via a business partner's employee shareholding association

(Issues for which the number of shares decreased during the current fiscal year)

	Number of issues (Issues)	Total value of sales relating to the decrease in the number of shares (Millions of yen)
Unlisted shares	—	—
Shares other than unlisted shares	—	—

c. Information Relating to the Number of Shares, Amount Recorded on the Balance Sheet, etc. by Issue, for Specified Investment Shares and Deemed Holding Shares

Specified investment shares

Issue	Current fiscal year	Previous fiscal year	Purpose of holding, overview of business alliance, etc., quantitative effect of holding, and reason for increase in the number of shares	Whether the investee holds the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Amount recorded on the balance sheet (Millions of yen)	Amount recorded on the balance sheet (Millions of yen)		
Nagawa Co., Ltd.	78	58	(Purpose of holding) Strengthening relationships with business partners (Overview of business alliance, etc.) Not applicable (Quantitative effect of holding) (Note) (Increase in the number of shares) Increase through an employee shareholding association of a business partner	No
	0	0		

(Note) Because it is difficult for the Company to describe the quantitative effect of holding specified investment shares, the Company describes the method by which it verified the rationality of holding. The Company verifies the significance of holding each cross-shareholding every period, and, as a result of its verification as of June 30, 2026, has confirmed that all cross-shareholdings currently held are held for purposes consistent with its holding policy.

Deemed holding shares

Not applicable.

③ Investment Shares Held for Pure Investment Purposes

Not applicable.

5. Status of Employees, etc.

(1) Basic Policy on Human Resources Strategy, etc.

The Group has traditionally operated under the corporate slogan “Wi-Fi, Anywhere —Wi-Fi for All Facilities,” working to develop communications infrastructure and improve convenience in settings ranging from apartment complexes to commercial facilities. As a result, Wi-Fi has established a widespread presence throughout Japan and taken firm root as an essential part of the social infrastructure supporting everyday life and business. In that context, the Group recognizes that its role is also evolving, moving beyond simply “connecting communications” to a new phase of “creating new value with communications as the starting point.” Grounded in that perspective, the Group adopted a new corporate slogan in January 2026: “Lead The ‘Telecomenergy’® — Creating Future Value Through Telecommunications and Energy.” “Telecomenergy” is a term coined by the Group that integrates telecommunications and energy. It represents the Group’s unique differentiation strategy of maximizing synergies between telecommunications and energy to both enhance asset value for property owners and improve convenience and economic value for users. Under the Group Purpose of “establishing our business model as an on-premise infrastructure integrator and creating new economic value guided by the spirit of a triple win—benefiting sellers (ourselves), buyers (our customers), and society at large,” the Group will strengthen its role as an “on-premise infrastructure integrator” that develops comprehensive telecommunications and energy infrastructure in an integrated manner. Over the medium to long term, the Group aims to evolve into a “comprehensive infrastructure integrator.”

The Group recognizes that strengthening the human capital that supports this strategy is one of its highest management priorities. One of the Group’s strengths is its ability to handle the entire process in-house, starting with planning and development and extending through to construction, operation, and after-sales support. This range allows the Group to limit its reliance on outsourcing as it works to provide customers with optimal solutions in terms of quality, operational efficiency, and price competitiveness. To maintain and strengthen this structure over the long term, the Group will actively develop personnel to systematically accumulate technical expertise and know-how within the organization and pass it on to the next generation, flexibly deploy personnel in line with business progress and characteristics, and promote personnel exchanges with Group companies that have joined the Group through M&A and other means. Through these initiatives, the Group will work to develop professionals with expertise in both telecommunications and energy, strengthen its overall capabilities, and expand the human capital foundation for advancing its “Telecomenergy” strategy.

In terms of employee compensation and other benefits, the Company sets base salaries by grade in accordance with job duties and competencies. Standard compensation comprises the base salary plus allowances, including wages based on job evaluation reflecting position and responsibilities. The Company has also introduced an incentive system linked to individual performance and departmental results.

(2) [Status of Employees]

(1) Status of Consolidated Companies

As of June 30, 2026

Segment name	Number of employees (Persons)	
Network Solutions Business	106	(8)
Real Estate Business	0	(0)
Company-wide (shared)	144	(16)
Total	250	(24)

(Notes) 1. The number of employees represents the number of persons in active employment; the figures in parentheses () for the number of employees indicate the average number of temporary employees, shown separately (calculated by converting the average number of persons employed during the year to a basis of 8 hours per person per day).

2. Employees described as “Company-wide (shared)” belong to divisions that cannot be classified under a specific segment.

(2) Status of the Filing Company

As of June 30, 2026

Number of employees (Persons)	Average age (Years)	Average length of service (Years)	Average annual salary (Thousands of yen)	Percent change in average annual salary from the previous fiscal year (%)
214 (19)	36 years9 months	6 years1 month	5,718	3.2

Segment name	Number of employees (Persons)	
Network Solutions Business	91	(5)
Company-wide (shared)	123	(14)
Total	214	(19)

(Notes) 1. The number of employees represents the number of persons in active employment; the figures in parentheses () for the number of employees indicate the average number of temporary employees, shown separately (calculated by converting the average number of persons employed during the year to a basis of 8 hours per person per day).

2. Average annual salary includes overtime pay and bonuses.

3. Employees described as “Company-wide (shared)” belong to divisions that cannot be classified under a specific segment.

(3) Status of Labor Union

The Group has not formed a labor union; however, labor-management relations are amicable, and there are no matters requiring special mention.

(4) Percentage of women in managerial positions, percentage of men taking childcare leave, and differences in wages between men and women

① The Company

Current fiscal year					Supplementary explanation
Percentage of female workers in managerial positions (%) (Note) 1.	Percentage of male workers taking childcare leave (%) (Note) 2.	Difference in wages between men and women (%) (Note) 1.			
		All workers	Regular employees	Part-time and fixed-term employees	
26.6	62.5	75.0	76.9	69.4	—

(Notes) 1. Calculated in accordance with the provisions of the Act on Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

2. Calculated in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991), the rate of taking childcare leave, etc. under Article 71-6, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labour No. 25 of 1991).

② Consolidated Subsidiaries

Consolidated subsidiaries are not subject to the disclosure obligation under the Act on Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015) or the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991), and description is therefore omitted.

Item 5 [Status of Accounting]

1. Method of Preparation of the Consolidated Financial Statements and Financial Statements

(1) The Company's consolidated financial statements are prepared in accordance with the "Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28 of 1976).

(2) The Company's financial statements are prepared in accordance with the "Regulations Concerning the Terminology, Forms and Preparation Methods of Financial Statements, etc." (Ministry of Finance Ordinance No. 59 of 1963; hereinafter, the "Regulations on Financial Statements, etc.").

In addition, the Company falls under the category of a company filing special financial statements, and prepares its financial statements pursuant to Article 127 of the Regulations on Financial Statements, etc.

2. Audit Certification

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company's consolidated financial statements for the consolidated fiscal year (from July 1, 2025 to June 30, 2026) and financial statements for the fiscal year (from July 1, 2025 to June 30, 2026) have been audited by KPMG AZSA LLC.

3. Special Efforts to Ensure the Appropriateness of the Consolidated Financial Statements, etc.

The Company undertakes special efforts to ensure the appropriateness of its consolidated financial statements, etc. Specifically, recognizing that it is important to respond appropriately and accurately to changes in accounting standards, etc., the Company has established a structure to respond accurately to financial accounting operations and reporting and disclosure, through cooperation with its audit firm, participation in various seminars, and subscription to accounting- and tax-related publications, among other means, thereby fully grasping the content of accounting standards relevant to the Company and being able to respond to changes in accounting standards, etc.

1. [Consolidated Financial Statements, etc.]

(1) [Consolidated Financial Statements]

① [Consolidated Balance Sheet]

(Millions of yen)

	Previous consolidated fiscal year (As of June 30, 2025)	Current consolidated fiscal year (As of June 30, 2026)
Assets		
Current assets		
Cash and deposits	1,853	2,156
Accounts receivable - trade	1,809	1,986
Contract assets	182	164
Merchandise	577	482
Raw materials and supplies	0	35
Real estate for sale	※ 2 212	※ 2 717
Power generation assets for sale	—	237
Work in process	0	11
Other	76	149
Allowance for doubtful accounts	△5	△12
Total current assets	4,707	5,930
Non-current assets		
Property, plant and equipment		
Buildings, net	32	32
Tools, furniture and fixtures, net	10	17
Communication equipment, net	6,956	6,561
Machinery and equipment, net	—	61
Structures, net	—	5
Land	—	46
Other, net	—	3
Total property, plant and equipment	※ 1 6,998	※ 1 6,728
Intangible assets		
Software	49	57
Software in progress	33	26
Goodwill	—	35
Total intangible assets	82	119
Investments and other assets		
Investment securities	※ 2 11	※ 2 11
Leasehold deposits	45	45
Deferred tax assets	281	231
Distressed receivables	1	1
Other	17	30
Allowance for doubtful accounts	△1	△1
Total investments and other assets	355	319
Total non-current assets	7,436	7,167
Deferred assets		
Organization expenses	0	0
Total deferred assets	0	0
Total assets	12,144	13,097

(Millions of yen)

	Previous consolidated fiscal year (As of June 30, 2025)	Current consolidated fiscal year (As of June 30, 2026)
Liabilities		
Current liabilities		
Accounts payable - trade	681	783
Short-term borrowings	※ 2, ※ 3 240	※ 2, ※ 3 731
Current portion of long-term borrowings	1,070	1,118
Income taxes payable	176	316
Contract liabilities	987	727
Provision for bonuses	85	97
Other	403	384
Total current liabilities	3,645	4,157
Non-current liabilities		
Bonds payable	50	50
Long-term borrowings	1,884	1,803
Retirement benefit liability	61	80
Deferred tax liabilities	—	9
Other	—	2
Total non-current liabilities	1,996	1,945
Total liabilities	5,641	6,102
Net assets		
Shareholders' equity		
Share capital	494	494
Capital surplus	423	423
Retained earnings	6,017	6,556
Treasury shares	△493	△493
Total shareholders' equity	6,442	6,981
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△0	△0
Foreign currency translation adjustment	3	4
Total accumulated other comprehensive income	3	4
Share award rights	10	—
Non-controlling interests	46	9
Total net assets	6,502	6,995
Total liabilities and net assets	12,144	13,097

② [Consolidated Statement of Income and Consolidated Statement of Comprehensive Income]
[Consolidated Statement of Income]

(Millions of yen)

	Previous consolidated fiscal year (From July 1, 2024 to June 30, 2025)	Current consolidated fiscal year (From July 1, 2025 to June 30, 2026)
Net sales	※ 1 13,070	※ 1 13,664
Cost of sales	※ 2 7,641	※ 2 8,214
Gross profit	5,428	5,449
Selling, general and administrative expenses	※ 3, ※ 4 3,470	※ 3, ※ 4 3,611
Operating profit	1,958	1,838
Non-operating income		
Interest income	1	4
Dividend income	0	0
Point income	5	5
Insurance claim income	—	0
Compensation for damage income	3	—
Subsidy income	—	0
Other	1	0
Total non-operating income	11	11
Non-operating expenses		
Interest expenses	23	35
Foreign exchange losses	2	2
Other	0	0
Total non-operating expenses	26	38
Ordinary profit	1,943	1,811
Extraordinary income		
Gain on sale of non-current assets	—	※ 5 0
Gain on bargain purchase	—	※ 6 40
Total extraordinary income	—	40
Extraordinary losses		
Loss on retirement of non-current assets	※ 7 52	※ 7 54
Total extraordinary losses	52	54
Profit before income taxes	1,890	1,798
Income taxes - current	490	517
Income taxes - deferred	91	52
Total income taxes	581	570
Profit	1,309	1,227
Profit (loss) attributable to non-controlling interests	△10	145
Profit attributable to owners of parent	1,319	1,082

[Consolidated Statement of Comprehensive Income]

(Millions of yen)

	Previous consolidated fiscal year (From July 1, 2024 to June 30, 2025)	Current consolidated fiscal year (From July 1, 2025 to June 30, 2026)
Profit	1,309	1,227
Other comprehensive income		
Valuation difference on available-for-sale securities	△0	△0
Foreign currency translation adjustment	0	1
Total other comprehensive income	※ 0	※ 1
Comprehensive income	1,309	1,228
(Breakdown)		
Comprehensive income attributable to owners of parent	1,319	1,083
Comprehensive income attributable to non-controlling interests	△10	145

③ [Consolidated Statement of Changes in Equity]

Previous consolidated fiscal year (From July 1, 2024 to June 30, 2025)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Share award rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholder s' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	494	423	5,225	△356	5,786	0	3	3	—	46	5,836
Changes during period											
Dividends of surplus			△527		△527						△527
Profit attributable to owners of parent			1,319		1,319						1,319
Purchase of treasury shares				△136	△136						△136
Net changes in items other than shareholders' equity						△0	0	0	10	△0	10
Total changes during period	—	—	792	△136	655	△0	0	0	10	△0	666
Balance at end of period	494	423	6,017	△493	6,442	△0	3	3	10	46	6,502

Current consolidated fiscal year (From July 1, 2025 to June 30, 2026)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Share award rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholder s' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	494	423	6,017	△493	6,442	△0	3	3	10	46	6,502
Changes during period											
Dividends of surplus			△543		△543						△543
Profit attributable to owners of parent			1,082		1,082						1,082
Purchase of treasury shares				△0	△0						△0
Net changes in items other than shareholders' equity						△0	1	1	△10	△37	△46
Total changes during period	—	—	539	△0	539	△0	1	1	△10	△37	492
Balance at end of period	494	423	6,556	△493	6,981	△0	4	4	—	9	6,995

④ [Consolidated Statement of Cash Flows]

(Millions of yen)

	Previous consolidated fiscal year (From July 1, 2024 to June 30, 2025)	Current consolidated fiscal year (From July 1, 2025 to June 30, 2026)
Cash flows from operating activities		
Profit before income taxes	1,890	1,798
Depreciation	1,726	1,720
Amortization of goodwill	—	0
Gain on bargain purchase	—	△40
Share-based payment expenses	10	△10
Loss on retirement of non-current assets	52	54
Gain on sale of non-current assets	—	△0
Increase (decrease) in allowance for doubtful accounts	0	6
Increase (decrease) in provision for loss on orders received	—	△0
Increase (decrease) in provision for bonuses	△2	7
Increase (decrease) in retirement benefit liability	7	12
Interest and dividend income	△1	△4
Interest expenses	23	35
Decrease (increase) in trade receivables	△37	62
Decrease (increase) in contract assets	25	18
Decrease (increase) in inventories	360	△541
Increase (decrease) in trade payables	64	20
Increase (decrease) in contract liabilities	△329	△266
Foreign exchange losses (gains)	0	△0
Other, net	55	△4
Subtotal	3,848	2,868
Interest and dividends received	1	4
Interest paid	△23	△35
Income taxes paid	△669	△393
Net cash provided by (used in) operating activities	3,156	2,443
Cash flows from investing activities		
Purchase of investment securities	△0	△0
Purchase of property, plant and equipment	△1,557	△1,363
Purchase of intangible assets	△15	△26
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	※ 2 △227
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	9	※ 3 158
Proceeds from sale of property, plant and equipment	—	0
Payments of leasehold deposits	△0	△1
Other, net	0	△0
Net cash provided by (used in) investing activities	△1,564	△1,461
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	100	△31
Proceeds from long-term borrowings	300	1,080
Repayments of long-term borrowings	△1,596	△1,185
Repayments of lease liabilities	—	△0
Purchase of treasury shares	△136	△0
Dividends paid	△526	△543
Net cash provided by (used in) financing activities	△1,860	△680
Effect of exchange rate change on cash and cash equivalents	0	1
Net increase (decrease) in cash and cash equivalents	△267	303
Cash and cash equivalents at beginning of period	2,120	1,853
Cash and cash equivalents at end of period	※ 1 1,853	※ 1 2,156

[Notes]

(Significant Matters Forming the Basis for the Preparation of the Consolidated Financial Statements)

1. Matters Relating to the Scope of Consolidation

Number of consolidated subsidiaries: 9

Names of consolidated subsidiaries

NOIS Inc., Fibergate Taiwan Inc., FG-Lab Inc., FG Smart Asset Inc., OffGrid-Lab Inc., Enepulse Inc., Power Denki Innovation Inc.,

Smart Green Co., Ltd., Aiwa Co., Ltd.

