

Disclaimer:

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December 4, 2023

Start date of measures for electronic provision: November 28, 2023

**To Those Shareholders with Voting Rights**

Toshiya Kohno  
President and Chief Executive Officer  
TOYO Corporation  
1-6, Yaesu 1-chome, Chuo-ku, Tokyo

**NOTICE OF THE 71<sup>st</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We would like to express our gratitude for your continued patronage.

We are pleased to announce the 71st Ordinary General Meeting of Shareholders of TOYO Corporation (the “Company”), which will be held as described below.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and has posted the information on each of the following websites. Please access either of the websites to view the information.

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The Company’s website:

<https://www.toyo.co.jp/ir/library/meeting/> (in Japanese)

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Tokyo Stock Exchange (TSE) website (Listed Company Search):

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

(Access the TSE website by using the Internet address shown above, enter the Company’s name “TOYO Corporation” or the Company’s securities code “8151,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

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If you do not attend the meeting in person, you may exercise your voting rights via the Internet or in writing (by postal mail). Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m. on Wednesday, December 20, 2023 (Japan Time).

- 1. Date and Time** 10:00 a.m., Thursday, December 21, 2023  
(Reception starts at 9:00 a.m.)
- 2. Place** R&D Center, TOYO Corporation 7F  
1-1, Kiba 1-chome, Koto-ku, Tokyo  
(Please note that the venue is different from last year.)  
Note: This General Meeting of Shareholders will be held at the new R&D Center that was opened in August 2023, as we would like to provide shareholders with an opportunity to observe the Company's R&D environment.
- 3. Agenda of the Meeting:**
- Matters to be reported:**
1. Business Report and Consolidated Financial Statements for the 71st Fiscal Term (from October 1, 2022 to September 30, 2023) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
  2. Non-consolidated Financial Statements for the 71st Fiscal Term (from October 1, 2022 to September 30, 2023)
- Proposals to be resolved:**
- Proposal No. 1:** Appropriation of Surplus  
**Proposal No. 2:** Election of Six Directors  
**Proposal No. 3:** Election of One Corporate Auditor  
**Proposal No. 4:** Election of One Substitute Corporate Auditor

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Matters relating to the notice of convocation and Reference Documents for the General Meeting of Shareholders

If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on each of the aforementioned websites.

### <Voting methods>

You are kindly requested to review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights. You can exercise your voting rights by any of the following three methods:

1. By attending the Ordinary General Meeting of Shareholders to be held on Thursday, December 21, 2023 at 10:00 a.m. (Japan Time) (Reception starts at 9:00 a.m.)
2. By postal mail  
Deadline for exercise: Indicate your approval or disapproval of each proposal on your Voting Rights Exercise Form and return it so that your vote is received by post no later than 5:30 p.m. on Wednesday, December 20, 2023 (Japan Time).
3. Via the Internet  
Deadline for exercise: Enter your vote by no later than 5:30 p.m. on Wednesday, December 20, 2023 (Japan Time).

### <Instructions on filling out your Voting Rights Exercise Form>

**Please indicate your approval or disapproval using the method shown below.**

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#### **Proposals 1, 3 and 4:**

- |                    |   |
|--------------------|---|
| If you approve:    | Put a circle in the box marked “賛” [Approve]    |
| If you disapprove: | Put a circle in the box marked “否” [Disapprove] |

#### **Proposal No. 2:**

- |   |  |
|---|--|
| If you approve all candidates:                    | Put a circle in the box marked “賛” [Approve]   |
| If you disapprove all candidates:                 | Put a circle in the box marked “否” [Disapprove]  |
| If you selectively disapprove certain candidates: | Put a circle in the box marked “賛” [Approve], and also write the candidate number for each candidate you disapprove. |

### <Matters decided regarding the convocation>

- (1) Handling of duplicated exercise of voting rights both in writing (by postal mail) and via the Internet  
If you exercise your voting rights both in writing (by postal mail) and via the Internet, the vote exercised via the Internet will be treated as valid.
- (2) Handling of duplicated exercise of voting rights via the Internet  
If you exercise your voting rights more than once via the Internet, the last vote will be treated as valid.
- (3) Handling of cases where a vote in writing (by postal mail) does not indicate approval or disapproval of a proposal  
In cases where a vote in writing (by postal mail) does not indicate approval or disapproval of a proposal on the voting form, it will be treated as though approval for the proposal had been indicated.

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1: Appropriation of Surplus

TOYO Corporation (the “Company”) regards the return of profits to shareholders as an important management priority, and intends to pay stable and proactive dividends selecting the larger of a dividend on equity (DOE) of 4% or a consolidated dividend payout ratio of 60%.

Based on this policy, the Company proposes that the appropriation of surplus in the current fiscal year be as follows:

#### Year-End Dividend

- (1) Type of dividend property  
Cash
- (2) Appropriation of dividend property to shareholders and total amount  
Payment of ¥32 per common share  
Total amount of dividend: ¥715,216,032
- (3) Effective date of distribution of surplus  
December 22, 2023

Note: Dividends for the fiscal year ended September 30, 2023

If this proposal is approved, combined with the interim dividend of ¥22 already disbursed, the total amount of the annual dividends for the fiscal year ended September 30, 2023 will be ¥54 per share.

**Proposal No. 2: Election of Six Directors**

Messrs. Toshiya Kohno, Masataka Kashiwa, Yasushi Kumagawa, Yoshiyuki Imabayashi and Ms. Miyuki Suka, the five (5) incumbent Directors of the Company, will complete their term of office at the closing of this General Meeting of Shareholders. Consequently, the Company proposes the election of six (6) Directors, increasing the number of Directors by one to further enhance the management system.

Having received a recommendation from the Nomination and Compensation Committee, the Board of Directors nominates Directors who have a deep understanding of the Group's corporate philosophy, have excellent management capabilities and leadership, qualities, broad perspective and foresight necessary for global management, and who have a strong desire to participate in management decisions to achieve sustainable growth of the Group as a member of society. As for candidates for Outside Directors, we nominate human resources who are expected not only to provide advice from an objective perspective to ensure the validity and appropriateness of decision-making by the Board of Directors, but also to make proactive recommendations based on their extensive experience and knowledge, including expertise in specialized fields, etc., for the execution of business in the Company's business divisions.

