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Securities code: 6835

March 12, 2026

(Start date of measures for electronic provision: March 5, 2026)

To Shareholders with Voting Rights:

Sachie Oshima
Representative Director,
Chairman/CEO & President
Allied Telesis Holdings K.K.
7-21-11, Nishi-Gotanda, Shinagawa-ku,
Tokyo, Japan

**NOTICE OF CONVOCATION OF
THE 39TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We hereby inform you that the 39th Annual General Meeting of Shareholders of Allied Telesis Holdings K.K. (the “Company”) will be held as described below.

When convening this General Meeting of Shareholders, the Company takes measures for electronic provision and posts the matters subject to electronic provision on the following websites.

The Company’s website	https://ir.at-global.com/en/
Tokyo Stock Exchange (TSE) website (Listed Company Search)	https://www2.jpex.co.jp/tseHpFront/JJK020010Action.do?Show=Show Please access the website above, enter and search for either “Allied Telesis Holdings K.K.” in the “Issue name (company name)” field or “6835” in the “Code” field, and then select “Basic information,” followed by “Documents for public inspection/PR information” in order to view the information provided.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the internet, etc. Please review the Reference Documents for the General Meeting of Shareholders, provided in the matters subject to electronic provision, and exercise your voting rights by 5:30 p.m. on Thursday, March 26, 2026.

- 1. Date and Time:** Friday, March 27, 2026 at 10:30 a.m. Japan time
(Reception opens at 10:00 a.m.)
- 2. Place:** E-1, EAST Hall, 4th floor, TOC Ariake Convention Hall
3-5-7 Ariake, Koto-ku, Tokyo, Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report and Consolidated Financial Statements for the Company's 39th Fiscal Year (January 1, 2025 - December 31, 2025) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 39th Fiscal Year (January 1, 2025 - December 31, 2025)
- Proposals to be resolved:**
- Proposal 1:** Election of Four (4) Directors Who Are Not Audit and Supervisory Committee Members
- Proposal 2:** Issuance of Stock Acquisition Rights as Stock Options
- 4. Other Decisions Regarding the Convocation:**
- (1) Exercise of voting rights in writing**
If you do not indicate your approval or disapproval for proposals on the Voting Rights Exercise Form, it will be regarded as an indication of approval.
- (2) Exercise of voting rights both in writing and via the internet**
If voting rights are exercised both in writing and via the internet, the votes cast via the internet shall be deemed valid. If voting is performed multiple times via the internet, the last vote shall be deemed valid.
- (3) Exercise of voting rights through a proxy**
If you appoint a proxy to attend the meeting on your behalf, only one shareholder with voting rights of the Company can be appointed as a proxy. In that case, your Voting Rights Exercise Form and written proof of their right of proxy must be presented to the receptionist.

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- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
 - Should the matters subject to electronic provision require revisions, details thereof will be posted on the relevant websites.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Election of Four (4) Directors Who Are Not Audit and Supervisory Committee Members

The terms of office of all four (4) Directors who are not Audit and Supervisory Committee Members will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of four (4) Directors who are not Audit and Supervisory Committee Members.

The candidates for Directors who are not Audit and Supervisory Committee Members are as follows.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Sachie Oshima (August 9, 1971) [Reappointment]	January 2004 Director, Allied Telesis, Inc. March 2004 Director, the Company May 2005 Director, Allied Telesis Capital Corp. February 2007 Clinical Assistant Professor, Stanford University School of Medicine March 2007 Retired as Director, the Company March 2010 Director, the Company September 2020 Representative Director, Vice Chairman October 2022 Representative Director, Chairman/CEO & President (current position) Representative Director, Chairman, Allied Telesis K.K. Director, CEO & Chair, Allied Telesis, Inc. (current position) Director, President/CEO, Allied Telesis Capital Corp. (current position) March 2023 Representative Director, President, Allied Telesis K.K. (current position)	—
2	Shinichi Kimura (August 14, 1961) [Reappointment]	January 1988 Joined the Company July 2004 Executive Officer, General Manager of Product Engineering Division, Allied Telesis R&D Center K.K. June 2009 Executive Officer/CIO, the Company March 2010 Representative Director March 2012 Representative Director, Allied Telesis K.K. March 2016 Retired as Representative Director, the Company and Allied Telesis K.K. March 2020 Senior Technical Advisor, Allied Telesis K.K. March 2023 Director, Executive Vice President/COO (current position) March 2024 Director, the Company (current position)	128,000