Of these, Power Denki Innovation Inc. became a consolidated subsidiary when OffGrid-Lab Inc. acquired all of its issued shares on August 29, 2025, and Smart Green Co., Ltd. became a consolidated subsidiary when OffGrid-Lab Inc. acquired all of its issued shares on April 27, 2026.

In addition, Aiwa Co., Ltd. became a consolidated subsidiary when the Company acquired all of its issued shares on May 21, 2026.

2. Matters Relating to Application of the Equity Method

Not applicable.

3. Matters Relating to the Fiscal Year, etc. of Consolidated Subsidiaries

Among the consolidated subsidiaries, the fiscal year-end of Smart Green Co., Ltd. and Aiwa Co., Ltd. is July 31; in preparing the consolidated financial statements, financial figures based on a provisional settlement of accounts as of June 30 have been used.

4. Matters Relating to Accounting Policies

(1) Significant Matters Relating to the Standards and Methods of Valuation of Assets

① Securities

Other securities

- Securities other than shares, etc. without a market price ... Market value method (valuation differences are accounted for using the method whereby the entire amount is directly included in net assets, and the cost of securities sold is calculated using the moving average method)
- Shares, etc. without a market price ... Cost method using the moving average method

② Inventories

• Merchandise

The Company uses the cost method based on the moving average method.

(The balance sheet value is calculated by writing down the book value to reflect decreased profitability.)

• Raw materials and supplies

The Company uses the cost method based on the moving average method.

(The balance sheet value is calculated by writing down the book value to reflect decreased profitability.)

• Real estate for sale

The Company uses the cost method based on the specific identification method.

(The balance sheet value is calculated by writing down the book value to reflect decreased profitability.)

• Power generation assets for sale

The Company uses the cost method based on the specific identification method.

(The balance sheet value is calculated by writing down the book value to reflect decreased profitability.)

• Work in process

The Company uses the cost method based on the specific identification method.

(The balance sheet value is calculated by writing down the book value to reflect decreased profitability.)

(2) Significant Depreciation Methods for Depreciable Assets

① Property, Plant and Equipment

The Company and its domestic consolidated subsidiaries use the declining-balance method, while overseas consolidated subsidiaries use the straight-line method.

However, the straight-line method is used for buildings (excluding building fixtures) acquired on or after April 1, 1998, and for building fixtures acquired on or after April 1, 2016.

The principal useful lives are as follows.

Buildings 3 to 20 years

Tools, furniture and fixtures 2 to 15 years

Telecommunications equipment 10 years

Machinery and equipment 10 to 15 years

Structures 9 to 17 years

② Intangible Assets

The straight-line method is used.

Software for internal use is amortized using the straight-line method based on the internal useful life (5 years).

(3) Significant Method of Accounting for Deferred Assets

Organization expenses

Amortized equally over 5 years.

(4) Significant Standards for Recording Provisions

① Allowance for Doubtful Accounts

To provide for losses from bad debts on trade receivables, the Company records an estimated uncollectible amount, calculated for general receivables using the historical rate of bad debt, and for specific receivables, such as receivables with a concern about collectability, by individually examining collectability.

② Provision for Bonuses

To provide for the payment of bonuses to the Company's employees, the Company records the estimated amount of expenses to be borne in the current consolidated fiscal year out of the estimated future payment amount.

(5) Method of Accounting for Retirement Benefits

The Company applies the simplified method, using the amount that would be required to be paid if all eligible employees voluntarily retired at the fiscal year-end as the retirement benefit obligation, in calculating retirement benefit liability and retirement benefit expenses.

(6) Significant Standards for Recording Revenue and Expenses

The Group's Network Solutions Business derives its principal revenue from the provision of telecommunications services or the sale of products. The Real Estate Business derives its principal revenue from the sale of real estate.

• Provision of Telecommunications Services

The performance obligations relating to the provision of telecommunications services consist of the performance obligation to install and configure internet connection equipment at the property to which the service is provided (hereinafter, "initial installation services"), and the performance obligation to provide internet services after the installation and configuration of the internet connection equipment (hereinafter, "monthly usage fee services").

Where the initial installation services and monthly usage fee services are recognized as a single performance obligation, revenue is recognized for both in accordance with the service period of the monthly usage fee service. Where the performance obligations of the initial installation services and monthly usage fee services are not deemed to be a single obligation, revenue for the initial installation services is recognized at the point in time when the installation and configuration of the internet connection equipment is completed, and revenue for the monthly usage fee services is recognized in accordance with the contract period of the monthly usage fee service.

• Sale of Products

For the sale of products, the performance obligation is the delivery of the product to the customer. Because control of the product transfers to the customer at the point in time the product is delivered, the Company recognizes revenue on the judgment that the performance obligation is satisfied at the point in time delivery of the product is completed.

• Sale of Real Estate

For the sale of real estate, the performance obligation is the delivery of the real estate. Because control of the real estate transfers to the customer at the point in time the conditions for delivery under the real estate sale and purchase agreement concluded with the customer are satisfied, the Company recognizes revenue on the judgment that the performance obligation is satisfied at the point in time delivery of the real estate is completed.

(7) Significant Standards for Translating Foreign Currency-Denominated Assets or Liabilities into Japanese Currency

Foreign currency-denominated monetary receivables and payables are translated into yen at the spot exchange rate as of the consolidated balance sheet date, and translation differences are accounted for as profit or loss. Assets and

liabilities of overseas subsidiaries, etc. are translated into yen at the spot exchange rate as of the consolidated balance sheet date, revenue and expenses are translated into yen at the average exchange rate for the period, and translation differences are recorded in the foreign currency translation adjustment account within net assets.

(8) Significant Method of Hedge Accounting

① Method of Hedge Accounting

For interest rate swaps that meet the requirements for the exceptional treatment, the Company applies the exceptional treatment.

② Hedging Instruments and Hedged Items

Hedging instrument: Interest rate swaps

Hedged item: Interest on borrowings

③ Hedging Policy

The Company enters into derivative transactions for the purpose of avoiding the risk of interest rate fluctuations on its borrowings, and its policy is not to enter into derivative transactions for speculative purposes.

④ Method of Evaluating Hedge Effectiveness

Because interest rate swap transactions meet the requirements for the exceptional treatment, evaluation of effectiveness is omitted.

(9) Scope of Funds in the Consolidated Statement of Cash Flows

Funds consist of cash that can be withdrawn at any time, and short-term investments that can be readily converted into cash and that mature within 3 months of the acquisition date and are subject to only insignificant risk of fluctuation in value.

(10) Method and Period of Amortization of Goodwill

Goodwill is amortized using the straight-line method over a period within 20 years, over which its effect extends.

(Significant Accounting Estimates)

Not applicable.

(Accounting Standards, etc. Not Yet Applied)

- “Accounting Standard for Leases” (ASBJ Statement No. 34, issued September 13, 2024, Accounting Standards Board of Japan)
- “Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, issued September 13, 2024, Accounting Standards Board of Japan), etc.

(1) Overview

As part of efforts to make Japanese accounting standards internationally consistent, the Accounting Standards Board of Japan considered the development of an accounting standard for leases that would require lessees to recognize assets and liabilities for all leases, taking into account international accounting standards. As a basic policy, this accounting standard for leases, etc. was published based on the single accounting model of IFRS 16, but adopting only its principal provisions rather than all of its provisions, with the aim of achieving a standard that is simple and highly convenient, and that would basically require no adjustment even if the provisions of IFRS 16 were used in non-consolidated financial statements.

As accounting treatment for lessees, with respect to the method of allocating lease expenses, a single accounting model is applied, as under IFRS 16, under which depreciation expense relating to right-of-use assets and an amount equivalent to interest relating to lease liabilities are recorded for all leases, regardless of whether the lease is a finance lease or an operating lease.

(2) Scheduled Date of Application

To be applied from the beginning of the fiscal year ending June 2028.

(3) Impact of Application of the Relevant Accounting Standards, etc.

The Company is currently evaluating the impact that application of the “Accounting Standard for Leases”, etc. will have on its consolidated financial statements.

(Notes on the Consolidated Balance Sheet)

*1 Accumulated Depreciation of Property, Plant and Equipment

	Previous consolidated fiscal year (As of June 30, 2025)	Current consolidated fiscal year (As of June 30, 2026)
Accumulated depreciation of property, plant and equipment	8,438 million yen	10,082 million yen

*2 Assets Pledged as Collateral

Assets pledged as collateral are as follows.

	Previous consolidated fiscal year (As of June 30, 2025)	Current consolidated fiscal year (As of June 30, 2026)
Real estate for sale	212 million yen	717 million yen
Investment securities (Note)	10 million yen	10 million yen
Total	222 million yen	727 million yen

(Note) This represents a business guarantee deposit under the Building Lots and Buildings Transaction Business Act.

Liabilities corresponding to the collateral are as follows.

	Previous consolidated fiscal year (As of June 30, 2025)	Current consolidated fiscal year (As of June 30, 2026)
Short-term borrowings	176 million yen	691 million yen
Total	176 million yen	691 million yen

*3 The Group has entered into overdraft agreements with its transacting banks in order to efficiently procure working capital.

The unexecuted balance of borrowings under these overdraft agreements as of the end of the consolidated fiscal year is as follows.

	Previous consolidated fiscal year (As of June 30, 2025)	Current consolidated fiscal year (As of June 30, 2026)
Overdraft facility limit	4,600 million yen	4,730 million yen
Executed borrowing balance	240 million yen	731 million yen
Difference	4,360 million yen	3,998 million yen

(Notes on the Consolidated Statement of Income)

*1 Revenue Arising from Contracts with Customers

Net sales are not separately stated as revenue arising from contracts with customers and other revenue. The amount of revenue arising from contracts with customers is described in “Notes (Matters Relating to Revenue Recognition), 1. Information Disaggregating Revenue Arising from Contracts with Customers” of the consolidated financial statements.

*2 The amount of the write-down of the book value of inventories held for ordinary sales purposes, due to a decline in profitability, is as follows. This amount is net of any reversal amount.

	Previous consolidated fiscal year (From July 1, 2024 to June 30, 2025)	Current consolidated fiscal year (From July 1, 2025 to June 30, 2026)
Cost of sales	28 million yen	5 million yen

*3 The principal items and amounts included in selling, general and administrative expenses are as follows.

	Previous consolidated fiscal year (From July 1, 2024 to June 30, 2025)	Current consolidated fiscal year (From July 1, 2025 to June 30, 2026)
Salaries and allowances	1,068 million yen	1,112 million yen
Sales commissions	984 million yen	980 million yen
Provision for doubtful accounts	0 million yen	6 million yen
Retirement benefit expenses	14 million yen	18 million yen
Provision for bonuses	85 million yen	97 million yen
Share-based payment expenses	10 million yen	(10) million yen

(Note) Share-based payment expenses for the current consolidated fiscal year represent a reversal of (10) million yen in share-based payment expenses due to the forfeiture of unvested post-delivery stock-based compensation.

*4 Research and development expenses included in selling, general and administrative expenses are as follows.

	Previous consolidated fiscal year (From July 1, 2024 to June 30, 2025)	Current consolidated fiscal year (From July 1, 2025 to June 30, 2026)
	11 million yen	16 million yen

*5 Gain on sale of non-current assets

Previous consolidated fiscal year (from July 1, 2024 to June 30, 2025)

There are no applicable matters.

Current consolidated fiscal year (from July 1, 2025 to June 30, 2026)

The gain on sale of non-current assets resulted from the sale of vehicles.

*6 Gain on bargain purchase

Previous consolidated fiscal year (from July 1, 2024 to June 30, 2025)

There are no applicable matters.

Current consolidated fiscal year (from July 1, 2025 to June 30, 2026)

The gain on bargain purchase arose from the acquisition of shares in Aiwa Co., Ltd. and its inclusion as a consolidated subsidiary.

*7 The content of loss on retirement of non-current assets is as follows.

	Previous consolidated fiscal year (From July 1, 2024 to June 30, 2025)	Current consolidated fiscal year (From July 1, 2025 to June 30, 2026)
Buildings	– million yen	0 million yen
Tools, furniture and fixtures	1 million yen	0 million yen
Telecommunications equipment	51 million yen	50 million yen
Software	– million yen	3 million yen
Removal and other costs	– million yen	0 million yen
Total	52 million yen	54 million yen

(Notes on the Consolidated Statement of Comprehensive Income)

* Reclassification Adjustments and Tax Effects Relating to Other Comprehensive Income

(Millions of yen)

	Previous consolidated fiscal year (From July 1, 2024 to June 30, 2025)	Current consolidated fiscal year (From July 1, 2025 to June 30, 2026)
Valuation difference on available-for-sale securities		
Amount incurred during the period	(0)	(0)
Reclassification adjustments	–	–
Before tax and tax effect adjustment	(0)	(0)
Tax and tax effect amount	0	0
Valuation difference on available-for-sale securities	(0)	(0)
Foreign currency translation adjustment		
Amount incurred during the period	0	1
Reclassification adjustments	–	–
Before tax and tax effect adjustment	0	1
Tax and tax effect amount	–	–
Foreign currency translation adjustment	0	1
Total other comprehensive income	0	1

(Notes on the Consolidated Statement of Changes in Equity)

Previous Consolidated Fiscal Year (From July 1, 2024 to June 30, 2025)

1. Matters Relating to the Type and Total Number of Issued Shares, and the Type and Number of Treasury Shares

	Number of shares at the beginning of the current consolidated fiscal year (Shares)	Increase in the number of shares during the current consolidated fiscal year (Shares)	Decrease in the number of shares during the current consolidated fiscal year (Shares)	Number of shares at the end of the current consolidated fiscal year (Shares)
Issued shares				
Common stock	20,593,600	—	—	20,593,600
Total	20,593,600	—	—	20,593,600
Treasury shares				
Common stock (Note) 1	322,207	150,000	—	472,207
Total	322,207	150,000	—	472,207

(Overview of the Reasons for Changes)

(Note) 1. The breakdown of the increase in treasury shares is as follows.

Increase through acquisition based on a resolution of the Board of Directors 150,000 shares

2. Matters Relating to Stock Acquisition Rights and Treasury Stock Acquisition Rights

Classification	Breakdown of stock acquisition rights	Type of shares subject to stock acquisition rights	Number of shares subject to stock acquisition rights (Shares)				Balance as of the end of the current consolidated fiscal year (Millions of yen)
			Beginning of current consolidated fiscal year	Increase during current consolidated fiscal year	Decrease during current consolidated fiscal year	End of current consolidated fiscal year	
The Company	5th Series Stock Acquisition Rights (stock acquisition rights as stock options)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)

(Note) Treasury stock acquisition rights are shown in parentheses (stated separately).