The candidates for Directors are as follows:

| Candidate No.                                    | Name<br>(Date of Birth)  | Career summary  |  |
|--|--|---|--|
| 1<br>Reelection                                  | <p>Toshiya Kohno<br/>(Male)<br/>(December 30, 1958)</p> <p>Term of office for Director:<br/>10 years</p> <p>Attendance at the Board of Directors meetings:<br/>18/18 (100%)</p>  | <p>March 1989<br/>October 2010</p> <p>Joined the Company<br/>Executive Officer, Division Manager, EMC &amp; Microwave Systems of the Company, and Chairman and Managing Director of TOYO Corporation China</p> <p>December 2013</p> <p>Director, Division Manager, EMC &amp; Microwave Systems of the Company, and Chairman and Managing Director of TOYO Corporation China</p> <p>August 2015</p> <p>Director, in charge of Analysis System Sales Division, 1st Sales Division, EMC &amp; Microwave Systems Division and Medical System Sales Division of the Company, and Chairman of TOYO Corporation China</p> <p>December 2017</p> <p>Director, Executive VP, COO, in charge of Global Business Promotion Division, EMC &amp; Microwave Systems Division, Marketing Division and One Technologies Company of the Company, and Chairman of TOYO Corporation China</p> <p>December 2019</p> <p>Representative Senior Managing Director, in charge of Global Business, Global Business Promotion Division, EMC &amp; Microwave Systems Division, Engineering Head Office, Marketing Division, Information Systems Division and One Technologies Company of the Company, and Chairman of TOYO Corporation China</p> <p>December 2020</p> <p>President and Chief Executive Officer and in charge of Corporate Planning Division of the Company</p> <p><b>October 2023</b></p> <p><b>President and Chief Executive Officer and in charge of Corporate Planning Division, One Technologies Company and Osaka Branch of the Company (current position)</b></p> <p>(Responsibilities in the Company)<br/><b>President and Chief Executive Officer and in charge of Corporate Planning Division, One Technologies Company and Osaka Branch</b></p> | <p>Number of shares held:<br/>26,000 shares<br/>Number of potential shares held<sup>Note 6</sup>:<br/>31,500 shares<br/>Total:<br/>57,500 shares</p> |
| Reasons for nomination as candidate for Director | <p>Mr. Toshiya Kohno has experience in various operations in the sales field since joining the Company and, in 2010, he established the Company's first overseas base, TOYO Corporation China, laying the foundation for the globalization of the Company's business. After assuming office as Director in 2013, he has contributed to the Company's performances, improving sales capabilities and promoting global business with his abundant business experience and extensive knowledge in the sales field. After assuming office as President and Chief Executive Officer in 2020, he has led the Company with his strong leadership and a high level of corporate management capabilities. Therefore, the Company proposes his election as Director again expecting that he can contribute to enhancing the Company's corporate value.</p> |   |  |

| Candidate No.   | Name<br>(Date of Birth)   | Career summary   |   |   |
|---|---|--|---|---|
| 2<br>Reelection   | Yoshiyuki Imabayashi<br>(Male)<br>(August 4, 1956)<br><br>Term of office for<br>Outside Director:<br>2 years<br><br>Attendance at the<br>Board of Directors<br>meetings:<br>18/18 (100%)  | April 1980<br>November 1999<br>May 2006<br>August 2014<br>May 2016<br><br><b>December 2021</b><br><br>(Responsibilities in the Company)<br><b>Outside Director</b> | Joined Yokogawa HP Inc.<br>Joined Agilent Technologies Japan,<br>Ltd.<br>General Manager, Indirect Sales<br>Division of Agilent Technologies<br>Japan, Ltd.<br>Joined Keysight Technologies Japan<br>G.K. (currently Keysight Technologies<br>Inc.)<br>Indirect Channel Sales Manager and<br>Strategic Business Planning Manager<br>of APFO (Asia Pacific Field<br>Operation), Keysight Technologies<br>Inc.<br><b>Outside Director of the Company</b><br><b>(current position)</b> | Number of<br>shares held:<br>5,000 shares<br>Number of<br>potential<br>shares<br>held <sup>Note 6</sup> :<br>0 shares<br>Total:<br>5,000 shares |
| Reasons for<br>nomination as<br>candidate for<br>Director | Mr. Yoshiyuki Imabayashi has abundant experience and profound insight in the sales field in Japan and overseas. Since his appointment as Outside Director, he has actively provided opinions and guidance on the Company's overall management and sales activities. As he can be expected to continue contributing to enhancing the Company's corporate value, the Company proposes his election as Outside Director. |  |   |   |

| Candidate No.                                    | Name (Date of Birth)   | Career summary   |  |
|--|--|--|--|
| 3<br>New candidate                               | Takeo Kiuchi<br>(Male)<br>(November 23, 1956)<br><br>Term of office for Director:<br>—<br><br>Attendance at the Board of Directors meetings:<br>—  | <p>April 1981<br/>October 1999<br/><br/>December 2001<br/><br/>April 2005<br/><br/>January 2017<br/><br/>October 2019<br/><br/><b>October 2020</b><br/><br/>(Responsibilities in the Company)<br/><b>Executive Officer, CTO, and in charge of Engineering Head Office, and General Manager, Engineering Head Office</b></p> <p>Joined Honda Motor Co., Ltd.<br/>General Manager, Generic Technology Research Center Department of Honda Motor Co., Ltd.<br/>General Manager, Race Development Department, Tochigi Research Center of Honda Motor Co., Ltd.<br/>Senior Researcher, Tochigi Research Center of Honda Motor Co., Ltd.<br/>Joined the Company<br/>Chief, Technical Research Laboratory of the Company<br/>CTO, General Manager, Engineering Head Office of the Company<br/><b>Executive Officer, CTO, and in charge of Engineering Head Office, and General Manager, Engineering Head Office of the Company (current position)</b></p> | <p>Number of shares held:<br/>16,800 shares<br/>Number of potential shares held<sup>Note 6</sup>:<br/>19,000 shares<br/>Total:<br/>35,800 shares</p> |
| Reasons for nomination as candidate for Director | <p>Mr. Takeo Kiuchi has diverse working experience at Honda Motor Co., Ltd. including in Formula One, which is the pinnacle of the four-wheeled racing world, and in the field of research and development of electric vehicles, such as hybrid vehicles, fuel cell vehicles and EVs. Since joining the Company in 2017, he has used his abundant knowledge to contribute to enhancing the Company's engineering capabilities as an executive officer in charge of Engineering Head Office since 2020. As he can be expected to use his past experience to contribute to enhancing the Company's corporate value, the Company proposes his election as a new Director.</p> |  |  |