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Toraaki Takashima (June 15, 1974) [Reappointment]	<p>June 2008 Joined Allied Telesis, Inc.</p> <p>January 2011 Chief Controller</p> <p>April 2014 Executive Officer, the Company</p> <p>June 2017 Senior Executive Officer, General Manager of Finance Division</p> <p>April 2023 Senior Managing Officer</p> <p>March 2024 Director/CFO (current position)</p>	–
4	Eu-Jin Lim (May 13, 1968) [Reappointment]	<p>June 1992 Joined Allied Telesis, Inc.</p> <p>June 2006 Executive Vice President of Engineering and Production Departments</p> <p>February 2010 Director, President and COO</p> <p>March 2010 Director, the Company</p> <p>March 2014 Retired as Director</p> <p>April 2014 Consultant of Group Engineering and Operations Departments, the Company</p> <p>December 2022 Consultant of Group Management</p> <p>June 2023 President, Allied Telesis, Inc.</p> <p>March 2024 Director/COO, the Company (current position)</p>	–

- Notes: 1. Sachie Oshima, Representative Director, Chairman/CEO & President of the Company, concurrently serves as Representative Director and President of Allied Telesis K.K. The latter company is a wholly-owned subsidiary of the Company, so there are no special interests between the candidate and the Company.
2. There are no special interests between any of the other candidates and the Company.
3. The Company has entered into a directors and officers liability insurance contract with an insurance company, and each candidate will be insured under the said insurance contract. Please see page 15 of the business report for an overview of the said insurance contract.

Proposal 2: Issuance of Stock Acquisition Rights as Stock Options

The Company requests approval to issue stock acquisition rights (“Stock Acquisition Rights”) as stock options, without compensation, to employees, Directors who are not Audit and Supervisory Committee Members, Directors who are Audit and Supervisory Committee Members of the Company, or employees, Directors, or Corporate Auditors of the Company’s group companies, pursuant to Articles 236, 238, and 239 of the Companies Act and in accordance with the terms set forth below, and to delegate the determination of subscription requirements to the Board of Directors of the Company.

The issuance of stock acquisition rights as stock options to Directors who are not Audit and Supervisory Committee Members and Directors who are Audit and Supervisory Committee Members of the Company constitutes non-monetary remuneration, etc. to such Directors, and as the amount of such remuneration has not been determined, approval is also requested, separately from fixed monetary remuneration, for the specific details and calculation method thereof.

If Proposal 1 is approved as proposed, the Company will have four (4) Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors) and three (3) Directors who are Audit and Supervisory Committee Members. Taking into consideration the purpose described in 1. below, the maximum number of Stock Acquisition Rights to be allotted will be 22,500 to the Company’s Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors) and 2,500 to Directors who are Audit and Supervisory Committee Members.

The allotment to Directors who are not Audit and Supervisory Committee Members will be determined by the Board of Directors, taking into careful consideration the Company’s performance, their assigned duties, level of contribution, and other relevant factors. As described in Business Report 4. (4) (i), the Company has established decision policies pertaining to the contents of remuneration, etc. of individual Directors who are not Audit and Supervisory Committee Members. This Proposal contains content that is necessary and appropriate for determining such remuneration, etc. of individual Directors who are not Audit and Supervisory Committee Members in accordance with such policies, and the Company considers that the contents of this Proposal are reasonable.

The allotment to Directors who are Audit and Supervisory Committee Members will be determined through consultation among the Directors who are Audit and Supervisory Committee Members.