3. Matters Relating to Dividends

(1) Amount of Dividends Paid

Resolution	Type of shares	Total amount of dividends	Dividend per share	Record date	Effective date
September 26, 2024 Annual General Meeting of Shareholders	Common stock	253 million yen	12.50 yen	June 30, 2024	September 27, 2024
February 14, 2025 Board of Directors	Common stock	273 million yen	13.50 yen	December 31, 2024	March 12, 2025

(2) Of Dividends for Which the Record Date Falls Within the Current Consolidated Fiscal Year, Those for Which the Effective Date Falls Within the Following Consolidated Fiscal Year

Resolution	Type of shares	Total amount of dividends	Source of dividends	Dividend per share	Record date	Effective date
September 25, 2025 Annual General Meeting of Shareholders	Common stock	271 million yen	Retained earnings	13.50 yen	June 30, 2025	September 26, 2025

Current Consolidated Fiscal Year (From July 1, 2025 to June 30, 2026)

1. Matters Relating to the Type and Total Number of Issued Shares, and the Type and Number of Treasury Shares

	Number of shares at the beginning of the current consolidated fiscal year (Shares)	Increase in the number of shares during the current consolidated fiscal year (Shares)	Decrease in the number of shares during the current consolidated fiscal year (Shares)	Number of shares at the end of the current consolidated fiscal year (Shares)
Issued shares				
Common stock	20,593,600	—	—	20,593,600
Total	20,593,600	—	—	20,593,600
Treasury shares				
Common stock (Note) 1	472,207	35	—	472,242
Total	472,207	35	—	472,242

(Overview of the Reasons for Changes)

(Note) The increase of 35 shares in treasury shares was due to the purchase of shares less than one unit.

2. Matters Relating to Dividends

(1) Amount of Dividends Paid

Resolution	Type of shares	Total amount of dividends	Dividend per share	Record date	Effective date
September 25, 2025 Annual General Meeting of Shareholders	Common stock	271 million yen	13.50 yen	June 30, 2025	September 26, 2025
February 13, 2026 Board of Directors	Common stock	271 million yen	13.50 yen	December 31, 2025	March 12, 2026

(2) Of Dividends for Which the Record Date Falls Within the Current Consolidated Fiscal Year, Those for Which the Effective Date Falls Within the Following Consolidated Fiscal Year

Scheduled resolution	Type of shares	Total amount of dividends	Source of dividends	Dividend per share	Record date	Effective date
September 25, 2026 Annual General Meeting of Shareholders	Common stock	271 million yen	Retained earnings	13.50 yen	June 30, 2026	September 28, 2026

(Notes on the Consolidated Statement of Cash Flows)

*1 Relationship Between the Balance of Cash and Cash Equivalents at the End of the Period and the Amount of the Corresponding Items Recorded on the Consolidated Balance Sheet

	Previous consolidated fiscal year (From July 1, 2024 to June 30, 2025)	Current consolidated fiscal year (From July 1, 2025 to June 30, 2026)
Cash and deposits account	1,853 million yen	2,156 million yen
Cash and cash equivalents	1,853 million yen	2,156 million yen

*2. Major components of assets and liabilities of companies newly consolidated through share acquisition during the current consolidated fiscal year

Following the acquisition of shares in Power Denki Innovation Inc., Smart Green Co., Ltd., and Aiwa Co., Ltd., which became consolidated subsidiaries, the breakdown of assets and liabilities at the start of consolidation and the relationship between the acquisition cost of the shares and the net cash flows from the acquisitions were as follows.

Power Denki Innovation Inc.

Current assets	565	million yen
Non-current assets	54	million yen
Goodwill	5	million yen
Current liabilities	(588)	million yen
Non-current liabilities	(12)	million yen
Non-controlling interests	26	million yen
Acquisition cost of shares	50	million yen
Cash and cash equivalents	(143)	million yen
Net: Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	(93)	million yen

Smart Green Co., Ltd.

Current assets	48	million yen
Non-current assets	78	million yen
Goodwill	31	million yen
Current liabilities	(16)	million yen
Non-current liabilities	(48)	million yen
Non-controlling interests	156	million yen
Acquisition cost of shares	250	million yen
Cash and cash equivalents	(22)	million yen
Net: Payments for purchase of shares of subsidiaries resulting in change in scope of consolidation	227	million yen

Aiwa Co., Ltd.

Current assets	345	million yen
Non-current assets	9	million yen
Current liabilities	(98)	million yen
Non-current liabilities	(5)	million yen
Negative goodwill	(40)	million yen
Non-controlling interests	—	million yen
Acquisition cost of shares	210	million yen
Cash and cash equivalents	(274)	million yen

Net: Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	(64) million yen
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(Lease transactions)

(Lessee)

1. Finance Lease Transactions

Finance lease transactions that do not transfer ownership

1) Details of leased assets

Tangible fixed assets

The leased asset is a forklift used at construction sites.

2) Method of depreciation of leased assets

As stated in “(2) Method of depreciation of significant depreciable assets of 4. Matters related to accounting policy in Significant matters forming the basis for preparation of consolidated financial statements.”

2. Operating Lease Transactions

Accrued lease payments for non-cancelable operating lease transactions

(Millions of yen)

	Previous consolidated fiscal year (June 30, 2025)	Current consolidated fiscal year (June 30, 2026)
Within 1 year	0	4
More than 1 year	0	9
Total	1	13

(Notes on Financial Instruments)

1. Matters Relating to the Status of Financial Instruments

(1) Policy for Financial Instruments

The Group's basic policy is to procure the funds necessary for its business operations from ordinary operating cash flow. Temporary surplus funds are managed mainly through short-term deposits, and, when large amounts of funds are required for capital expenditures, funds are procured through bank borrowings and similar means. The Group's policy is not to enter into derivative transactions for speculative purposes.

(2) Content of Financial Instruments and the Related Risks

Accounts receivable, which are trade receivables, are generally collected within one year but are exposed to customer credit risk.

Investment securities are mainly shares of companies with which the Group has a business relationship and government bonds deposited as guarantee money, and are exposed to the risk of market price fluctuations.

Accounts payable, which are trade payables, are due within one year. Some items denominated in foreign currencies are exposed to the risk of exchange rate fluctuations.

Bonds payable and borrowings are mainly for the purpose of procuring funds for capital expenditures, and have maturities of up to 8 years after the balance sheet date. A portion of the borrowings is exposed to the risk of interest rate fluctuations, but this is hedged using derivative transactions (interest rate swap transactions).

Derivative transactions are interest rate swap transactions entered into for the purpose of hedging the risk of fluctuations in interest paid on borrowings. For the hedging instruments and hedged items relating to hedge accounting, the hedging policy, the method of evaluating hedge effectiveness, and other matters, please refer to “Significant Matters Forming the Basis for the Preparation of the Consolidated Financial Statements, 4. Matters Relating to Accounting Policies, (8) Significant Method of Hedge Accounting” above.

(3) Risk Management Structure for Financial Instruments

① Management of Credit Risk (the Risk Relating to a Counterparty's Default on a Contract, etc.)

In accordance with its credit management regulations, with respect to trade receivables, the Company's sales divisions regularly monitor the status of major business partners, and each sales division manages due dates and balances for each counterparty, thereby working to identify and mitigate concerns about collectability at an early stage due to deterioration in financial condition or other factors.

② Management of Market Risk (the Risk of Fluctuations in Exchange Rates, Interest Rates, etc.)

With respect to deposits, the Company mainly transacts with financial institutions that have high credit ratings. Investment securities are managed by regularly ascertaining their fair value.

With respect to foreign currency-denominated trade payables, the Company regularly ascertains the risk of exchange rate fluctuations.

The Company uses interest rate swap transactions to curb the risk of fluctuations in interest paid on borrowings.

③ Management of Liquidity Risk Relating to Fund Procurement (the Risk of Being Unable to Make Payment on the Due Date)

The Company manages liquidity risk through the Finance and Accounting Department's timely comparative analysis against the funding plan (statement of cash flows) and by maintaining liquidity on hand, among other measures.

(4) Supplementary Explanation Concerning Matters Relating to the Fair Value, etc. of Financial Instruments

Because the calculation of the fair value of financial instruments incorporates variable factors, such value may fluctuate if different assumptions are adopted.

2. Matters Relating to the Fair Value, etc. of Financial Instruments

The amounts recorded on the consolidated balance sheet, the fair value, and the difference between them are as follows.

Previous Consolidated Fiscal Year (June 30, 2025)

	Amount recorded on the consolidated balance sheet (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Accounts receivable - trade	1,809		
Allowance for doubtful accounts (*)	(5)		
	1,803	1,803	(0)
(2) Investment securities	11	11	—
Total assets	1,815	1,815	(0)
(1) Bonds payable (including bonds payable due within one year)	50	48	(1)
(2) Long-term borrowings (including current portion of long-term borrowings)	2,955	2,927	(28)
Total liabilities	3,005	2,975	(30)
Derivative transactions	—	—	—

* With respect to accounts receivable - trade, the corresponding allowance for doubtful accounts has been deducted.

(Note) 1 Notes are omitted for cash. In addition, notes are omitted for deposits, accounts payable - trade, short-term borrowings, and income taxes payable, because their fair value approximates book value, given that they are settled in a short period.

Derivative transactions are interest rate swaps, for which the exceptional treatment has been adopted in all cases. Because these are accounted for as a unit with the long-term borrowings that are the hedged item, their fair value is included in the fair value of the relevant long-term borrowings.

2 Unlisted Shares

Because unlisted shares have no market price, they are not included in investment securities in the table above.

	Amount recorded on the consolidated balance sheet (Millions of yen)
Unlisted shares	0

Current Consolidated Fiscal Year (June 30, 2026)

	Amount recorded on the consolidated balance sheet (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
Investment securities	11	11	—
Total assets	11	11	—
(1) Bonds payable (including bonds payable due within one year)	50	45	(4)
(2) Long-term borrowings (including current portion of long-term borrowings)	2,921	2,900	(20)
Total liabilities	2,971	2,946	(24)
Derivative transactions	—	—	—

(Note) 1 Notes are omitted for cash. In addition, notes are omitted for deposits, accounts receivable - trade, accounts payable - trade, short-term borrowings, and income taxes payable, because their fair value approximates book value, given that they are settled in a short period. Derivative transactions are interest rate swaps, for which the exceptional treatment has been adopted in all cases. Because these are accounted for as a unit with the long-term borrowings that are the hedged item, their fair value is included in the fair value of the relevant long-term borrowings.

2 Unlisted Shares

Because unlisted shares have no market price, they are not included in investment securities in the table above.

	Amount recorded on the consolidated balance sheet (Millions of yen)
Unlisted shares	0

(Note) 3 Scheduled Redemption of Monetary Claims After the Balance Sheet Date

Previous Consolidated Fiscal Year (June 30, 2025)

	Within 1 year (Millions of yen)	Over 1 year within 5 years (Millions of yen)	Over 5 years within 10 years (Millions of yen)	Over 10 years (Millions of yen)
Cash and deposits	1,853	–	–	–
Accounts receivable - trade	1,809	0	–	–
Investment securities				
Other securities with a maturity date (government bonds)	–	–	10	–
Total	3,662	0	10	–

Current Consolidated Fiscal Year (June 30, 2026)

	Within 1 year (Millions of yen)	Over 1 year within 5 years (Millions of yen)	Over 5 years within 10 years (Millions of yen)	Over 10 years (Millions of yen)
Cash and deposits	2,156	–	–	–
Accounts receivable - trade	1,986			
Investment securities				
Other securities with a maturity date (government bonds)	–	–	10	–
Total	4,143	–	10	–

(Note) 4 Scheduled Repayment of Bonds Payable and Long-Term Borrowings After the Consolidated Balance Sheet Date

Previous Consolidated Fiscal Year (June 30, 2025)

	Within 1 year (Millions of yen)	Over 1 year within 2 years (Millions of yen)	Over 2 years within 3 years (Millions of yen)	Over 3 years within 4 years (Millions of yen)	Over 4 years within 5 years (Millions of yen)	Over 5 years (Millions of yen)
Short-term borrowings	240	–	–	–	–	–
Bonds payable	–	–	–	–	–	50
Long-term borrowings	1,070	908	520	283	122	49
Total	1,310	908	520	283	122	99

Current Consolidated Fiscal Year (June 30, 2026)

	Within 1 year (Millions of yen)	Over 1 year within 2 years (Millions of yen)	Over 2 years within 3 years (Millions of yen)	Over 3 years within 4 years (Millions of yen)	Over 4 years within 5 years (Millions of yen)	Over 5 years (Millions of yen)
Short-term borrowings	731	–	–	–	–	–
Bonds payable	–	–	–	–	–	50
Long-term borrowings	1,118	720	472	319	175	115
Total	1,849	720	472	319	175	167

3 Matters Relating to the Breakdown, etc. of Financial Instruments by Level of Fair Value

The fair value of financial instruments is classified into the following three levels, according to the observability and significance of the inputs used to calculate fair value.

Level 1 fair value: Fair value calculated using quoted prices in active markets for the assets or liabilities subject to the fair value measurement, among observable inputs used to calculate fair value

Level 2 fair value: Fair value calculated using inputs, other than Level 1 inputs, that are used to calculate fair value, among observable inputs used to calculate fair value

Level 3 fair value: Fair value calculated using unobservable inputs used to calculate fair value

Where multiple inputs that have a material effect on the calculation of fair value are used, fair value is classified into the level with the lowest priority in the calculation of fair value, among the levels to which each of those inputs belongs.

(1) Financial Instruments Recorded on the Consolidated Balance Sheet at Fair Value

Previous Consolidated Fiscal Year (June 30, 2025)

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	0	—	—	0
Government bonds	10	—	—	10
Golf club membership	—	1	—	1
Total assets	10	1	—	11

Current Consolidated Fiscal Year (June 30, 2026)

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	0	—	—	0
Government bonds	10	—	—	10
Golf club membership	—	1	—	1
Total assets	10	1	—	11

(2) Financial Instruments Other Than Those Recorded on the Consolidated Balance Sheet at Fair Value
Previous Consolidated Fiscal Year (June 30, 2025)

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Accounts receivable - trade	—	1,803	—	1,803
Total assets	—	1,803	—	1,803
Bonds payable	—	48	—	48
Long-term borrowings	—	2,927	—	2,927
Total liabilities	—	2,975	—	2,975

Current Consolidated Fiscal Year (June 30, 2026)

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable	—	45	—	45
Long-term borrowings	—	2,900	—	2,900
Total liabilities	—	2,946	—	2,946

(Note) 1. Explanation of the Valuation Techniques and Inputs Used to Calculate Fair Value

Accounts receivable - trade

The fair value of accounts receivable - trade is calculated as the present value, discounted using a rate that reflects the period to maturity and credit risk, of receivables classified by certain periods, and is classified as Level 2 fair value.

Investment securities

Listed shares and government bonds are valued using quoted prices. Because listed shares and government bonds are traded in active markets, their fair value is classified as Level 1 fair value. Although golf club memberships are not traded in an active market, because a published standard price exists, their fair value is classified as Level 2 fair value. Bonds payable are valued using the discounted present value method, and their fair value is classified as Level 3 fair value.

Bonds payable and long-term borrowings

The fair value of these items is calculated using the discounted present value method, based on the total amount of principal and interest and a rate that reflects the remaining period of the obligation and credit risk, and is classified as Level 2 fair value.

(Notes on Derivative Transactions)

Derivative Transactions to Which Hedge Accounting Is Applied

Interest Rate-Related

Previous Consolidated Fiscal Year (June 30, 2025)

Method of hedge accounting	Type of transaction	Principal hedged item	Contract amount, etc. (Millions of yen)	Of which, over 1 year (Millions of yen)	Fair value (Millions of yen)
Exceptional treatment for interest rate swaps	Interest rate swap transactions Receive floating, pay fixed	Long-term borrowings	983	641	(Note)

(Note) For those accounted for under the exceptional treatment for interest rate swaps, because these are accounted for as a unit with the long-term borrowings that are the hedged item, their fair value is included in the fair value of the relevant long-term borrowings.