| Candidate No.   | Name<br>(Date of Birth)  | Career summary  |  |   |
|---|--|---|--|---|
| 4<br>New<br>candidate                                     | Toshiaki Matsui<br>(Male)<br>(December 25, 1962)<br><br>Term of office for<br>Director:<br>–<br><br>Attendance at the<br>Board of Directors<br>meetings:<br>–  | April 1987<br>June 2009<br><br>June 2012<br><br>March 2014<br><br>May 2017<br><br>May 2019<br><br>October 2022<br><br><b>October 2023</b> | Joined Mitsubishi Corporation<br>COO, Corporate Accounting Division<br>of Metal One Corporation<br>Director, Executive Vice President and<br>General Manager, Corporate Planning<br>Office of Mitsubishi Corporation<br>Financial & Management<br>Services(Japan)Ltd.<br>General Manager, Energy Business<br>Group Management Dept. of<br>Mitsubishi Corporation<br>Executive Vice President, Member of<br>the Board, in charge of Corporate<br>Functional Division, and Chief<br>Compliance Officer of Mitsubishi<br>Corporation Technos<br>Director, Executive Vice President and<br>General Manager, Administration<br>Division of NIKKEN<br>CORPORATION<br>Joined the Company<br>Executive Officer in charge of<br>Accounting Division of the Company<br><b>Executive Officer, CFO, and in<br/>charge of Information Systems<br/>Division, Accounting Division,<br/>Human Resources &amp; General<br/>Affairs Division and Logistics<br/>Division of the Company (current<br/>position)</b><br>(Responsibilities in the Company)<br><b>Executive Officer, CFO, and in charge of Information<br/>Systems Division, Accounting Division, Human<br/>Resources &amp; General Affairs Division and Logistics<br/>Division</b> | Number of<br>shares held:<br>2,300 shares<br>Number of<br>potential<br>shares<br>held <sup>Note 6</sup> :<br>0 shares<br>Total:<br>2,300 shares |
| Reasons for<br>nomination as<br>candidate for<br>Director | Mr. Toshiaki Matsui has abundant working experience and knowledge in corporate planning and administration departments, and since 2022 he has carried out his duties as the executive officer in charge of the Accounting Division of the Company. Since October 2023, he has used his experience and knowledge to date in a new role in charge of the corporate divisions, and as he can be expected to contribute to enhancing the Company's corporate value, the Company proposes his election as Director. |   |  |   |

| Candidate No.   | Name<br>(Date of Birth)   | Career summary   |  |                                       |
|---|---|--|--|---------------------------------------|
| 5<br>Reelection<br>Outside<br>Independent   | Miyuki Suka<br>(Female)<br>(May 24, 1961)<br><br>Term of office for<br>Outside Director:<br>2 years<br><br>Attendance at the<br>Board of Directors<br>meetings:<br>18/18 (100%)   | April 1984<br><br>November 1997<br><br>July 2012<br><br>April 2020<br><br>October 2021<br><br><b>December 2021</b><br><br>[Significant concurrent positions] | Joined Orient Leasing Co., Ltd.<br>(currently ORIX Corporation)<br>Branch Manager, Funabashi Branch of<br>Orient Leasing Co., Ltd.<br>General Manager, Sales Promotion<br>Department of ORIX Bank<br>Corporation<br>Joined Hitachi Solutions, Ltd.<br>Deputy General Manager of Diversity<br>& Inclusion Development Center of<br>Hitachi Solutions, Ltd.<br>Head of Diversity & Inclusion<br>Development Center of Hitachi<br>Solutions, Ltd. (current position)<br><b>Outside Director of the Company<br/>(current position)</b><br>Head of Diversity & Inclusion Development Center of<br>Hitachi Solutions, Ltd.<br>(Responsibilities in the Company)<br><b>Outside Director</b> | Number of<br>shares held:<br>0 shares |
| Reasons for<br>nomination as<br>candidate for<br>Outside<br>Director and<br>overview of<br>expected roles | Ms. Miyuki Suka has abundant experience and profound insight in the sales field and diversity, and has already been engaged in management of the Company as Outside Director for two years. She can be expected to continue to provide appropriate opinions and guidance regarding the Company's overall management and promotion of diversity, and provide appropriate guidance on decision-making by the Board of Directors regarding the selection of candidates for officers and decisions on executive compensation, etc. from an objective and neutral standpoint. Although she has not been involved in the management of another company, the Company judges she will appropriately fulfill her duties as an Outside Director, and the Company proposes her election as Outside Director. |  |  |                                       |

| Candidate No.   | Name<br>(Date of Birth)  | Career summary  |  |                                       |
|---|--|---|--|---------------------------------------|
| 6<br>New<br>candidate<br>Outside<br>Independent   | Tomoki Yoda<br>(Male)<br>(January 4, 1959)<br><br>Term of office for<br>Director:<br>–<br><br>Attendance at the<br>Board of Directors<br>meetings:<br>–  | April 1981<br>October 2014<br><br>April 2018<br><br>June 2019<br><br>June 2022<br><br><br>March 2023<br><br>– | Joined Mitsubishi Corporation<br>General Manager, Machine Group<br>CEO Office of Mitsubishi Corporation<br>President & CEO of Mitsubishi<br>Corporation Technos<br>Chairman of Japan Machine Tool<br>Distributors Association<br>Retired from Chairman of Japan<br>Machine Tool Distributors Association<br>Special Adviser of Mitsubishi<br>Corporation Technos<br>Retired from Special Adviser of<br>Mitsubishi Corporation Technos<br>(Responsibilities in the Company) | Number of<br>shares held:<br>0 shares |
| Reasons for<br>nomination as<br>candidate for<br>Outside<br>Director and<br>overview of<br>expected roles | Mr. Tomoki Yoda has global business management experience and extensive knowledge, having served as President & CEO of Mitsubishi Corporation Technos. As he can be expected to provide appropriate opinions and guidance regarding the Company's overall management and sales activities, and to be involved in the selection of candidates for officers and decisions on executive compensation, etc. from an objective and neutral standpoint, the Company proposes his election as Outside Director. |   |  |                                       |

- Notes: 1. No conflict of interest exists between the Company and the above candidates for Directors.  
2. Ms. Miyuki Suka and Mr. Tomoki Yoda are candidates for Outside Directors.  
3. The Company has registered Ms. Miyuki Suka as an Independent Director pursuant to the rules of Tokyo Stock Exchange, Inc. If she is reelected, the Company intends to continue to designate her as an Independent Director.  
4. The Company plans to designate Mr. Tomoki Yoda as an Independent Director pursuant to the rules of Tokyo Stock Exchange, Inc.  
5. If this proposal is approved, the number of the Company's Directors will be nine (9) (of whom three (3) are Outside Directors).  
6. The number of potential shares held corresponds to the unexercised portion of stock acquisition rights held as share-based remuneration stock options.  
7. Overview of directors and officers liability insurance policy  
The Company has concluded a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act with the officers, etc. of the Company and its consolidated subsidiaries as insured persons, which is scheduled to be renewed in April 2024.  
If this proposal is approved as proposed and each candidate assumes office, the candidates will be insureds.
- (i) Summary of insurance incidents covered  
The policy covers losses that may arise from the insured's assumption of liability incurred in the course of the performance of duties as an officer or a person at a certain position, or receipt of claims pertaining to the pursuit of such liability.
  - (ii) Insurance premiums  
Insurance premiums are borne by the Company.