Current Consolidated Fiscal Year (June 30, 2026)

Method of hedge accounting	Type of transaction	Principal hedged item	Contract amount, etc. (Millions of yen)	Of which, over 1 year (Millions of yen)	Fair value (Millions of yen)
Exceptional treatment for interest rate swaps	Interest rate swap transactions Receive floating, pay fixed	Long-term borrowings	1,019	661	(Note)

(Note) For those accounted for under the exceptional treatment for interest rate swaps, because these are accounted for as a unit with the long-term borrowings that are the hedged item, their fair value is included in the fair value of the relevant long-term borrowings.

(Notes on Retirement Benefits)

1. Overview of the Retirement Benefit Plans Adopted

The Company and certain of its consolidated subsidiaries have adopted a lump-sum retirement benefit plan to provide for employees' retirement benefits. As a retirement benefit, a lump-sum payment based on the length of service is paid. For the lump-sum retirement benefit plan maintained by the Company and certain of its consolidated subsidiaries, retirement benefit liability and retirement benefit expenses are calculated using the simplified method.

As the method of calculating retirement benefit obligations, the Company applies the method using the amount that would be required to be paid if all eligible employees voluntarily retired at the fiscal year-end.

Certain consolidated subsidiaries have adopted a defined contribution pension plan.

2. Defined Benefit Plans

(1) Reconciliation of the Beginning and Ending Balances of Retirement Benefit Liability for Plans to Which the Simplified Method Is Applied

	Previous consolidated fiscal year (From July 1, 2024 to June 30, 2025)	Current consolidated fiscal year (From July 1, 2025 to June 30, 2026)
Balance of retirement benefit liability at the beginning of the period	53 million yen	61 million yen
Retirement benefit expenses	14 million yen	16 million yen
Retirement benefits paid	(6) million yen	(3) million yen
Increase due to acquisition of newly consolidated subsidiaries	—	5 million yen
Balance of retirement benefit liability at the end of the period	61 million yen	80 million yen

(2) Reconciliation of the Ending Balance of Retirement Benefit Obligations and the Retirement Benefit Liability and Retirement Benefit Assets Recorded on the Consolidated Balance Sheet

	Previous consolidated fiscal year (As of June 30, 2025)	Current consolidated fiscal year (As of June 30, 2026)
Retirement benefit obligations under unfunded plans	61 million yen	80 million yen
Net amount of liabilities and assets recorded on the consolidated balance sheet	61 million yen	80 million yen
Retirement benefit liability	61 million yen	80 million yen
Net amount of liabilities and assets recorded on the consolidated balance sheet	61 million yen	80 million yen

(3) Retirement Benefit Expenses

Retirement benefit expenses calculated using the simplified method: Previous consolidated fiscal year: 14 million yen; current consolidated fiscal year: 16 million yen

3. Defined Contribution Plan

The amount of contributions required under the Group's defined contribution plan was – million yen in the previous consolidated fiscal year and 1 million yen in the current consolidated fiscal year.

(Notes on Stock Options, etc.)

1. Amount of Expenses Recorded for Stock Options and the Relevant Account Item

Not applicable.

2. Content, Scale and Status of Changes of Stock Options

This applies to stock options that existed during the current consolidated fiscal year, and the number of stock options is stated in terms of the number of shares.

(1) Content of Stock Options

Company name	Consolidated subsidiary (FG-Lab Inc.)	Consolidated subsidiary (FG-Lab Inc.)
Name	1st Series Stock Acquisition Rights	2nd Series Stock Acquisition Rights
Date of resolution	November 12, 2020 Extraordinary General Meeting of Shareholders resolution	November 12, 2020 Extraordinary General Meeting of Shareholders resolution
Classification and number of grantees	2 directors of the consolidated subsidiary 2 employees of the consolidated subsidiary	1 Audit & Supervisory Board Member of the consolidated subsidiary 1 director of the Company 3 employees of the Company
Number of stock options by type of shares	Common stock: 2,587 shares	Common stock: 1,978 shares
Grant date	December 1, 2020	December 1, 2020
Vesting conditions	No vesting conditions are attached.	
Eligible service period	–	–
Exercise period	From December 2, 2023 to November 11, 2030	From December 2, 2023 to November 11, 2030
Number of stock acquisition rights (Units) *	2,587 (Note) 1	1,750 (Note) 1
Type, content and number of shares subject to stock acquisition rights *	Common stock: 2,587 shares (Note) 1	Common stock: 1,750 shares (Note) 1
Payment amount upon exercise of stock acquisition rights (Yen) *	500 (Note) 3	500 (Note) 3
Issue price and amount credited to capital of shares issued upon exercise of stock acquisition rights *	Issue price: 500 yen Amount credited to capital: 250 yen	Issue price: 500 yen Amount credited to capital: 250 yen
Conditions for exercise of stock acquisition rights *	① Stock acquisition rights shall be exercised in units of one. ② A person granted stock acquisition rights must hold the position of director, Audit & Supervisory Board Member, executive officer, or employee of the Company or an affiliated company of the Company at the time of exercise; provided, however, that this shall not apply where the Board of Directors recognizes a justifiable reason. ③ The Company's common stock must be listed on a financial instruments exchange. ④ In the event a holder of stock acquisition rights dies, the exercise of the stock acquisition rights by his or her heirs shall not be permitted. ⑤ Other conditions shall be as provided in the agreement relating to the allotment of stock acquisition rights entered into between the Company and the person granted the stock acquisition rights, based on the resolution of the General Meeting of Shareholders and the resolution of the Board of Directors.	
Matters relating to the transfer of stock acquisition rights *	Approval by resolution of the Company's Board of Directors is required.	
Matters relating to the delivery of stock acquisition rights accompanying organizational restructuring *	(Note) 5	

* This describes the content as of the end of the current consolidated fiscal year. There has been no change to these matters as of the end of the month preceding the month in which this report is submitted (August 31, 2026).

(Notes) 1. The number of shares subject to each stock acquisition right (hereinafter, the “granted shares”) shall be one share; provided, however, that where the number of shares is adjusted as set forth below, the number of granted shares shall be adjusted accordingly.

Where, on or after the date on which stock acquisition rights are allotted (hereinafter, the “allotment date”), the Company carries out a stock split (including a free allotment of shares; the same shall apply hereinafter) or a reverse stock split of its common stock, the number of shares subject to the rights shall be adjusted according to the following formula; provided, however, that such adjustment shall apply only to the number of shares subject to stock acquisition rights that have not been exercised at that time, and any resulting fraction of less than one share shall be rounded down.

Adjusted number of shares = Number of shares before adjustment × Ratio of split or reverse split

In addition, where, on or after the allotment date, the Company carries out an absorption-type merger, a consolidation-type merger, an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer, or where any other unavoidable event occurs, the number of shares subject to the stock acquisition rights shall be adjusted within a reasonable range.

2. No payment of money is required in exchange for the stock acquisition rights.
3. Where, after the allotment date, the Company carries out a stock split or a reverse stock split of its common stock, or where an adjustment of the exercise price is otherwise required in an equivalent case, the exercise price shall be adjusted according to the following formula, and any resulting fraction of less than one yen shall be rounded up.

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of split or reverse split}}$$

In addition, where the Company issues new shares for subscription or disposes of treasury shares at a payment amount below the exercise price (excluding the issuance or disposal of shares based on the exercise of stock acquisition rights), the exercise price shall be adjusted according to the following formula, and any resulting fraction of less than one yen shall be rounded up.

$$\text{Adjusted exercise price} = \frac{\text{Number of shares already issued} \times \text{Exercise price before adjustment} + \text{Number of newly issued shares} \times \text{Payment amount per share}}{\text{Number of shares already issued} + \text{Increase in the number of shares due to new issuance}}$$

Furthermore, in addition to the above, where the Company carries out an absorption-type merger, a consolidation-type merger, an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer, or where any other unavoidable event occurs, the number of shares subject to the stock acquisition rights shall be adjusted within a reasonable range.

4. Grounds and Conditions Under Which the Company May Acquire the 1st Series and 2nd Series Stock Acquisition Rights
 - ① Where, before a holder of stock acquisition rights exercises such rights, a proposal for the approval of a merger agreement under which the Company would become the dissolved company, or a proposal for the approval of a share exchange agreement or share transfer plan under which the Company would become a wholly owned subsidiary, is approved at a General Meeting of Shareholders (or, where a resolution of the General Meeting of Shareholders is not required, where a resolution of the Company's Board of Directors is adopted), the Company may acquire the stock acquisition rights without consideration.
 - ② Where, before a holder of stock acquisition rights exercises such rights, the holder ceases to satisfy the conditions for exercise of the stock acquisition rights, or where a holder of stock acquisition rights waives the stock acquisition rights held by such holder, the Company may acquire the stock acquisition rights without consideration.
5. Where the Company carries out a merger (limited to a case in which the Company is dissolved as a result of the merger), an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (collectively, hereinafter, an “organizational restructuring”), the Company shall deliver, to holders of stock acquisition rights remaining as of the effective date of the organizational restructuring (hereinafter, “remaining stock acquisition rights”), stock acquisition rights of a stock company falling under any of items (a) through (e) of Article 236, Paragraph 1, Item 8 of the Companies Act (hereinafter, the “restructuring target company”), in each case based on the following conditions. In such case, the remaining stock acquisition rights shall be extinguished, and the restructuring target company shall newly issue stock acquisition rights; provided, however, that this shall apply only where the merger agreement, the absorption-type or incorporation-type company split agreement or plan, or the share exchange agreement or share transfer plan provides for the delivery of the restructuring target company's stock acquisition rights in accordance with the following conditions.

① Number of Stock Acquisition Rights of the Restructuring Target Company to Be Delivered

The same number as the number of stock acquisition rights held by the holders of the offered stock acquisition rights remaining as of the time the organizational restructuring becomes effective shall be delivered, respectively.

② Type of Shares of the Restructuring Target Company Subject to the Stock Acquisition Rights

Common stock of the restructuring target company.

③ Number of Shares of the Restructuring Target Company Subject to the Stock Acquisition Rights

To be determined in accordance with the type and number of shares subject to the stock acquisition rights to be allotted, taking into account the conditions, etc. of the organizational restructuring.

④ Value of Property to Be Contributed Upon Exercise of the Stock Acquisition Rights

The value of the property to be contributed upon exercise of each stock acquisition right to be delivered shall be the amount obtained by multiplying the post-restructuring payment amount, obtained by adjusting the prescribed exercise price taking into account the conditions, etc. of the organizational restructuring, by the number of shares of the restructuring target company subject to the stock acquisition right, as determined in accordance with ③ above.

⑤ Period During Which the Stock Acquisition Rights May Be Exercised

From whichever is later of the start date of the period during which the stock acquisition rights may be exercised or the effective date of the organizational restructuring, until the expiration date of the period during which the stock acquisition rights may be exercised described above.

⑥ Conditions for Exercise of the Stock Acquisition Rights

To be determined in accordance with the conditions for exercise of the stock acquisition rights described above.

⑦ Matters Relating to the Increase in Capital Stock and Capital Reserve

To be determined in accordance with the issue price and amount credited to capital of shares issued upon exercise of the stock acquisition rights described above.

⑧ Restrictions on the Acquisition of Stock Acquisition Rights by Transfer

The acquisition of the stock acquisition rights by transfer shall require the approval of the restructuring target company.

⑨ Grounds for Acquisition of the Stock Acquisition Rights

To be determined in accordance with Note 4 above.

(2) Scale of Stock Options and Status of Changes

① Number of Stock Options

	Consolidated subsidiary (FG-Lab Inc.)	Consolidated subsidiary (FG-Lab Inc.)
	1st Series Stock Acquisition Rights	2nd Series Stock Acquisition Rights
Before vesting (Shares)		
At the end of the previous consolidated fiscal year	2,587	1,978
Granted	—	—
Forfeited	—	228
Vested	—	—
Unvested balance	2,587	1,750
After vesting (Shares)		
At the end of the previous consolidated fiscal year	—	—
Vested	—	—
Exercised	—	—
Forfeited	—	—
Unexercised balance	—	—

② Unit Price Information

	Consolidated subsidiary (FG-Lab Inc.)	Consolidated subsidiary (FG-Lab Inc.)
	1st Series Stock Acquisition Rights	2nd Series Stock Acquisition Rights
Exercise price (Yen)	500	500
Average share price at exercise (Yen)	—	—
Fair value per unit at the grant date (Yen)	—	—

3. Method of Estimating the Fair Value per Unit of Stock Options

Because the consolidated subsidiary's shares were not listed at the time the stock options were granted, the method of estimating the fair value per unit of the stock options is based on an estimate of the intrinsic value per unit. The method of estimating the intrinsic value per unit is to deduct the exercise price from the valuation of the Company's shares; the valuation method for the Company's shares is determined by comprehensively taking into account the price calculated using the income capitalization method.

4. Method of Estimating the Number of Vested Stock Options

Because it is basically difficult to make a reasonable estimate of the number of future forfeitures, the Company adopts the method of reflecting only the actual number of forfeitures.

5. Content, Scale and Status of Changes of Post-Delivery Type Transactions Involving the Delivery of Shares Without Consideration as Compensation, etc. for Directors

(1) Content of Post-Delivery Type Compensation

	2024 post-delivery type Long-term stock-based compensation	2025 post-delivery type Stock-based compensation for achievement of management targets
Classification and number of grantees (Persons)	7 directors of the Company (excluding Audit and Supervisory Committee Members) 3 directors of the Company who are Audit and Supervisory Committee Members	6 directors of the Company (excluding Audit and Supervisory Committee Members) 3 directors of the Company who are Audit and Supervisory Committee Members
Number of shares granted by type of shares	Common stock: 27,297	Common stock: 16,001
Grant date	October 1, 2024	October 1, 2025
Vesting conditions	• Holding the position of director of the Company or another position determined by the Company's Board of Directors throughout the eligible service period • The Company's share price growth rate exceeding 1.0	• Holding a position as a Director of the Company or other position specified by the Board of Directors during the eligible work period. • The relative TSR (Note) must exceed 1.0.
Eligible service period	From September 26, 2024 to the conclusion of the Annual General Meeting of Shareholders relating to the fiscal year ended June 2026	From September 25, 2025 to the conclusion of the Annual General Meeting of Shareholders relating to the fiscal year ended June 2026

(Note) Relative TSR is calculated by comparing the Company's Total Shareholder Return (TSR) with the TOPIX growth rate (including dividends) over the corresponding period.

(2) Scale of Post-Delivery Type Compensation and Status of Changes

① Amount of Expenses Recorded and Account Item

(Unit: Millions of yen)

	Previous consolidated fiscal year (From July 1, 2024 to June 30, 2025)	Current consolidated fiscal year (From July 1, 2025 to June 30, 2026)
Selling, general and administrative expenses: Share-based payment expenses	10	(10)

② Number of Shares

	2024 post-delivery type Long-term stock-based compensation	2025 post-delivery type Stock-based compensation for achievement of management targets
At the end of the previous consolidated fiscal year (Shares)	27,297	—
Granted (Shares)	—	16,001
Forfeited (Shares)	27,297	16,001
Vested (Shares)	—	—
Unvested balance (Shares)	—	—
Unissued balance after vesting (Shares)	—	—

③ Unit Price Information

	2024 post-delivery type Long-term stock-based compensation	2025 post-delivery type Stock-based compensation for achievement of management targets
Fair value per unit at the grant date	1,003	714

(3) Method of Estimating the Fair Value per Unit of Post-Delivery Type Transactions Involving the Delivery of Shares Without Consideration as Compensation, etc. for Directors

The fair value is calculated using an option pricing model (Monte Carlo simulation).

(4) Method of Estimating the Number of Vested Shares

Because it is basically difficult to make a reasonable estimate of the number of future forfeitures for post-delivery type compensation, the Company adopts the method of reflecting only the actual number of forfeitures.

(Notes on Tax Effect Accounting)

1. Breakdown of the Principal Causes of Deferred Tax Assets and Deferred Tax Liabilities

	Previous consolidated fiscal year (June 30, 2025)	Current consolidated fiscal year (June 30, 2026)
Deferred tax assets		
Allowance for doubtful accounts	2 million yen	4 million yen
Provision for bonuses	24 million yen	29 million yen
Impairment loss	6 million yen	3 million yen
Loss on bad debt	0 million yen	1 million yen
Accrued enterprise tax	11 million yen	17 million yen
Excess depreciation	34 million yen	59 million yen
Contract liabilities	132 million yen	52 million yen
Accrued social insurance premiums	4 million yen	4 million yen
Retirement benefit liability	19 million yen	25 million yen
Amortization of leasehold deposits	1 million yen	3 million yen
Loss on valuation of merchandise	44 million yen	53 million yen
Loss on valuation of investment securities	12 million yen	12 million yen
Share-based payment expenses	3 million yen	– million yen
Loss carried forward for tax purposes (Note)	6 million yen	67 million yen
Other	6 million yen	4 million yen
Subtotal, deferred tax assets	311 million yen	339 million yen
Valuation allowance for loss carried forward for tax purposes (Note)	(5) million yen	(67) million yen
Valuation allowance for total future deductible temporary differences, etc.	(16) million yen	(39) million yen
Subtotal, valuation allowance	(21) million yen	(106) million yen
Total deferred tax assets	289 million yen	233 million yen
Deferred tax liabilities		
Contract assets	(8) million yen	(3) million yen
Revaluation reserve for land	– million yen	(4) million yen
Management safety mutual aid	– million yen	(2) million yen
Total deferred tax liabilities	(8) million yen	(10) million yen
Net deferred tax assets	281 million yen	222 million yen

(Note) Amount of loss carried forward for tax purposes and the related deferred tax assets, by expiration period

Previous Consolidated Fiscal Year (June 30, 2025)

(Unit: Millions of yen)

	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Loss carried forward for tax purposes (a)	–	–	–	–	–	6	6
Valuation allowance	–	–	–	–	–	(5)	(5)
Deferred tax assets	–	–	–	–	–	1	(b) 1

(a) The loss carried forward for tax purposes is the amount multiplied by the statutory effective tax rate.

(b) The deferred tax assets relating to this loss carried forward for tax purposes are determined to be recoverable based on the expected future taxable income.

Current Consolidated Fiscal Year (June 30, 2026)

(Unit: Millions of yen)

	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Loss carried forward for tax purposes (a)	—	—	—	—	—	67	67
Valuation allowance	—	—	—	—	—	(67)	(67)
Deferred tax assets	—	—	—	—	—	—	—

(a) The loss carried forward for tax purposes is the amount multiplied by the statutory effective tax rate.

2. Breakdown of the Principal Items Causing a Significant Difference Between the Statutory Effective Tax Rate and the Effective Tax Rate After Application of Tax Effect Accounting

	Previous consolidated fiscal year (June 30, 2025)	Current consolidated fiscal year (June 30, 2026)
Statutory effective tax rate		
(Adjustment)		
Per capita levy of inhabitant tax		
Entertainment expenses not deductible for tax purposes	Because the difference between the statutory effective tax rate and the effective tax rate after application of tax effect accounting is 5% or less of the statutory effective tax rate, the note has been omitted.	Because the difference between the statutory effective tax rate and the effective tax rate after application of tax effect accounting is 5% or less of the statutory effective tax rate, the note has been omitted.
Special tax credit for corporate tax		
Difference in applicable tax rates of consolidated subsidiaries		
Increase (decrease) in valuation allowance		
Other		
Effective tax rate after application of tax effect accounting		

(Notes on Business Combinations, etc.)

Business Combination Through Acquisition

1. Overview of the Business Combination

(1) Name of the Company Acquired and the Content of Its Business

Name of the company acquired Power Denki Innovation Inc. (hereinafter, "PDI")
Content of its business Solar power EPC business (*)

* EPC business: A business that undertakes design, procurement and construction on an integrated basis.

(2) Principal Reasons for the Business Combination

OffGrid-Lab Inc. (hereinafter, "OGL"), the Company's consolidated subsidiary, is developing a renewable energy business. The Company acquired shares of PDI, which has outstanding expertise in the EPC business for solar power generation, in order to welcome it into the Group and thereby build a more efficient and competitive business structure.

(3) Date of the Business Combination

August 31, 2025

(4) Legal Structure of the Business Combination

Acquisition of shares

(5) Name of the Combined Entity

No change

(6) Ratio of Voting Rights Acquired

100%

As a result of this share acquisition, PDI became a wholly owned subsidiary of OGL. Although the Company's voting rights ratio in OGL is 16.67%, the Company effectively controls both OGL and PDI. Accordingly, PDI is treated as a consolidated subsidiary (sub-subsidiary) of the Company.

(7) Principal Grounds for Determining the Acquiring Company

This resulted from the acquisition of shares by OGL, the Company's consolidated subsidiary, with cash as consideration.

2. Period of the Acquired Company's Performance Included in the Consolidated Financial Statements

From September 1, 2025 to June 30, 2026

3. Breakdown of the Acquisition Cost of the Acquired Company and the Type of Consideration

Consideration for acquisition	Cash and deposits	50 million yen
Acquisition cost		50 million yen

4. Content and Amount of Principal Acquisition-Related Expenses

Due diligence expenses, etc.: 5 million yen

5. Amount of Goodwill Recognized, Reason for Recognition, and Method and Period of Amortization

(1) Amount of Goodwill Recognized

5 million yen

(2) Reason for Recognition

This represents the excess earnings capacity expected from PDI's future business development.

(3) Method and Period of Amortization

Equal amortization over 5 years

6. Amount and Principal Breakdown of Assets Acquired and Liabilities Assumed on the Date of the Business Combination

Current assets	565 million yen
Non-current assets	54 million yen
Total assets	619 million yen
Current liabilities	588 million yen
Non-current liabilities	12 million yen
Total liabilities	601 million yen

7. Estimated Amount of the Impact on the Consolidated Statement of Income for the Current Consolidated Fiscal Year, Assuming the Business Combination Had Been Completed on the First Day of the Consolidated Fiscal Year, and the Method of Calculation

Net sales	153 million yen
Operating profit	21 million yen
Ordinary profit	20 million yen
Loss attributable to owners of parent	0 million yen

(Method of Calculating the Estimated Amount)

The estimated amount of the impact is calculated as the difference between the net sales and profit or loss information calculated assuming the business combination had been completed on the first day of the consolidated fiscal year, and the net sales and profit or loss information in the acquiring company's consolidated statement of income.

This note has not been audited.

Business Combination Through Acquisition

1. Overview of the Business Combination

(1) Name of the Company Acquired and the Content of Its Business

Name of the company acquired	Smart Green Co., Ltd. (hereinafter, "Smart Green")
Content of its business	Construction, sales and maintenance of solar power generation systems, and other related businesses

(2) Principal Reasons for the Business Combination

The Group has developed its renewable energy business centered on OffGrid-Lab Inc. (hereinafter, "OGL"), the Company's consolidated subsidiary, building a structure that provides design, construction and maintenance on an integrated basis for multi-unit residential buildings and public facilities, and, in August 2025, steadily expanded its construction structure by welcoming the construction company Power Denki Innovation Inc. into the Group. This year, the Company adopted a new slogan, "Lead The 'Telecomenergy'." This embodies the Company's strong determination to vertically integrate "telecommunications (the nerves)" and "energy (the blood)" of urban infrastructure and transform it into a next-generation infrastructure model. In its renewable energy business, the Company installs solar panels and storage batteries to provide optimal power supply on a "self-generation, self-consumption" basis. By providing this in conjunction with the Company's telecommunications services, the Company aims to provide customers with the value of a self-sufficient, resilient space where "the internet stays connected and electricity remains available" even in the event of a disaster, in addition to optimizing everyday electricity use, and to contribute to carbon offsetting. This acquisition was made in order to further expand and accelerate the renewable energy business toward realizing the sustainable society envisioned by "Telecomenergy." Smart Green provides comprehensive energy solutions, mainly for corporate customers, ranging from proposals for fully self-consumption-type solar power generation systems and storage battery systems through to construction. With a structure that can handle everything from site surveys through design and construction on a one-stop basis, Smart Green has high cost competitiveness, and boasts an extensive construction track record and high order-acceptance rate, particularly at hospitals and factories where a stable energy supply is essential. Backed by its outstanding specialized knowledge and know-how in this field, Smart Green has achieved a high profit margin. By welcoming Smart Green into the Group, the Company aims to realize agile fund procurement, further refinement of services for multi-unit residential buildings by leveraging the Company's existing customer base of approximately 50,000 buildings to which it provides telecommunications services, and maximization of order acquisition through joint sales activities in the business-use business. By fusing Smart Green's know-how with the Company's platform at a high level, the Company aims to lead the way to a sustainable society through the powerful synergy of "telecommunications × renewable energy × storage batteries," and to accelerate further development and growth for the Group as a whole.

(3) Date of the Business Combination

June 30, 2026

(4) Legal Structure of the Business Combination

Acquisition of shares

(5) Name of the Combined Entity

No change

(6) Ratio of Voting Rights Acquired

100%

As a result of this share acquisition, Smart Green became a wholly owned subsidiary of OGL. Although the Company's voting rights ratio in OGL is 16.67%, the Company effectively controls both OGL and Smart Green. Accordingly, Smart Green is treated as a consolidated subsidiary (sub-subsidiary) of the Company.

(7) Principal Grounds for Determining the Acquiring Company

This resulted from the acquisition of shares by OGL, the Company's consolidated subsidiary, with cash as consideration.

2. Period of the Acquired Company's Performance Included in the Consolidated Financial Statements

Because only the balance sheet has been consolidated for the current consolidated fiscal year, the acquired company's performance is not included in the consolidated statement of income.

3. Breakdown of the Acquisition Cost of the Acquired Company and the Type of Consideration

Consideration for acquisition	Cash and deposits	250 million yen
Acquisition cost		250 million yen

4. Content and Amount of Principal Acquisition-Related Expenses

Due diligence expenses, etc.: 28 million yen

5. Amount of Goodwill Recognized, Reason for Recognition, and Method and Period of Amortization

(1) Amount of Goodwill Recognized

31 million yen

The amount of goodwill is a provisional figure, as the allocation of the acquisition cost had not been completed as of the end of the current consolidated fiscal year.

(2) Reason for Recognition

This represents the excess earnings capacity expected from Smart Green's future business development.

(3) Method and Period of Amortization

Equal amortization over 5 years

6. Amount and Principal Breakdown of Assets Acquired and Liabilities Assumed on the Date of the Business Combination

Current assets	48 million yen
Non-current assets	78 million yen
Total assets	127 million yen
Current liabilities	16 million yen
Non-current liabilities	48 million yen
Total liabilities	65 million yen

7. Allocation of Acquisition Cost

As of the end of the current consolidated fiscal year, the identification of identifiable assets and liabilities as of the date of the business combination and the calculation of their fair value have not been completed, and the allocation of the acquisition cost has therefore not been completed; accordingly, provisional accounting treatment has been applied based on reasonable information available at that time.

8. Estimated Amount of the Impact on the Consolidated Statement of Income for the Current Consolidated Fiscal Year, Assuming the Business Combination Had Been Completed on the First Day of the Consolidated Fiscal Year, and the Method of Calculation

Net sales	162 million yen
Operating profit	18 million yen
Ordinary profit	20 million yen
Profit attributable to owners of parent	10 million yen

(Method of Calculating the Estimated Amount)

The estimated amount of the impact is calculated as the difference between the net sales and profit or loss information calculated assuming the business combination had been completed on the first day of the consolidated fiscal year, and the net sales and profit or loss information in the acquiring company's consolidated statement of income.

This note has not been audited.

Business Combination Through Acquisition

1. Overview of the Business Combination

(1) Name of the Company Acquired and the Content of Its Business

Name of the company acquired	Aiwa Co., Ltd. (hereinafter, "Aiwa")
Content of its business	Telecommunications construction business, and installation and related operations of network camera equipment

(2) Principal Reasons for the Business Combination

The Group has established a structure that provides the design, construction and maintenance of telecommunications networks on an integrated basis, as an on-premises infrastructure integrator, for multi-unit residential buildings and various commercial facilities, and is expanding its services nationwide. This resolution represents an important first step toward substantially expanding the Group's in-house construction structure in its telecommunications business. Aiwa has provided reliable technology and services for more than 40 years since its founding, mainly in Kanagawa Prefecture, across a wide range of telecommunications fields, including internet, CATV and network camera construction. In particular, Aiwa has a strong business base that allows it to receive orders directly as a prime contractor from major corporations, employs numerous qualified personnel, including comprehensive telecommunications equipment engineers and electrical construction engineers, and boasts high on-site responsiveness and excellent mobility in coordinating multiple partner companies. The greatest synergy from Aiwa joining the Group lies in the strengthening of the Group's construction capabilities in the telecommunications field. Even amid the rapid progress of digitalization and AI adoption, the Company believes that the technical skill of on-site construction personnel and on-site management capability that support operations in the field, together with the human connections and construction skills involved, are an extremely important source of competitive advantage. Through this transaction, Aiwa's long-cultivated construction technical skills and network of partner companies will contribute to new development in the telecommunications business and to enhancing the value the Group provides. In addition, this year, the Group adopted a new slogan, "Lead The 'Telecomenergy'." This embodies the Company's strong determination to vertically integrate "telecommunications (the nerves)," which it has long worked to popularize, with "energy (the blood)," such as renewable energy, and to transform this into a next-generation urban infrastructure model. Combining Aiwa's reliable construction capabilities with the Company's existing services directly leads to the expansion and internalization of the Company's in-house construction structure envisioned by this concept for building next-generation infrastructure. By solidifying its construction foundation in telecommunications infrastructure, the Group aims to further enhance the value provided by its core telecommunications services, accelerate the social implementation of a next-generation urban infrastructure model that fuses "telecommunications" and "energy," and achieve further business expansion and growth for the Group as a whole.

(3) Date of the Business Combination

June 30, 2026

(4) Legal Structure of the Business Combination

Acquisition of shares

(5) Name of the Combined Entity

No change

(6) Ratio of Voting Rights Acquired

100%

(7) Principal Grounds for Determining the Acquiring Company

This resulted from the acquisition of shares by the Company with cash as consideration.

2. Period of the Acquired Company's Performance Included in the Consolidated Financial Statements

Because only the balance sheet has been consolidated for the current consolidated fiscal year, the acquired company's performance is not included in the consolidated statement of income.

3. Breakdown of the Acquisition Cost of the Acquired Company and the Type of Consideration

Consideration for acquisition	Cash and deposits	210 million yen
Acquisition cost		210 million yen

4. Content and Amount of Principal Acquisition-Related Expenses

Due diligence expenses, etc.: 20 million yen

5. Amount of Negative Goodwill Recognized and Reason for Recognition

(1) Amount of Negative Goodwill Recognized

40 million yen

The amount of negative goodwill is a provisional figure, as the allocation of the acquisition cost had not been completed as of the end of the current consolidated fiscal year.

(2) Reason for Recognition

Because the fair value of net assets of the acquired company at the time of the business combination exceeded the acquisition cost, the difference has been recorded as a gain on bargain purchase.

6. Amount and Principal Breakdown of Assets Acquired and Liabilities Assumed on the Date of the Business Combination

Current assets	345 million yen
Non-current assets	9 million yen
Total assets	355 million yen
Current liabilities	98 million yen
Non-current liabilities	5 million yen
Total liabilities	104 million yen

7. Allocation of Acquisition Cost

As of the end of the current consolidated fiscal year, the identification of identifiable assets and liabilities as of the date of the business combination and the calculation of their fair value have not been completed, and the allocation of the acquisition cost has therefore not been completed; accordingly, provisional accounting treatment has been applied based on reasonable information available at that time.