<Policies for the election (nomination) of Directors>

We nominate Directors who have a deep understanding of the Group's corporate philosophy, have excellent management capabilities and leadership, qualities, broad perspective and foresight necessary for global management, and who have a strong desire to participate in management decisions to achieve sustainable growth of the Group as a member of society.

As for candidates for Outside Directors, we nominate human resources who are expected not only to provide advice from an objective perspective to ensure the validity and appropriateness of decision-making by the Board of Directors, but also to make proactive recommendations based on their extensive experience and knowledge, including expertise in specialized fields, etc., for the execution of business in the Company's business divisions.

Furthermore, in order to strengthen the supervisory function of business execution, we nominate human resources who meet the following requirements as independent Outside Directors.

- Oversee management through important decision making by the Board of Directors
- Oversee conflicts of interest between the Company, management and controlling shareholders, etc.
- Appropriately reflect the opinions of minority shareholders and other stakeholders to the Board of Directors
- Oversee management from an objective standpoint independent of the management
- Ensure there is no risk of conflict of interest with general shareholders

<Procedures for the election (nomination) of Directors>

Regarding the procedure for nominating candidates for Directors, after receiving the deliberation and recommendation of the Nomination and Compensation Committee, the Board of Directors will make a resolution and submit it to the General Meeting of Shareholders.

<Criteria for judging independence>

The Company selects candidates for Independent Directors and Corporate Auditors in accordance with the requirements of independence of the Tokyo Stock Exchange, Inc.

**Proposal No. 3: Election of One Corporate Auditor**

Mr. Shigehisa Horinokita will complete his term of office at the closing of this General Meeting of Shareholders. Consequently, the Company proposes the election of one (1) Corporate Auditor.

The consent of the Board of Corporate Auditors has been obtained for this proposal.

The candidate for Corporate Auditor is as follows:

| Name<br>(Date of Birth)   | Career summary and position in the Company  | Number of shares of the Company held |
|---|---|--------------------------------------|
| <p style="text-align: center;">Shigehisa Horinokita<br/>(Male)<br/>(December 29, 1951)</p> <p style="text-align: center;">Reelection<br/>Outside<br/>Independent</p> <p>Attendance at the Board of Directors meetings:<br/>17/18 (94%)</p> <p>Attendance at the Board of Corporate Auditors meetings:<br/>11/13 (85%)</p> | <p>August 1982 Registered as a certified public accountant</p> <p>June 2003 Representative Partner of Asahi &amp; Co. (currently KPMG AZSA LLC)</p> <p>July 2014 Established CPA Shigehisa Horinokita Office (current position)</p> <p>June 2015 External Director of Sanyo Industries, Ltd.</p> <p><b>December 2015 Corporate Auditor of the Company (current position)</b></p> <p>May 2016 Outside Audit &amp; Supervisory Board Member of SHIMAMURA Co.,Ltd. (current position)</p> <p>June 2016 External Director (Audit and Supervisory Committee Member) of Sanyo Industries, Ltd. (current position)</p> <p>[Significant concurrent positions]<br/>Head of CPA Shigehisa Horinokita Office<br/>Outside Audit &amp; Supervisory Board Member of SHIMAMURA Co.,Ltd.<br/>External Director (Audit and Supervisory Committee Member) of Sanyo Industries, Ltd.</p> | 0 shares                             |
| Reasons for nomination as candidate for Outside Corporate Auditor   | <p>Mr. Shigehisa Horinokita, serving as Outside Corporate Auditor of the Company, has provided beneficial opinions and guidance based on considerable expertise and abundant experience as a certified public accountant. As he can be expected to continue providing appropriate opinions and guidance for maintenance and improvement of the Company's compliance system, the Company proposes his election as Outside Corporate Auditor. Although he has no past experience of direct involvement in corporate management other than as an outside corporate officer, the Company comprehensively judged that he is able to perform his duties appropriately, taking into account his aforementioned knowledge and practical experience, and so forth.</p>   |                                      |

- Notes: 1. No conflict of interest exists between the Company and the above candidate for Outside Corporate Auditor.
2. Mr. Shigehisa Horinokita is a candidate for Outside Corporate Auditor.
3. The Company has registered Mr. Shigehisa Horinokita as an Independent Corporate Auditor pursuant to the rules of Tokyo Stock Exchange, Inc. If he is reelected, the Company intends to continue to designate him as an Independent Corporate Auditor.
4. Mr. Shigehisa Horinokita is an incumbent Outside Corporate Auditor of the Company. He will have held the position of Corporate Auditor for eight (8) years at the closing of this General Meeting of Shareholders.
5. If this proposal is approved, the number of the Company's Corporate Auditors will be three (3) (all of whom are Outside Corporate Auditors).
6. Overview of directors and officers liability insurance policy  
The Company has concluded a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act with the officers, etc. of the Company and its consolidated subsidiaries as insured persons, which is scheduled to be renewed in April 2024.  
If this proposal is approved as proposed and the candidate assumes office, the candidate will be an insured.
- (i) Summary of insurance incidents covered

- The policy covers losses that may arise from the insured's assumption of liability incurred in the course of the performance of duties as an officer or a person at a certain position, or receipt of claims pertaining to the pursuit of such liability.
- (ii) Insurance premiums  
Insurance premiums are borne by the Company.