8. Estimated Amount of the Impact on the Consolidated Statement of Income for the Current Consolidated Fiscal Year, Assuming the Business Combination Had Been Completed on the First Day of the Consolidated Fiscal Year, and the Method of Calculation

Net sales	554 million yen
Operating profit	16 million yen
Ordinary profit	60 million yen
Profit attributable to owners of parent	49 million yen

(Method of Calculating the Estimated Amount)

The estimated amount of the impact is calculated as the difference between the net sales and profit or loss information calculated assuming the business combination had been completed on the first day of the consolidated fiscal year, and the net sales and profit or loss information in the acquiring company's consolidated statement of income.

This note has not been audited.

(Notes on Asset Retirement Obligations)

The Group recognizes, as asset retirement obligations, obligations relating to restoration to original condition upon vacating premises under its office real estate lease agreements.

Because leasehold deposits relating to lease agreements are recorded as assets, instead of recording a liability for the relevant asset retirement obligations, the Group reasonably estimates the amount for which recovery of the leasehold deposits relating to the real estate lease agreements is ultimately not expected, and records the portion of that amount attributable to the current period as an expense.

(Notes on Revenue Recognition)

1. Information Disaggregating Revenue Arising from Contracts with Customers

The Group consists of two reportable segments, the Network Solutions Business and the Real Estate Business, and the renewable energy (electricity) business, which does not belong to a reportable segment.

The breakdown of the Group's revenue, disaggregated by the timing of revenue recognition, is as follows.

Previous Consolidated Fiscal Year (From July 1, 2024 to June 30, 2025)

(Unit: Millions of yen)

	Reportable segment			Other	Total
	Network Solutions Business	Real Estate Business	Total		
Goods or services transferred at a point in time	2,553	433	2,986	79	3,066
Goods or services transferred over a period of time	9,995	—	9,995	0	9,995
Revenue arising from contracts with customers	12,549	433	12,982	79	13,062
Other revenue	—	8	8	—	8
Net sales to external customers	12,549	441	12,990	79	13,070

Current Consolidated Fiscal Year (From July 1, 2025 to June 30, 2026)

(Unit: Millions of yen)

	Reportable segment			Other	Total
	Network Solutions Business	Real Estate Business	Total		
Goods or services transferred at a point in time	2,684	296	2,980	195	3,175
Goods or services transferred over a period of time	10,477	—	10,477	10	10,488
Revenue arising from contracts with customers	13,162	296	13,458	206	13,664
Other revenue	—	—	—	—	—
Net sales to external customers	13,162	296	13,458	206	13,664

2. Information Forming the Basis for Understanding Revenue Arising from Contracts with Customers

The Group's Network Solutions Business derives its principal revenue from the provision of telecommunications services or the sale of products. The Real Estate Business derives its principal revenue from the sale of real estate.

(1) Provision of Telecommunications Services

① Information Relating to Performance Obligations

The performance obligations relating to the provision of telecommunications services consist of the performance obligation to install and configure internet connection equipment at the property to which the service is provided (hereinafter, "initial installation services"), and the performance obligation to provide internet services after the installation and configuration of the internet connection equipment (hereinafter, "monthly usage fee services").

Where the initial installation services are recognized as a performance obligation integral to the monthly usage fee services, control of the goods or services transfers to the customer over a period of time, and the Company therefore recognizes revenue on the judgment that the performance obligation is satisfied over the period of the internet service contract. Where the initial installation services are not deemed to be a performance obligation integral to the monthly usage fee services, control of the goods or services transfers to the customer, and the performance obligation is satisfied, upon completion of the installation and configuration of the internet connection equipment; the Company therefore recognizes revenue on the judgment that the performance obligation is satisfied at the point in time the installation and configuration of the internet connection equipment is completed.

② Information Relating to the Determination of the Transaction Price and the Amount Allocated to Performance Obligations

The transaction price relating to the provision of telecommunications services is the contract price determined at the time of the contract with the customer, and there is no variable consideration. In addition, because the prices for the installation and configuration of internet connection equipment at the property to which the service is provided and for the internet service are each specified in the contract, the transaction price is allocated based on these contractual prices.

(2) Sale of Products

① Information Relating to Performance Obligations

For the sale of products, the performance obligation is the delivery of the product to the customer. Because control of the product transfers to the customer at the point in time the product is delivered, the Company recognizes revenue on the judgment that the performance obligation is satisfied at the point in time delivery of the product is completed.

② Information Relating to the Determination of the Transaction Price and the Amount Allocated to Performance Obligations

The transaction price relating to the sale of products is the contract price determined at the time of the contract with the customer.

(3) Sale of Real Estate

① Information Relating to Performance Obligations

For the sale of real estate, the performance obligation is the delivery of the real estate. Because control of the real estate transfers to the customer at the point in time the conditions for delivery under the real estate sale and purchase agreement concluded with the customer are satisfied, the Company recognizes revenue on the judgment that the performance obligation is satisfied at the point in time delivery of the real estate is completed.

② Information Relating to the Determination of the Transaction Price and the Amount Allocated to Performance Obligations

The transaction price relating to the sale of real estate is the contract price determined at the time of the contract with the customer.

3. Information Relating to the Relationship Between the Satisfaction of Performance Obligations Under Contracts with Customers and the Cash Flows Arising from Such Contracts, and the Amount and Timing of Revenue Expected to Be Recognized From and After the Following Consolidated Fiscal Year, in Respect of Contracts with Customers Existing as of the End of the Current Consolidated Fiscal Year

(1) Balances, etc. of Contract Assets and Contract Liabilities

(Unit: Millions of yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Receivables arising from contracts with customers (balance at beginning of period)	1,772	1,809
Receivables arising from contracts with customers (balance at end of period)	1,809	1,986
Contract assets (balance at beginning of period)	208	182
Contract assets (balance at end of period)	182	164
Contract liabilities (balance at beginning of period)	1,317	987
Contract liabilities (balance at end of period)	987	727

Contract assets represent consideration for internet services for which the performance obligation has been completed as of the fiscal year-end for customers to whom telecommunications services are provided, but which has not yet been billed. Contract assets are transferred to receivables arising from contracts with customers when the right of the Company and its consolidated subsidiaries to the consideration becomes unconditional.

Contract liabilities relate to advances received from customers, in connection with the performance obligation to install and configure internet connection equipment in the provision of telecommunications services, after the installation and configuration work is completed. Contract liabilities are derecognized upon recognition of the related revenue.

Of the amount of revenue recognized in the previous consolidated fiscal year, the amount included in the balance of contract liabilities as of the beginning of the period was 483 million yen.

In addition, there was no revenue recognized in the previous consolidated fiscal year from performance obligations satisfied (or partially satisfied) in prior periods.

Of the amount of revenue recognized in the current consolidated fiscal year, the amount included in the balance of contract liabilities as of the beginning of the period was 412 million yen.

In addition, there was no revenue recognized in the current consolidated fiscal year from performance obligations satisfied (or partially satisfied) in prior periods.

(2) Transaction Price Allocated to Remaining Performance Obligations

The remaining performance obligations relate to revenue from the provision of telecommunications services.

The total transaction price allocated to remaining performance obligations and the period in which revenue is expected to be recognized are as follows.

Previous Consolidated Fiscal Year (From July 1, 2024 to June 30, 2025)

(Unit: Millions of yen)

	FY ending June 2026	FY ending June 2027	FY ending June 2028	FY ending June 2029	FY ending June 2030 and thereafter	Total
Revenue expected to be recognized as of June 30, 2025	6,566	5,207	3,928	2,880	3,756	22,339

Current Consolidated Fiscal Year (From July 1, 2025 to June 30, 2026)

(Unit: Millions of yen)

	FY ending June 2027	FY ending June 2028	FY ending June 2029	FY ending June 2030	FY ending June 2031 and thereafter	Total
Revenue expected to be recognized as of June 30, 2026	6,325	4,968	3,863	2,776	4,006	21,940

(Notes on Segment Information, etc.)

[Segment Information]

1. Overview of Reportable Segments

The Group's reportable segments are those of the Group's business constituent units for which separate financial information is available and are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate business performance.

The method used to identify reportable segments is by product and service, and there are the following two reportable segments.

① Network Solutions Business

Construction, maintenance, operation and support of free-of-charge internet-connected apartment buildings, provision under private brand, construction, maintenance, operation and support of free Wi-Fi, etc.

② Real Estate Business

Sale, purchase and leasing of real estate, etc.

2. Method of Calculating the Amount of Net Sales, Profit or Loss, Assets, Liabilities and Other Items for Each Reportable Segment

The accounting method for the reported business segments conforms to the accounting policies adopted in preparing the consolidated financial statements.

Reportable segment profit is stated on an operating profit basis.

3. Matters Relating to Changes, etc. in Each Reportable Segment

Effective July 1, 2025, the Company reorganized its sales structure from a business-based to a region-based system, and, as a result, revised its method of classifying reportable segments from the current consolidated fiscal year, consolidating and renaming the "Home-Use Business" and "Business-Use Business" segments as the "Network Solutions Business."

As a result of this segment change, the segment information for the previous consolidated fiscal year is presented as prepared using the revised classification method.

4. Information Relating to the Amounts of Net Sales, Profit or Loss, Assets, Liabilities and Other Items for Each Reportable Segment

Previous Consolidated Fiscal Year (From July 1, 2024 to June 30, 2025)

(Unit: Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	Network Solutions Business	Real Estate Business	Total				
Net sales							
Net sales to external customers	12,549	441	12,990	79	13,070	—	13,070
Intersegment net sales or transfers	—	—	—	—	—	—	—
Total	12,549	441	12,990	79	13,070	—	13,070
Segment profit or loss (—)	2,964	67	3,031	(0)	3,031	(1,073)	1,958
Segment assets	9,529	212	9,742	4	9,747	2,397	12,144
Other items							
Depreciation	1,693	4	1,697	1	1,698	27	1,726
Increase in property, plant and equipment and intangible assets	1,544	—	1,544	—	1,544	23	1,568

(Notes) 1. The “Other” category is a business segment not included in the reportable segments, and includes the renewable energy (electricity) business.

2. The adjustments are as follows.

- (1) The adjustment to segment profit of (1,073) million yen represents general and administrative expenses not allocated to each reportable segment.
- (2) The adjustment to segment assets of 2,397 million yen represents company-wide assets not allocated to each reportable segment. Company-wide assets consist mainly of surplus funds (cash and deposits).
- (3) The adjustment to depreciation of 27 million yen represents depreciation relating to company-wide assets not allocated to the reportable segments.
- (4) The adjustment to the increase in property, plant and equipment and intangible assets of 23 million yen represents the increase in fixed assets relating to company-wide assets not allocated to the reportable segments.

3. Segment profit is reconciled with operating profit in the consolidated financial statements.

Current Consolidated Fiscal Year (From July 1, 2025 to June 30, 2026)

(Unit: Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	Network Solutions Business	Real Estate Business	Total				
Net sales							
Net sales to external customers	13,162	296	13,458	206	13,664	—	13,664
Intersegment net sales or transfers	—	—	—	—	—	—	—
Total	13,162	296	13,458	206	13,664	—	13,664
Segment profit or loss (—)	3,059	18	3,078	(142)	2,936	(1,097)	1,838
Segment assets	9,177	727	9,904	466	10,371	2,726	13,097
Other items							
Depreciation	1,709	—	1,709	4	1,713	6	1,720
Increase in property, plant and equipment and intangible assets	1,344	—	1,344	161	1,505	35	1,541

(Notes) 1. The “Other” category is a business segment not included in the reportable segments, and includes the renewable energy (electricity) business.

2. The adjustments are as follows.

- (1) The adjustment to segment profit of (1,097) million yen represents general and administrative expenses not allocated to each reportable segment.
- (2) The adjustment to segment assets of 2,726 million yen represents company-wide assets not allocated to each reportable segment. Company-wide assets consist mainly of surplus funds (cash and deposits).
- (3) The adjustment to depreciation of 6 million yen represents depreciation relating to company-wide assets not allocated to the reportable segments.
- (4) The adjustment to the increase in property, plant and equipment and intangible assets of 35 million yen represents the increase in fixed assets relating to company-wide assets not allocated to the reportable segments.

3. Segment profit is reconciled with operating profit in the consolidated financial statements.

[Related Information]

Previous Consolidated Fiscal Year (From July 1, 2024 to June 30, 2025)

1. Information by Product and Service

Description has been omitted, as similar information is disclosed in the segment information.

2. Information by Region

(1) Net Sales

Description has been omitted, as net sales to external customers in Japan exceed 90% of net sales in the consolidated statement of income.

(2) Property, Plant and Equipment

Description has been omitted, as the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information by Major Customer

(Unit: Millions of yen)

Name of customer	Net sales	Related segment name
U-NEXT LIVING PARTNERS Inc.	2,565	Network Solutions Business

Current Consolidated Fiscal Year (From July 1, 2025 to June 30, 2026)

1. Information by Product and Service

Description has been omitted, as similar information is disclosed in the segment information.

2. Information by Region

(1) Net Sales

Description has been omitted, as net sales to external customers in Japan exceed 90% of net sales in the consolidated statement of income.

(2) Property, Plant and Equipment

Description has been omitted, as the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information by Major Customer

(Unit: Millions of yen)

Name of customer	Net sales	Related segment name
U-NEXT LIVING PARTNERS Inc.	2,475	Network Solutions Business

[Information Relating to Impairment Losses on Fixed Assets by Reportable Segment]

Previous Consolidated Fiscal Year (From July 1, 2024 to June 30, 2025)

Not applicable.

Current Consolidated Fiscal Year (From July 1, 2025 to June 30, 2026)

Not applicable.

[Information Relating to Amortization and Unamortized Balance of Goodwill by Reportable Segment]

Previous Consolidated Fiscal Year (From July 1, 2024 to June 30, 2025)

Not applicable.

Current Consolidated Fiscal Year (From July 1, 2025 to June 30, 2026)

(Unit: Millions of yen)

	Network Solutions Business	Real Estate Business	Total	Other	Corporate and eliminations	Total
Amortization for the current period	—	—	—	0	—	0
Balance at end of current period	—	—	—	35	—	35

[Information Relating to Gain on Bargain Purchase by Reportable Segment]

Previous Consolidated Fiscal Year (From July 1, 2024 to June 30, 2025)

Not applicable.

Current Consolidated Fiscal Year (From July 1, 2025 to June 30, 2026)

In the Network Solutions Business segment, the Company recognized a gain on bargain purchase resulting from the acquisition of shares of Aiwa Co., Ltd., making it a consolidated subsidiary. The gain on bargain purchase recorded in connection with this event was 40 million yen. Because the gain on bargain purchase is extraordinary income, it is not included in segment profit.

[Related Party Information]

1. Transactions with Related Parties

(1) Transactions Between the Company Filing the Consolidated Financial Statements and Related Parties

Previous Consolidated Fiscal Year (From July 1, 2024 to June 30, 2025)

Not applicable.

Current Consolidated Fiscal Year (From July 1, 2025 to June 30, 2026)

Not applicable.

(2) Transactions Between Consolidated Subsidiaries of the Company Filing the Consolidated Financial Statements and Related Parties

Officers and Major Shareholders (Limited to Individuals) of the Company Filing the Consolidated Financial Statements, etc.