<Reference>

The Skills Matrix of the Board of Directors after Proposals No. 2 and No. 3 are approved as proposed, is as follows:

**Skills Matrix of the Company's Board of Directors**

In light of the Company's medium- to long-term management direction and business strategy, the Company's officers have the expertise and experience shown below so that the Board of Directors of the Company can exercise its decision-making and supervisory functions appropriately toward realization of the Medium-term Management Plan.

|                            | Name                 | Corporate Management | Science & Technology | Sales/ Marketing | Global Business | Finance/ Accounting/ Human Resources | Legal/Risk Management |
|----------------------------|----------------------|----------------------|----------------------|------------------|-----------------|--------------------------------------|-----------------------|
| Inside Directors           | Toshiya Kohno        | ●                    | ●                    | ●                | ●               |                                      |                       |
|                            | Mitsuru Onodera      |                      | ●                    | ●                | ●               |                                      |                       |
|                            | Yoshimichi Imaizumi  | ●                    | ●                    | ●                | ●               |                                      |                       |
|                            | Yoshiyuki Imabayashi |                      | ●                    | ●                | ●               | ●                                    |                       |
|                            | Takeo Kiuchi         |                      | ●                    |                  | ●               | ●                                    |                       |
|                            | Toshiaki Matsui      | ●                    |                      |                  |                 | ●                                    | ●                     |
| Outside Directors          | Miyuki Suka          |                      |                      | ●                | ●               | ●                                    |                       |
|                            | Katsuya Nishi        | ●                    |                      |                  | ●               | ●                                    |                       |
|                            | Tomoki Yoda          | ●                    |                      | ●                | ●               |                                      |                       |
| Outside Corporate Auditors | Kazuhiko Nozaki      | ●                    |                      |                  | ●               |                                      | ●                     |
|                            | Kiyo Morikawa        |                      | ●                    |                  |                 |                                      | ●                     |
|                            | Shigehisa Horinokita |                      |                      |                  |                 | ●                                    | ●                     |
|                            |                      |                      |                      |                  |                 |                                      |                       |

**Proposal No. 4: Election of One Substitute Corporate Auditor**

To prepare for a contingency in which the Company does not have the number of Corporate Auditors required by laws and regulations, the Company proposes the election of one (1) Substitute Corporate Auditor.

The consent of the Board of Corporate Auditors has been obtained for this proposal.

The candidate for Substitute Corporate Auditor is as follows:

| Name<br>(Date of Birth)   | Career summary   | Number of<br>shares of the<br>Company held |
|---|--|--|
| Hironobu Matsuo<br>(Male)<br>(July 22, 1958)  | April 1982   | 0 shares                                   |
|   | January 2006   |  |
|   | April 2008   |  |
|   | June 2012  |  |
|   | April 2013   |  |
|   | June 2017  |  |
|   | June 2021  |  |
| Reasons for<br>nomination<br>as candidate<br>for Substitute<br>Corporate<br>Auditor | Mr. Hironobu Matsuo worked in the accounting and audit departments of Komatsu Ltd. for many years, and served as its Standing Audit & supervisory Board Member. Since October 2021, he has been providing guidance and advice to the Company's accounting department, and the Company therefore proposes his election as Substitute Corporate Auditor. |  |

Notes: 1. Although the Company has concluded an outsourcing contract with Mr. Hironobu Matsuo regarding internal audit services and guidance on general accounting operations, the outsourcing fees paid are immaterial.

2. Overview of directors and officers liability insurance policy

The Company has concluded a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act with the officers, etc. of the Company and its consolidated subsidiaries as insured persons, which is scheduled to be renewed in April 2024.

If this proposal is approved as proposed and the candidate assumes office as Corporate Auditor, the candidate will be an insured.

(i) Summary of insurance incidents covered

The policy covers losses that may arise from the insured's assumption of liability incurred in the course of the performance of duties as an officer or a person at a certain position, or receipt of claims pertaining to the pursuit of such liability.

(ii) Insurance premiums

Insurance premiums are borne by the Company.

## Business Report

(From October 1, 2022 to September 30, 2023)

### Business Overview of the Company and affiliated companies (the “Group”)

#### Business Performance

##### Progress and Results of Operations

During the fiscal year under review, performance was led by the Physics / Energies business as active investment in the carbon neutrality field continued throughout the year. Net sales also experienced firm growth, mainly due to the EMC / Antenna Systems business, which recorded sales from large-scale projects and made progress in delivering the balance of orders received. On the other hand, there was a delay in delivery of a large-scale project because of the customer's circumstances, along with other factors. Overall, consolidated net sales for the fiscal year under review increased by 6.4% year on year to ¥28,172 million. Of these, domestic sales were ¥25,815 million and overseas sales were ¥2,357 million, mainly to China and the U.S.

Profit decreased year on year, reflecting a decline in the gross profit margin caused by foreign exchange fluctuations, whose impact lasted from the start of the fiscal year through to the middle of the third quarter, in addition to a greater-than-expected increase in selling, general and administrative expenses due to factors such as upfront investments in human resources and increased sales activities in line with growth strategies. As a result, operating income decreased by 36.9% year on year to ¥1,472 million, ordinary income decreased by 35.2% year on year to ¥1,800 million, and net income attributable to owners of parent decreased by 20.1% year on year to ¥1,534 million.

Orders came to ¥30,779 million (up 1.8% year on year) and the order backlog was ¥18,154 million (up 16.8% year on year), reflecting steady growth in fields such as carbon neutrality and Ocean / Defense & Security.

Following a revision of the Group's management and administration categories and internal organization, from the fiscal year under review the Life Science / Materials business segment has been renamed the Life Science business, and the product lines of the material science (material evaluation) field have been transferred into the Physics / Energies business, where they are expected to generate synergies in business activities. Furthermore, segment information for the previous fiscal year has been presented using the changed reporting segment classification, and the figures in the following year-on-year comparisons have been restated under the changed segment classification method for comparison.

The results by business segment were as follows:



(ICT / Information Security)

In the ICT / Information Security business, net sales decreased due to a lull in demand for testing and installation for commercial 5G services in the information and communication technologies field. Profit also decreased, reflecting the decrease in overall net sales as well as a decline in sales of in-house developed products, which have high profit margins.

On the other hand, in the cloud services field, there were brisk sales of projects for service providers, resulting in year-on-year increases for both net sales and profits.

As a result, net sales decreased by 2.3% year on year to ¥6,650 million and segment income decreased by 63.3% year on year to ¥254 million.

(Mechatronics / Noise & Vibration)

In the Mechatronics / Noise & Vibration business, short-lead-time orders in the noise and vibration field decreased and did not contribute to sales. Moreover, in sales of a major project for AD/ADAS development in the U.S., the delivery was not made by the end of the fiscal year due to the customer's circumstances, leading to a decrease in net sales. Furthermore, profit decreased due to the impact of foreign exchange fluctuations from the start of the fiscal year as well as an increase in low-profit-margin projects.