Previous Consolidated Fiscal Year (From July 1, 2024 to June 30, 2025)

Type	Name of company or individual	Location	Capital stock or capital contribution (Millions of yen)	Content of business or occupation	Ratio of voting rights owned (or owned by) (%)	Relationship with related party	Content of transaction	Transaction amount (Millions of yen)	Account item	Balance at end of period (Millions of yen)
Officer	Masanori Inomata	—	—	Representative Director and President of the Company	(Owned by) Direct 13.88 Indirect 36.03	Conversion of convertible bonds with stock acquisition rights	Conversion of convertible bonds with stock acquisition rights (Note) 1	—	Bonds payable	50
Officer	Masanori Inomata	—	—	Representative Director and President of the Company	(Owned by) Direct 13.88 Indirect 36.03	Installation of renewable energy (electricity) equipment	Installation of renewable energy (electricity) equipment	13	—	—

Current Consolidated Fiscal Year (From July 1, 2025 to June 30, 2026)

Type	Name of company or individual	Location	Capital stock or capital contribution (Millions of yen)	Content of business or occupation	Ratio of voting rights owned (or owned by) (%)	Relationship with related party	Content of transaction	Transaction amount (Millions of yen)	Account item	Balance at end of period (Millions of yen)
Officer	Masanori Inomata	—	—	Representative Director and President of the Company	(Owned by) Direct 13.88 Indirect 36.03	Conversion of convertible bonds with stock acquisition rights	Conversion of convertible bonds with stock acquisition rights (Note) 1	—	Bonds payable	50

Transaction Terms and Policy for Determining Transaction Terms, etc.

(Notes) 1. The issue price of the convertible bonds with stock acquisition rights was determined based on the price calculated by a third-party institution.

2. Masanori Inomata, the Company's Representative Director, owns a majority of the voting rights.

3. The transaction amount and other transaction terms are based on the same terms as with other parties unrelated to the Company.

2 Notes Relating to the Parent Company or Significant Affiliated Companies

Not applicable.

(Per-Share Information)

	Previous consolidated fiscal year (From July 1, 2024 to June 30, 2025)	Current consolidated fiscal year (From July 1, 2025 to June 30, 2026)
Net assets per share	320.34 yen	347.18 yen
Basic earnings per share	65.20 yen	53.79 yen
Diluted earnings per share	65.07 yen	53.74 yen

(Note) The basis for calculating basic earnings per share and diluted earnings per share is as follows.

	Previous consolidated fiscal year (From July 1, 2024 to June 30, 2025)	Current consolidated fiscal year (From July 1, 2025 to June 30, 2026)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	1,319	1,082
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent relating to common stock (Millions of yen)	1,319	1,082
Average number of shares of common stock during the period (Shares)	20,236,660	20,121,375
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	—	—
Increase in the number of shares of common stock (Shares)	39,833	18,474
(Of which, stock acquisition rights (Shares))	(39,833)	(18,474)
Overview of potential shares not included in the calculation of diluted earnings per share because they had no dilutive effect	—	—

(Significant Subsequent Events)

Not applicable.

⑤ [Supplementary Schedules to the Consolidated Financial Statements]

[Schedule of Bonds Payable]

Company name	Description	Date of issuance	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Interest rate (%)	Collateral	Redemption date
OffGrid-Lab Inc.	1st Series Convertible Bonds with Stock Acquisition Rights	October 14, 2021	50 (-)	50 (-)	0.35	Unsecured bonds	October 14, 2031
Total	-	-	50 (-)	50 (-)	-	-	-

(Notes) 1. The figures in parentheses in the “Balance at end of period” column represent the amount scheduled to be redeemed within one year.

2. Matters relating to the convertible bonds with stock acquisition rights are as follows.

Description	Conversion request period	Conversion price (Yen)	Shares to be issued,	amount credited to capital (Yen/share)
1st Series	October 15, 2022 to September 30, 2031	50,000	Common stock	25,000

3. The scheduled redemption amounts for the 5 years following the consolidated balance sheet date are as follows.

Within 1 year (Millions of yen)	Over 1 year within 2 years (Millions of yen)	Over 2 years within 3 years (Millions of yen)	Over 3 years within 4 years (Millions of yen)	Over 4 years within 5 years (Millions of yen)
-	-	-	-	50

[Schedule of Borrowings, etc.]

Classification	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (%)	Repayment date
Short-term borrowings	240	731	1.8243	-
Current portion of long-term borrowings	1,070	1,118	0.7210	-
Long-term borrowings (excluding the current portion)	1,884	1,803	1.1123	July 2027 to July 2035
Total	3,195	3,652	-	-

(Notes) 1. “Average interest rate” represents the weighted average interest rate on the ending balance of borrowings, etc.

2. The scheduled repayment amounts of long-term borrowings for the 5 years following the consolidated balance sheet date are as follows.

	Over 1 year within 2 years (Millions of yen)	Over 2 years within 3 years (Millions of yen)	Over 3 years within 4 years (Millions of yen)	Over 4 years within 5 years (Millions of yen)
Long-term borrowings	720	472	319	175

[Schedule of Asset Retirement Obligations]

Not applicable.

(2) [Other]

Semi-Annual Information, etc. for the Current Consolidated Fiscal Year

	Interim consolidated accounting period	Current consolidated fiscal year
Net sales (Millions of yen)	6,774	13,664
Profit before income taxes for the interim period (current fiscal year) (Millions of yen)	878	1,798
Profit attributable to owners of parent for the interim period (current fiscal year) (Millions of yen)	622	1,082
Net income per share for the interim period (current fiscal year) (Yen)	30.96	53.79

2. [Financial Statements, etc.]

(1) [Financial Statements]

① [Balance Sheet]

(Millions of yen)

	Previous fiscal year (As of June 30, 2025)	Current fiscal year (As of June 30, 2026)
Assets		
Current assets		
Cash and deposits	1,338	1,379
Accounts receivable - trade	※ 2 1,766	※ 2 1,844
Contract assets	182	164
Merchandise	576	436
Work in process	0	5
Supplies	0	0
Other	※ 2 78	※ 2 94
Allowance for doubtful accounts	△5	△12
Total current assets	3,938	3,913
Non-current assets		
Property, plant and equipment		
Buildings	32	29
Tools, furniture and fixtures	8	7
Telecommunications equipment	6,956	6,561
Total property, plant and equipment	6,997	6,598
Intangible assets		
Software	51	64
Software in progress	30	26
Total intangible assets	81	90
Investments and other assets		
Investment securities	1	1
Shares of affiliated companies	206	437
Long-term loans receivable	—	※ 2 720
Leasehold deposits	44	44
Deferred tax assets	274	224
Distressed receivables	1	1
Other	17	19
Allowance for doubtful accounts	△1	△50
Total investments and other assets	544	1,397
Total non-current assets	7,623	8,087
Total assets	11,562	12,000

(Millions of yen)

	Previous fiscal year (As of June 30, 2025)	Current fiscal year (As of June 30, 2026)
Liabilities		
Current liabilities		
Accounts payable - trade	※ 2 713	※ 2 758
Short-term borrowings	※ 1, ※ 2 1,119	※ 1, ※ 2 1,195
Current portion of long-term borrowings	1,070	1,099
Income taxes payable	178	283
Contract liabilities	969	678
Provision for bonuses	81	91
Other	※ 2 380	※ 2 340
Total current liabilities	4,513	4,447
Non-current liabilities		
Long-term borrowings	1,884	1,759
Provision for retirement benefits	61	74
Total non-current liabilities	1,946	1,833
Total liabilities	6,459	6,280
Net assets		
Shareholders' equity		
Share capital	494	494
Capital surplus		
Legal capital surplus	400	400
Other capital surplus	14	14
Total capital surplus	415	415
Retained earnings		
Other retained earnings		
Retained earnings brought forward	4,675	5,304
Total retained earnings	4,675	5,304
Treasury shares	△493	△493
Total shareholders' equity	5,092	5,720
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	△0	△0
Total valuation and translation adjustments	△0	△0
Share award rights	10	—
Total net assets	5,102	5,720
Total liabilities and net assets	11,562	12,000

② [Statement of Income]

(Millions of yen)

	Previous fiscal year (From July 1, 2024 to June 30, 2025)	Current fiscal year (From July 1, 2025 to June 30, 2026)
Net sales	※ 1 12,366	※ 1 13,031
Cost of sales	7,216	7,777
Gross profit	5,150	5,253
Selling, general and administrative expenses	※ 1, ※ 2 3,440	※ 1, ※ 2 3,439
Operating profit	1,709	1,813
Non-operating income		
Interest income	0	※ 1 9
Dividend income	0	0
Foreign exchange gains	—	0
Point income	5	5
Other	0	0
Total non-operating income	6	15
Non-operating expenses		
Interest expenses	※ 1 28	※ 1 39
Foreign exchange losses	0	—
Provision of allowance for doubtful accounts	—	49
Other	0	—
Total non-operating expenses	29	88
Ordinary profit	1,687	1,740
Extraordinary losses		
Loss on retirement of non-current assets	52	51
Total extraordinary losses	52	51
Profit before income taxes	1,634	1,689
Income taxes - current	410	466
Income taxes - deferred	79	50
Total income taxes	490	517
Profit	1,143	1,171

[Schedule of Cost of Sales]

		Previous fiscal year (From July 1, 2024 to June 30, 2025)		Current fiscal year (From July 1, 2025 to June 30, 2026)			
Classification	Note number	Amount (Millions of yen)		Percentage (%)	Amount (Millions of yen)		Percentage (%)
I. Cost of merchandise sold	*1		1,117	15.5		1,136	14.6
1. Merchandise inventory at beginning of period		664			576		
2. Purchases of merchandise		1,725			1,597		
Subtotal		2,389			2,174		
3. Transfer to other accounts		684			601		
4. Merchandise inventory at end of period		576			436		
II. Labor costs	*2		68	0.9		85	1.1
III. Expenses			6,029	83.6		6,561	84.3
Total			7,216	100.0		7,783	100.0
Work in process inventory at beginning of period			—			—	
Total			7,216			7,783	
Work in process inventory at end of period			—			5	
Cost of sales for the current period			7,216			7,777	

*1 The principal breakdown of the transfer to other accounts is as follows.

	Previous fiscal year	Current fiscal year
Telecommunications equipment (Millions of yen)	684	601

*2 The principal breakdown of expenses is as follows.

	Previous fiscal year	Current fiscal year
Telecommunications line usage fees (Millions of yen)	4,028	4,562
Depreciation (Millions of yen)	1,715	1,709
Outsourced construction expenses (Millions of yen)	235	242

③ [Statement of Changes in Shareholders' Equity]

Previous Fiscal Year (From July 1, 2024 to June 30, 2025)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
Balance at beginning of period	494	400	14	415	4,059	4,059	△356	4,611
Changes during period								
Dividends of surplus					△527	△527		△527
Profit					1,143	1,143		1,143
Purchase of treasury shares							△136	△136
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	616	616	△136	480
Balance at end of period	494	400	14	415	4,675	4,675	△493	5,092

	Valuation and translation adjustments		Share award rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	0	0	—	4,611
Changes during period				
Dividends of surplus				△527
Profit				1,143
Purchase of treasury shares				△136
Net changes in items other than shareholders' equity	△0	△0	10	10
Total changes during period	△0	△0	10	490
Balance at end of period	△0	△0	10	5,102

Current Fiscal Year (From July 1, 2025 to June 30, 2026)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
Balance at beginning of period	494	400	14	415	4,675	4,675	△493	5,092
Changes during period								
Dividends of surplus					△543	△543		△543
Profit					1,171	1,171		1,171
Purchase of treasury shares							△0	△0
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	628	628	△0	628
Balance at end of period	494	400	14	415	5,304	5,304	△493	5,720

	Valuation and translation adjustments		Share award rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	△0	△0	10	5,102
Changes during period				
Dividends of surplus				△543
Profit				1,171
Purchase of treasury shares				△0
Net changes in items other than shareholders' equity	△0	△0	△10	△10
Total changes during period	△0	△0	△10	617
Balance at end of period	△0	△0	—	5,720

[Notes]

(Significant Accounting Policies)

1. Standards and Methods for Valuation of Assets

(1) Standards and Methods for Valuation of Securities

Shares of subsidiaries: The Company uses the cost method based on the moving average method.

Other securities

Securities other than shares, etc. without a market price: Market value method (valuation differences are accounted for using the method whereby the entire amount is directly included in net assets, and the cost of securities sold is calculated using the moving average method)

Shares, etc. without a market price: Cost method using the moving average method

(2) Standards and Methods for Valuation of Inventories

Merchandise: The Company uses the cost method based on the moving average method.

(The balance sheet value is calculated by writing down the book value to reflect decreased profitability.)

Work in process: The Company uses the cost method based on the specific identification method.

(The balance sheet value is calculated by writing down the book value to reflect decreased profitability.)

Supplies: The Company uses the cost method based on the most recent purchase cost method.

(The balance sheet value is calculated by writing down the book value to reflect decreased profitability.)

2. Depreciation Methods for Non-Current Assets

(1) Property, Plant and Equipment

The declining-balance method is used.

However, the straight-line method is used for buildings (excluding building fixtures) acquired on or after April 1, 1998, and for building fixtures acquired on or after April 1, 2016.

The principal useful lives are as follows.

Buildings 3 to 15 years

Tools, furniture and fixtures 2 to 15 years

Telecommunications equipment 10 years

(2) Intangible Assets

The straight-line method is used.

Software for internal use is amortized using the straight-line method based on the internal useful life (5 years).

3. Standards for Recording Provisions

(1) Allowance for Doubtful Accounts

To provide for losses from bad debts on trade receivables, the Company records an estimated uncollectible amount, calculated for general receivables using the historical rate of bad debt, and for specific receivables, such as receivables with a concern about collectability, by individually examining collectability.

(2) Provision for Bonuses

To provide for the payment of bonuses to the Company's employees, the Company records the estimated amount of expenses to be borne in the current fiscal year out of the estimated future payment amount.

(3) Provision for Retirement Benefits

To provide for employees' retirement benefits, the Company applies the simplified method, using the amount that would be required to be paid if all eligible employees voluntarily retired at the fiscal year-end as the retirement benefit obligation, in calculating the provision for retirement benefits and retirement benefit expenses.

4. Significant Standards for Translating Foreign Currency-Denominated Assets or Liabilities into Japanese Currency

Foreign currency-denominated monetary receivables and payables are translated into yen at the spot exchange rate as of the fiscal year-end,

and translation differences are accounted for as profit or loss.

5. Standards for Recording Revenue and Expenses

• Provision of Telecommunications Services

The performance obligations relating to the provision of telecommunications services consist of the performance obligation to install and configure internet connection equipment at the property to which the service is provided (hereinafter, “initial installation services”), and the performance obligation to provide internet services after the installation and configuration of the internet connection equipment (hereinafter, “monthly usage fee services”).

Where the initial installation services and monthly usage fee services are recognized as a single performance obligation, revenue is recognized for both in accordance with the service period of the monthly usage fee service. Where the performance obligations of the initial installation services and monthly usage fee services are not deemed to be a single obligation, revenue for the initial installation services is recognized at the point in time when the installation and configuration of the internet connection equipment is completed, and revenue for the monthly usage fee services is recognized in accordance with the contract period of the monthly usage fee service.

• Sale of Products

For the sale of products, the performance obligation is the delivery of the product to the customer. Because control of the product transfers to the customer at the point in time the product is delivered, the Company recognizes revenue on the judgment that the performance obligation is satisfied at the point in time delivery of the product is completed.

6. Significant Method of Hedge Accounting

(1) Method of Hedge Accounting

For interest rate swaps that meet the requirements for the exceptional treatment, the Company applies the exceptional treatment.

(2) Hedging Instruments and Hedged Items

Hedging instrument: Interest rate swaps

Hedged item: Interest on borrowings

(3) Hedging Policy

The Company enters into derivative transactions for the purpose of avoiding the risk of interest rate fluctuations on its borrowings, and its policy is not to enter into derivative transactions for speculative purposes.