As a result, net sales decreased by 4.6% year on year to ¥4,699 million and segment income decreased by 58.4% year on year to ¥372 million.

(Physics / Energies)

In the Physics / Energies business, net sales increased, reflecting brisk sales related to products for all-solid-state batteries and fuel cells, as well as EV charge evaluation systems, including large-scale projects related to the Green Innovation Fund, amid continued active R&D investment by companies in the carbon neutrality field. Profit increased due to progress on differentiation from competitors through the provision of complete solutions.

As a result, net sales increased by 9.6% year on year to ¥6,897 million and segment income increased by 12.7% year on year to ¥1,513 million.

(EMC / Antenna Systems)

In the EMC / Antenna Systems business, net sales increased significantly, reflecting a contribution from delivery of the balance of orders in the EMC field that had accrued in the Chinese market and early delivery of large-scale orders, among others.

Profit for the full fiscal year decreased year on year, reflecting a major impact from low-profit-margin projects arising in China in the third quarter, despite the profit margin normalizing in the fourth quarter, as well as increased investment in in-house developed products and personnel expenses.

As a result, net sales increased by 25.6% year on year to ¥5,429 million, while segment income decreased by 4.8% year on year to ¥274 million.

(Ocean / Defense & Security)

In the Ocean / Defense & Security business, profit increased due to contributions including sales from large-scale projects in the defense and security field following a recovery in the market.

Profit decreased due to an increase in sales of low-profit-margin projects affected by foreign exchange fluctuations.

As a result, net sales increased by 1.8% year on year to ¥1,743 million, while segment income decreased by 9.1% year on year to ¥272 million.

(Software Quality and Productivity)

In the Software Quality & Productivity business, net sales rose due to strong performance throughout the year in the fields of game development, application security, and automotive software development. Profit also increased following the rise in net sales.

As a result, net sales increased by 7.0% year on year to ¥1,964 million and segment income increased by 12.1% year on year to ¥422 million.

(Life Science)

In the Life Science business, sales of existing businesses faltered due to a limited market recovery. On the other hand, net sales increased due to the inclusion of LEXI Co., Ltd. in the scope of consolidation from the third quarter.

Due to a decrease in the gross profit margin following the decline in sales of existing businesses while selling, general and administrative expenses remained level year on year, operating income also decreased.

As a result, net sales increased by 33.5% year on year to ¥787 million, while segment income decreased by 30.9% year on year to ¥31 million.

**Consolidated Balance Sheet**

(As of September 30, 2023)

(Thousands of yen)

| Account Title  | Amount            | Account Title   | Amount            |
|--|-------------------|---|-------------------|
| <b>Assets</b>  |                   | <b>Liabilities</b>                                    |                   |
| <b>Current assets</b>                                      | <b>16,716,306</b> | <b>Current liabilities</b>                            | <b>10,825,289</b> |
| Cash and deposits  | 2,659,402         | Notes and accounts payable - trade                    | 1,666,125         |
| Notes and accounts receivable - trade, and contract assets | 4,534,727         | Income taxes payable                                  | 427,615           |
| Electronically recorded monetary claims - operating        | 478,318           | Contract liabilities                                  | 2,855,790         |
| Securities   | 1,367,886         | Advances received                                     | 4,060,080         |
| Merchandise and finished goods                             | 4,554,835         | Provision for bonuses                                 | 772,094           |
| Other  | 3,123,836         | Provision for directors' bonuses                      | 66,000            |
| Allowance for doubtful accounts                            | (2,700)           | Other   | 977,583           |
| <b>Non-current assets</b>                                  | <b>23,238,533</b> | <b>Non-current liabilities</b>                        | <b>815,600</b>    |
| <b>Property, plant and equipment</b>                       | <b>15,984,666</b> | Net defined benefit liability                         | 672,063           |
| Buildings and structures                                   | 2,679,025         | Other   | 143,536           |
| Vehicles   | 4,171             | <b>Total liabilities</b>                              | <b>11,640,890</b> |
| Tools, furniture and fixtures                              | 790,956           | <b>Net assets</b>                                     |                   |
| Land   | 6,808,541         | <b>Shareholders' equity</b>                           | <b>28,260,212</b> |
| Construction in progress                                   | 5,701,970         | Capital stock   | 4,158,000         |
| <b>Intangible assets</b>                                   | <b>1,237,208</b>  | Capital surplus                                       | 4,603,500         |
| Goodwill   | 267,691           | Retained earnings                                     | 23,995,345        |
| Software   | 707,159           | Treasury stock  | (4,496,633)       |
| Software in progress                                       | 189,840           | <b>Accumulated other comprehensive income</b>         | <b>(40,841)</b>   |
| Other  | 72,516            | Valuation difference on available-for-sale securities | (53,726)          |
| <b>Investments and other assets</b>                        | <b>6,016,659</b>  | Deferred gains or losses on hedges                    | 129,858           |
| Investment securities                                      | 3,531,680         | Foreign currency translation adjustments              | (125,467)         |
| Net defined benefit asset                                  | 628,570           | Remeasurements of defined benefit plans               | 8,494             |
| Deferred tax assets  | 725,242           | <b>Subscription rights to shares</b>                  | <b>94,580</b>     |
| Long-term time deposits                                    | 700,000           |   |                   |
| Other  | 464,494           |   |                   |
| Allowance for doubtful accounts                            | (33,328)          | <b>Total net assets</b>                               | <b>28,313,950</b> |
| <b>Total assets</b>  | <b>39,954,840</b> | <b>Total liabilities and net assets</b>               | <b>39,954,840</b> |

Note: Amounts are rounded down to the nearest thousand yen.