(4) Method of Evaluating Hedge Effectiveness

Because interest rate swap transactions meet the requirements for the exceptional treatment, evaluation of effectiveness is omitted.

(Significant Accounting Estimates)

Not applicable.

(Notes on the Balance Sheet)

*1 The Company has entered into overdraft agreements with its transacting banks in order to efficiently procure working capital.

The unexecuted balance of borrowings under these overdraft agreements as of the fiscal year-end is as follows.

	Previous fiscal year (As of June 30, 2025)	Current fiscal year (As of June 30, 2026)
Overdraft facility limit	3,300 million yen	3,300 million yen
Executed borrowing balance	64 million yen	40 million yen
Difference	3,236 million yen	3,260 million yen

*2 Monetary Claims and Obligations to Affiliated Companies

	Previous fiscal year (As of June 30, 2025)	Current fiscal year (As of June 30, 2026)
Short-term monetary claims	8 million yen	2 million yen
Short-term monetary obligations	1,104 million yen	1,208 million yen
Long-term monetary claims	– million yen	720 million yen

3 Guarantee Obligations

The Company has guaranteed the following affiliated companies' borrowings from financial institutions.

	Previous fiscal year (As of June 30, 2025)	Current fiscal year (As of June 30, 2026)
FG Smart Asset Inc.	176 million yen	691 million yen
Power Denki Innovation Inc.	– million yen	9 million yen
Smart Green Co., Ltd.	– million yen	7 million yen

(Notes on the Statement of Income)

*1 Transactions with Affiliated Companies

	Previous fiscal year (From July 1, 2024 to June 30, 2025)	Current fiscal year (From July 1, 2025 to June 30, 2026)
Amount of transactions arising from operating transactions		
Net sales	10 million yen	14 million yen
Selling, general and administrative expenses	82 million yen	83 million yen
Amount of transactions other than operating transactions	7 million yen	20 million yen

*2 The principal items, amounts, and approximate proportion included in selling, general and administrative expenses are as follows.

	Previous fiscal year (From July 1, 2024 to June 30, 2025)	Current fiscal year (From July 1, 2025 to June 30, 2026)
Salaries and allowances	1,024 million yen	1,043 million yen
Sales commissions	983 million yen	977 million yen
Depreciation	7 million yen	5 million yen
Provision for doubtful accounts	0 million yen	6 million yen
Retirement benefit expenses	14 million yen	16 million yen
Provision for bonuses	81 million yen	91 million yen
Share-based payment expenses	10 million yen	(10) million yen

(Note) Share-based payment expenses for the previous consolidated fiscal year include a reversal of (10) million yen in share-based payment expenses due to the forfeiture of unvested post-delivery stock-based compensation.

Approximate proportion

Selling expenses	28.67%	28.64%
General and administrative expenses	71.33%	71.36%

(Notes on Securities)

Previous Fiscal Year (June 30, 2025)

Shares of subsidiaries (amount recorded on the balance sheet: 206 million yen) are not described, as they are shares, etc. without a market price.

Current Fiscal Year (June 30, 2026)

Shares of subsidiaries (amount recorded on the balance sheet: 437 million yen) are not described, as they are shares, etc. without a market price.

(Notes on Tax Effect Accounting)

1. Breakdown of the Principal Causes of Deferred Tax Assets and Deferred Tax Liabilities

	Previous fiscal year (June 30, 2025)	Current fiscal year (June 30, 2026)
Deferred tax assets		
Allowance for doubtful accounts	2 million yen	19 million yen
Provision for bonuses	24 million yen	28 million yen
Impairment loss	6 million yen	3 million yen
Loss on bad debt	0 million yen	0 million yen
Accrued enterprise tax	11 million yen	16 million yen
Excess depreciation	34 million yen	43 million yen
Contract liabilities	132 million yen	52 million yen
Accrued social insurance premiums	4 million yen	4 million yen
Provision for retirement benefits	19 million yen	23 million yen
Amortization of leasehold deposits	1 million yen	2 million yen
Loss on valuation of shares of affiliated companies	1 million yen	1 million yen
Loss on valuation of merchandise	44 million yen	47 million yen
Lump-sum depreciation assets	– million yen	0 million yen
Loss on valuation of investment securities	3 million yen	12 million yen
Share-based payment expenses	12 million yen	– million yen
Other	1 million yen	1 million yen
Subtotal, deferred tax assets	300 million yen	257 million yen
Valuation allowance	(17) million yen	(29) million yen
Total deferred tax assets	282 million yen	227 million yen
Deferred tax liabilities		
Contract assets	(8) million yen	(3) million yen
Total deferred tax liabilities	(8) million yen	(3) million yen
Net deferred tax assets	274 million yen	224 million yen

2. Breakdown of the Principal Items Causing a Significant Difference Between the Statutory Effective Tax Rate and the Effective Tax Rate After Application of Tax Effect Accounting

	Previous fiscal year (June 30, 2025)	Current fiscal year (June 30, 2026)
Statutory effective tax rate		
(Adjustment)		
Per capita levy of inhabitant tax		
Entertainment expenses not deductible for tax purposes	Because the difference between the statutory effective tax rate and the effective tax rate after application of tax effect accounting is 5% or less of the statutory effective tax rate, the note has been omitted.	Because the difference between the statutory effective tax rate and the effective tax rate after application of tax effect accounting is 5% or less of the statutory effective tax rate, the note has been omitted.
Special tax credit for corporate tax		
Gain on extinguishment of shares through merger		
Increase (decrease) in valuation allowance		
Other		
Effective tax rate after application of tax effect accounting		

(Business Combinations, etc.)

Business Combination through Acquisition

The note is omitted because the same information is presented in “Notes on Consolidated Financial Statements

(Business Combinations, etc.).”

(Notes on Revenue Recognition)

Information forming the basis for understanding revenue arising from contracts with customers is not described, as identical content is described in “Notes (Matters Relating to Revenue Recognition)” in the consolidated financial statements.

(Significant Subsequent Events)

Not applicable.

④ [Supplementary Schedules]

[Schedule of Securities]

Description of the schedule of securities has been omitted, as the amount of securities is 1% or less of total assets.

[Schedule of Property, Plant and Equipment, etc.]

Classification	Type of asset	Balance at beginning of period (Millions of yen)	Increase during the period (Millions of yen)	Decrease during the period (Millions of yen)	Depreciation for the period (Millions of yen)	Balance at end of period (Millions of yen)	Accumulated depreciation (Millions of yen)
Property, plant and equipment	Buildings	32	0	0	3	29	12
	Tools, furniture and fixtures	8	2	0	3	7	57
	Telecommunications equipment	6,956	1,340	50	1,684	6,561	9,812
	Leased assets	—	—	—	—	—	96
	Total	6,997	1,343	50	1,691	6,598	9,980
Intangible assets	Software	51	37	—	24	64	—
	Software in progress	30	33	37	—	26	—
	Total	81	70	37	24	90	—

(Notes) 1. Principal Content of the Increase During the Period

- Telecommunications equipment

Installation of a full set of equipment at each property for the provision of the Company's telecommunications services: 1,340 million yen

2. Principal Content of the Decrease During the Period

- Telecommunications equipment

Retirement of a full set of equipment installed at each property for the provision of the Company's telecommunications services: 50 million yen

[Schedule of Provisions]

Account item	Balance at beginning of period (Millions of yen)	Increase during the period (Millions of yen)	Decrease during the period (Millions of yen)	Balance at end of period (Millions of yen)
Allowance for doubtful accounts	7	61	5	63
Provision for bonuses	81	91	81	91

(2) [Content of Principal Assets and Liabilities]

Description has been omitted, as consolidated financial statements are prepared.

(3) [Other]

Not applicable.

Item 6 [Overview of the Filing Company's Share Handling Administration]

Fiscal year	From July 1 to June 30 of the following year, each year
Annual General Meeting of Shareholders	Within 3 months after the end of each fiscal year
Record date	June 30 of each year
Record date for dividends of surplus	June 30 and December 31 of each year
Number of shares per unit	100 shares
Purchase of shares less than one unit Place of handling Administrator of the shareholder register Intermediary Purchase fee	1-4-5, Marunouchi, Chiyoda-ku, Tokyo Securities Agency Department, Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation — Free of charge
Method of public notice	The Company's method of public notice is by electronic public notice. However, in the event of an accident or other unavoidable circumstance that prevents electronic public notice, notice will be given by publication in the Nihon Keizai Shimbun. Electronic public notices are posted on the Company's website, the address of which is as follows. https://www.fibergate.co.jp/
Benefits for shareholders	Not applicable.

(Note) The Company's Articles of Incorporation provide that a shareholder of the Company may not exercise any rights with respect to shares less than one unit held by such shareholder, other than the following rights.

- (1) The rights set forth in each item of Article 189, Paragraph 2 of the Companies Act
- (2) The right to make a request under Article 166, Paragraph 1 of the Companies Act
- (3) The right to receive an allotment of shares for subscription and stock acquisition rights for subscription in proportion to the number of shares held by the shareholder

Item 7 [Reference Information Concerning the Filing Company]

1. [Information on the Filing Company's Parent Company, etc.]

The Company has no parent company, etc. as defined in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. [Other Reference Information]

The Company has filed the following documents during the period from the beginning of the current fiscal year to the date of submission of this report.

(1) Annual Securities Report and its attached documents and confirmation letter

Fiscal year (26th Term) (From July 1, 2024 to June 30, 2025), filed with the Director-General of the Hokkaido Local Finance Bureau on September 24, 2025

(2) Internal Control Report and its attached documents

Filed with the Director-General of the Hokkaido Local Finance Bureau on September 24, 2025

(3) Semi-Annual Report and confirmation letter

(Interim period of the 27th Term) (From July 1, 2025 to December 31, 2025), filed with the Director-General of the Hokkaido Local Finance Bureau on February 13, 2026

(4) Extraordinary Report

Filed with the Director-General of the Hokkaido Local Finance Bureau on September 26, 2025

An extraordinary report pursuant to Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. (results of the exercise of voting rights at the General Meeting of Shareholders)

Part II [Information on the Filing Company's Guarantor Companies, etc.]

Not applicable.

[Cover]

[Document Filed]	Internal Control Report
[Statutory Basis]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed With]	Director-General of the Hokkaido Local Finance Bureau
[Filing Date]	September 24, 2026
[Company Name]	Fibergate Inc.
[Company Name in English]	Fibergate Inc.
[Title and Name of Representative]	Masanori Inomata, Representative Director, President and Executive Officer
[Title and Name of Chief Financial Officer]	Mie Ishimaru, Director, Executive Officer, Chief Director of Management Administration Division
[Location of Head Office]	Nishi 8-10-3, Minami 1-Jo, Chuo-ku, Sapporo City
[Places Where This Report Is Available for Public Inspection]	Fibergate Inc. Tokyo Office (2-10-12, Shibadaimon, Minato-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihombashi-Kabutocho, Chuo-ku, Tokyo) Sapporo Securities Exchange, a Membership Corporation (1-14-1, Minami 1-Jo Nishi, Chuo-ku, Sapporo City)

1. [Matters Relating to the Basic Framework of Internal Control over Financial Reporting]

Masanori Inomata, Representative Director, President and Executive Officer, and Mie Ishimaru, Director, Executive Officer, Chief Director of Management Administration Division, are responsible for the development and operation of the Company's internal control over financial reporting, and have developed and operated internal control over financial reporting in conformity with the basic framework for internal control set forth in the “On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control over Financial Reporting (Opinion)” published by the Business Accounting Council.

Internal control seeks to achieve its objectives within a reasonable range through the organic combination and integrated functioning of its basic elements. For this reason, internal control over financial reporting may not necessarily completely prevent or detect misstatements in financial reporting.

2. [Matters Relating to the Scope, Record Date and Assessment Procedures of the Assessment]

The assessment of internal control over financial reporting was conducted as of June 30, 2026, the last day of the current fiscal year, as the record date, and the assessment was conducted in conformity with the assessment standards for internal control over financial reporting generally accepted in Japan.

In this assessment, the Company assessed internal control that has a material impact on financial reporting as a whole on a consolidated basis (company-wide internal control), and, based on the results, selected the business processes to be assessed. In assessing these business processes, the Company analyzed the selected business processes, identified the key controls that have a material impact on the reliability of financial reporting, and conducted its assessment of the effectiveness of internal control by assessing the design and operation of these key controls.

The scope of the assessment of internal control over financial reporting was determined, for the Company and its consolidated subsidiaries, as necessary from the standpoint of the materiality of the impact on the reliability of financial reporting. The materiality of the impact on the reliability of financial reporting was determined taking into account the materiality of both quantitative and qualitative impact; based on the results of the assessment of company-wide internal control conducted for the Company and three consolidated subsidiaries, the scope of the assessment of internal control relating to business processes was reasonably determined. Six consolidated subsidiaries were judged to be minor from the standpoint of quantitative and qualitative materiality, and were not included in the scope of the assessment of company-wide internal control.

With respect to the scope of assessment of internal control relating to business processes, because the Group's principal business is the provision of Wi-Fi environments to rental multi-unit residential buildings, hotels, commercial facilities and other properties, the Company determined that net sales are an appropriate indicator for judging the materiality of a business location, and uses net sales as the indicator for selecting significant business locations. The Company aggregated the consolidated net sales (after elimination of intercompany transactions) of each business location for the previous consolidated fiscal year, and designated as a “significant business location” the Company, which accounts for approximately two-thirds of consolidated net sales for the previous consolidated fiscal year. At the selected significant business location, the Company made the business processes relating to net sales, accounts receivable and inventories — accounts closely related to the Company's business purpose — subject to assessment. In addition, the Company individually added, and made subject to assessment, business processes relating to businesses or operations involving high-risk transactions with a high likelihood of material misstatement. The business process made subject to assessment at the significant business location was the fixed asset process, and the business process made subject to assessment at business locations other than the significant business location was the process for real estate for sale of FG Smart Asset Inc. These have been added as business processes of high materiality, taking into account their impact on financial reporting.

3. [Matters Relating to the Results of the Assessment]

As a result of the above assessment, the Company has determined that its internal control over financial reporting was effective
as of the end of the current fiscal year.

4. [Additional Matters]

There are no matters to be additionally noted.

5. [Special Matters]

There are no special matters to be noted.

[Cover]

[Document Filed]	Confirmation Letter
[Statutory Basis]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed With]	Director-General of the Hokkaido Local Finance Bureau
[Filing Date]	September 24, 2026
[Company Name]	Fibergate Inc.
[Company Name in English]	Fibergate Inc.
[Title and Name of Representative]	Masanori Inomata, Representative Director, President and Executive Officer
[Title and Name of Chief Financial Officer]	Mie Ishimaru, Director, Executive Officer, Chief Director of Management Administration Division
[Location of Head Office]	Nishi 8-10-3, Minami 1-Jo, Chuo-ku, Sapporo City
[Places Where This Report Is Available for Public Inspection]	Fibergate Inc. Tokyo Office (2-10-12, Shibadaimon, Minato-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihombashi-Kabutocho, Chuo-ku, Tokyo) Sapporo Securities Exchange, a Membership Corporation (1-14-1, Minami 1-Jo Nishi, Chuo-ku, Sapporo City)

1. [Matters Relating to the Appropriateness of the Content Described in the Annual Securities Report]

Masanori Inomata, Representative Director, President and Executive Officer, and Mie Ishimaru, Director, Executive Officer, Chief Director of Management Administration Division, have confirmed that the content described in the Company's Annual Securities Report for the 27th Term (from July 1, 2025 to June 30, 2026) is appropriately stated in accordance with the laws and regulations under the Financial Instruments and Exchange Act.

2. [Special Matters]

There are no special matters to be noted.