**Consolidated Statement of Income**

(From October 1, 2022 to September 30, 2023)

(Thousands of yen)

| Account Title   | Amount    |                   |
|---|-----------|-------------------|
| <b>Net sales</b>  |           | <b>28,172,589</b> |
| <b>Cost of sales</b>  |           | <b>16,631,116</b> |
| <b>Gross profit</b>   |           | <b>11,541,473</b> |
| <b>Selling, general and administrative expenses</b>         |           | <b>10,069,201</b> |
| <b>Operating income</b>                                     |           | <b>1,472,272</b>  |
| <b>Non-operating income</b>                                 |           |                   |
| Interest income   | 92,935    |                   |
| Dividend income   | 32,245    |                   |
| Foreign exchange gain                                       | 110,380   |                   |
| Settlement package  | 119,573   |                   |
| Other   | 91,476    | 446,612           |
| <b>Non-operating expenses</b>                               |           |                   |
| Interest expenses   | 411       |                   |
| Share of loss of entities accounted for using equity method | 1,055     |                   |
| Loss on investments in investment partnerships              | 80,738    |                   |
| Commission for purchase of treasury stock                   | 33,063    |                   |
| Other   | 2,766     | 118,035           |
| <b>Ordinary income</b>                                      |           | <b>1,800,849</b>  |
| <b>Extraordinary income</b>                                 |           |                   |
| Gain on sales of non-current assets                         | 50,058    |                   |
| Gain on sales of investment securities                      | 396,400   |                   |
| Gain on territorial rights exchange of non-current assets   | 7,199,714 | 7,646,173         |
| <b>Extraordinary losses</b>                                 |           |                   |
| Loss on disposal of non-current assets                      | 4,818     |                   |
| Loss on tax purpose reduction entry of non-current assets   | 7,199,714 | 7,204,533         |
| <b>Income before income taxes</b>                           |           | <b>2,242,489</b>  |
| Income taxes - current                                      | 660,970   |                   |
| Income taxes - deferred                                     | 47,308    | 708,278           |
| <b>Net income</b>   |           | <b>1,534,211</b>  |
| <b>Net income attributable to owners of parent</b>          |           | <b>1,534,211</b>  |

Note: Amounts are rounded down to the nearest thousand yen.

### Consolidated Statement of Changes in Net Assets

(From October 1, 2022 to September 30, 2023)

(Thousands of yen)

|  | Shareholders' equity |                 |                   |                |                            |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period           | 4,158,000            | 4,603,500       | 23,664,469        | (3,044,970)    | 29,380,999                 |
| Changes of items during the period                   |                      |                 |                   |                |                            |
| Dividends of surplus                                 |                      |                 | (1,202,435)       |                | (1,202,435)                |
| Net income attributable to owners of parent          |                      |                 | 1,534,211         |                | 1,534,211                  |
| Purchase of treasury stock                           |                      |                 |                   | (1,629,691)    | (1,629,691)                |
| Disposal of treasury stock                           |                      |                 | (900)             | 178,029        | 177,128                    |
| Net changes of items other than shareholders' equity |                      |                 |                   |                |                            |
| Total changes of items during the period             | -                    | -               | 330,875           | (1,451,662)    | (1,120,787)                |
| Balance at the end of current period                 | 4,158,000            | 4,603,500       | 23,995,345        | (4,496,633)    | 28,260,212                 |

|  | Accumulated other comprehensive income                |                                    |  |   |  | Subscription rights to shares | Total net assets |
|--|---|------------------------------------|--|---|--|-------------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                               |                  |
| Balance at the beginning of current period           | (30,177)  | 79,600                             | (121,509)                                | (46,714)                                | (118,800)                                    | 136,186                       | 29,398,384       |
| Changes of items during the period                   |   |                                    |  |   |  |                               |                  |
| Dividends of surplus                                 |   |                                    |  |   |  |                               | (1,202,435)      |
| Net income attributable to owners of parent          |   |                                    |  |   |  |                               | 1,534,211        |
| Purchase of treasury stock                           |   |                                    |  |   |  |                               | (1,629,691)      |
| Disposal of treasury stock                           |   |                                    |  |   |  |                               | 177,128          |
| Net changes of items other than shareholders' equity | (23,549)  | 50,258                             | (3,958)                                  | 55,208                                  | 77,958                                       | (41,606)                      | 36,352           |
| Total changes of items during the period             | (23,549)  | 50,258                             | (3,958)                                  | 55,208                                  | 77,958                                       | (41,606)                      | (1,084,434)      |
| Balance at the end of current period                 | (53,726)  | 129,858                            | (125,467)                                | 8,494                                   | (40,841)                                     | 94,580                        | 28,313,950       |

Note: Amounts are rounded down to the nearest thousand yen.

**Non-consolidated Balance Sheet**

(As of September 30, 2023)

(Thousands of yen)

| Account Title  | Amount            | Account Title   | Amount            |
|--|-------------------|---|-------------------|
| <b>Assets</b>  |                   | <b>Liabilities</b>                                    |                   |
| <b>Current assets</b>  | <b>14,724,146</b> | <b>Current liabilities</b>                            | <b>10,220,496</b> |
| Cash and deposits  | 1,446,905         | Notes payable - trade                                 | 18,943            |
| Notes and accounts receivable - trade, and contract assets   | 4,265,404         | Accounts payable - trade                              | 1,471,202         |
| Electronically recorded monetary claims - operating          | 478,318           | Accounts payable - other                              | 755,972           |
| Securities   | 1,367,886         | Income taxes payable                                  | 418,986           |
| Merchandise  | 4,325,691         | Contract liabilities                                  | 2,527,220         |
| Advance payments - trade                                     | 472,988           | Advances received                                     | 4,060,080         |
| Short-term loans receivable from subsidiaries and associates | 523,530           | Provision for bonuses                                 | 770,000           |
| Other  | 1,846,122         | Provision for directors' bonuses                      | 66,000            |
| Allowance for doubtful accounts                              | (2,700)           | Other   | 132,090           |
| <b>Non-current assets</b>                                    | <b>25,043,822</b> | <b>Non-current liabilities</b>                        | <b>741,048</b>    |
| <b>Property, plant and equipment</b>                         | <b>15,918,217</b> | Provision for retirement benefits                     | 664,956           |
| Buildings  | 2,672,566         | Asset retirement obligations                          | 44,702            |
| Structures   | 5,093             | Other   | 31,390            |
| Vehicles   | 4,171             |   |                   |
| Tools, furniture and fixtures                                | 746,292           | <b>Total liabilities</b>                              | <b>10,961,544</b> |
| Land   | 6,808,541         | <b>Net assets</b>                                     |                   |
| Construction in progress                                     | 5,681,551         | <b>Shareholders' equity</b>                           | <b>28,635,712</b> |
| <b>Intangible assets</b>                                     | <b>987,273</b>    | Capital stock   | 4,158,000         |
| Software   | 715,830           | Capital surplus                                       | 4,603,500         |
| Software in progress   | 198,982           | Legal capital surplus                                 | 4,603,500         |
| Other  | 72,460            | Retained earnings                                     | 24,370,846        |
| <b>Investments and other assets</b>                          | <b>8,138,331</b>  | Legal retained earnings                               | 581,208           |
| Investment securities  | 3,468,890         | Other retained earnings                               | 23,789,637        |
| Shares of subsidiaries and associates                        | 411,979           | General reserve                                       | 17,000,000        |
| Investments in capital of subsidiaries and associates        | 390,200           | Retained earnings brought forward                     | 6,789,637         |
| Long-term loans receivable                                   | 1,400             | Treasury stock  | (4,496,633)       |
| Long-term loans receivable from subsidiaries and associates  | 746,404           | <b>Valuation and translation adjustments</b>          | <b>76,131</b>     |
| Insurance funds for directors                                | 208,452           | Valuation difference on available-for-sale securities | (53,726)          |
| Prepaid pension cost   | 609,220           | Deferred gains or losses on hedges                    | 129,858           |
| Deferred tax assets  | 709,468           | <b>Subscription rights to shares</b>                  | <b>94,580</b>     |
| Long-term time deposits                                      | 700,000           |   |                   |
| Other  | 925,643           |   |                   |
| Allowance for doubtful accounts                              | (33,328)          | <b>Total net assets</b>                               | <b>28,806,424</b> |
| <b>Total assets</b>  | <b>39,767,969</b> | <b>Total liabilities and net assets</b>               | <b>39,767,969</b> |

Note: Amounts are rounded down to the nearest thousand yen.

**Non-consolidated Statement of Income**

(From October 1, 2022 to September 30, 2023)

(Thousands of yen)

| Account Title   | Amount    |                   |
|---|-----------|-------------------|
| <b>Net sales</b>  |           | <b>26,048,509</b> |
| <b>Cost of sales</b>                                      |           | <b>15,140,377</b> |
| <b>Gross profit</b>                                       |           | <b>10,908,131</b> |
| <b>Selling, general and administrative expenses</b>       |           | <b>9,237,264</b>  |
| <b>Operating income</b>                                   |           | <b>1,670,866</b>  |
| <b>Non-operating income</b>                               |           |                   |
| Interest income   | 10,856    |                   |
| Interest on securities                                    | 88,858    |                   |
| Dividend income   | 32,244    |                   |
| Foreign exchange gain                                     | 97,226    |                   |
| Other   | 53,178    | 282,364           |
| <b>Non-operating expenses</b>                             |           |                   |
| Interest expenses   | 411       |                   |
| Loss on investments in investment partnerships            | 80,738    |                   |
| Commission for purchase of treasury stock                 | 33,063    |                   |
| Other   | 1,304     | 115,518           |
| <b>Ordinary income</b>                                    |           | <b>1,837,712</b>  |
| <b>Extraordinary income</b>                               |           |                   |
| Gain on sales of non-current assets                       | 50,058    |                   |
| Gain on sales of investment securities                    | 396,250   |                   |
| Gain on sales of shares of subsidiaries and associates    | 150       |                   |
| Gain on territorial rights exchange of non-current assets | 7,199,714 | 7,646,173         |
| <b>Extraordinary losses</b>                               |           |                   |
| Loss on disposal of non-current assets                    | 4,818     |                   |
| Loss on tax purpose reduction entry of non-current assets | 7,199,714 | 7,204,533         |
| <b>Income before income taxes</b>                         |           | <b>2,279,353</b>  |
| Income taxes - current                                    | 615,000   |                   |
| Income taxes - deferred                                   | 42,071    | 657,071           |
| <b>Net income</b>   |           | <b>1,622,281</b>  |

Note: Amounts are rounded down to the nearest thousand yen.

### Non-consolidated Statement of Changes in Net Assets

(From October 1, 2022 to September 30, 2023)

(Thousands of yen)

|  | Shareholders' equity |                       |                         |                         |                                   |                         |                |                            |
|--|----------------------|-----------------------|-------------------------|-------------------------|-----------------------------------|-------------------------|----------------|----------------------------|
|  | Capital stock        | Capital surplus       |                         | Retained earnings       |                                   |                         | Treasury stock | Total shareholders' equity |
|  |                      | Legal capital surplus | Legal retained earnings | Other retained earnings |                                   | Total retained earnings |                |                            |
|  |                      |                       |                         | General reserve         | Retained earnings brought forward |                         |                |                            |
| Balance at the beginning of current period           | 4,158,000            | 4,603,500             | 581,208                 | 17,000,000              | 6,370,691                         | 23,951,899              | (3,044,970)    | 29,668,429                 |
| Changes of items during the period                   |                      |                       |                         |                         |                                   |                         |                |                            |
| Dividends of surplus                                 |                      |                       |                         |                         | (1,202,435)                       | (1,202,435)             |                | (1,202,435)                |
| Net income   |                      |                       |                         |                         | 1,622,281                         | 1,622,281               |                | 1,622,281                  |
| Purchase of treasury stock                           |                      |                       |                         |                         |                                   |                         | (1,629,691)    | (1,629,691)                |
| Disposal of treasury stock                           |                      |                       |                         |                         | (900)                             | (900)                   | 178,029        | 177,128                    |
| Net changes of items other than shareholders' equity |                      |                       |                         |                         |                                   |                         |                |                            |
| Total changes of items during the period             | -                    | -                     | -                       | -                       | 418,946                           | 418,946                 | (1,451,662)    | (1,032,716)                |
| Balance at the end of current period                 | 4,158,000            | 4,603,500             | 581,208                 | 17,000,000              | 6,789,637                         | 24,370,846              | (4,496,633)    | 28,635,712                 |

|  | Valuation and translation adjustments                 |                                    |   | Subscription rights to shares | Total net assets |
|--|---|------------------------------------|---|-------------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments |                               |                  |
| Balance at the beginning of current period           | (30,177)  | 79,600                             | 49,423                                      | 136,186                       | 29,854,039       |
| Changes of items during the period                   |   |                                    |   |                               |                  |
| Dividends of surplus                                 |   |                                    |   |                               | (1,202,435)      |
| Net income   |   |                                    |   |                               | 1,622,281        |
| Purchase of treasury stock                           |   |                                    |   |                               | (1,629,691)      |
| Disposal of treasury stock                           |   |                                    |   |                               | 177,128          |
| Net changes of items other than shareholders' equity | (23,549)  | 50,258                             | 26,708                                      | (41,606)                      | (14,897)         |
| Total changes of items during the period             | (23,549)  | 50,258                             | 26,708                                      | (41,606)                      | (1,047,614)      |
| Balance at the end of current period                 | (53,726)  | 129,858                            | 76,131                                      | 94,580                        | 28,806,424       |

Note: Amounts are rounded down to the nearest thousand yen.