1. Reason for the necessity of soliciting subscribers for the Stock Acquisition Rights under especially favorable conditions

It is intended to issue the stock acquisition rights as stock options without compensation to employees, Directors who are not Audit and Supervisory Committee Members, Directors who are Audit and Supervisory Committee Members of the Company, or employees, Directors, or Corporate Auditors of the Company’s group companies, for the purpose of enhancing their motivation and morale toward improving the performance and increasing the corporate value of the Group, and of fostering a stronger sense of participation in management by incorporating the perspective of shareholders.

2. Maximum number of Stock Acquisition Rights for which subscription requirements may be determined pursuant to the delegation granted by the resolution of this General Meeting of Shareholders

The maximum number of Stock Acquisition Rights that may be allotted in accordance with the resolution of this General Meeting of Shareholders will be 50,000. The maximum number of shares of the Company’s common stock to be delivered upon the exercise of the Stock Acquisition Rights will be 5,000,000 shares. If the number of shares to be granted is adjusted in accordance with the provisions of 4. (1) below, the maximum number will be the product of the number of shares to be

granted after adjustment multiplied by the maximum number of Stock Acquisition Rights set forth above.

3. Amount to be paid for Stock Acquisition Rights
Free of charge

4. Contents of the Stock Acquisition Rights to be issued

- (1) Class and number of shares to be issued or transferred upon exercise of the Stock Acquisition Rights

The class of shares to be issued or transferred upon exercise of the Stock Acquisition Rights shall be common stock of the Company, and the number of shares to be issued or transferred upon exercise of each Stock Acquisition Right (the “Number of Shares to Be Granted”) shall be 100.

However, if after the date of allotment of the Stock Acquisition Rights (the “Date of Allotment”), the Company conducts a stock split (including a gratis allotment of the Company’s common stock; hereinafter the same shall apply with respect to references to a “stock split”) or a stock consolidation of the Company’s common stock, the Number of Shares to Be Granted regarding any Stock Acquisition Rights that have not been exercised at such time shall be adjusted in accordance with the following formula. Any fraction of less than one share resulting from the adjustment above shall be rounded down.

$$\text{Number of Shares to Be Granted after adjustment} = \text{Number of Shares to Be Granted before adjustment} \times \frac{\text{Ratio of stock split or stock consolidation}}{\text{consolidation}}$$

If, for reasons other than above, it becomes appropriate to adjust the Number of Shares to Be Granted after the Date of Allotment, the Company may adjust the Number of Shares to Be Granted within a reasonable range. Any fraction of less than one share resulting from the adjustment above shall be rounded down.

- (2) Value of assets to be contributed upon the exercise of the Stock Acquisition Rights or the method of calculating its value

The value of assets to be contributed upon the exercise of each Stock Acquisition Right shall be the amount determined by multiplying the payment price per share to be contributed upon the exercise of the Stock Acquisition Rights (the “Exercise Price”) by the Number of Shares to Be Granted.

The Exercise Price shall be the closing price for regular transactions of the Company’s common stock on the Tokyo Stock Exchange on the date when the issuance of the Stock Acquisition Rights is resolved (if there is no closing price on that date, the most recent closing price, prior to the date, shall apply).

However, the Exercise Price shall be subject to the following adjustments.

- (i) In the event of a stock split or a stock consolidation of the Company’s common stock after the Date of Allotment, the Exercise Price shall be adjusted according to the following formula, with any fraction of less than one yen rounded up to the nearest yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of stock split or stock consolidation}}$$

- (ii) In the case that, after the Date of Allotment, the Company conducts a new stock issuance or disposes shares of its treasury stock of the Company’s common stock at a price lower than the market price (excluding cases where shares of treasury stock are sold based on the provisions of Article 194 of the Companies Act [demand for the sale of shares less than one unit by holder of shares less than one unit]; securities that will or may be converted to the Company’s common stock are converted; or the Stock Acquisition Rights for which a grant

of the Company's common stock may be demanded (including those attached to debentures with Stock Acquisition Rights) are exercised), the Exercise Price shall be adjusted in accordance with the following formula, with any fraction of less than one yen rounded up to the nearest yen.

$$\text{Exercise Price after adjustment} = \frac{\text{Exercise Price before adjustment} \times \left(\frac{\text{Number of shares outstanding} + \text{Number of shares newly issued}}{\text{Market price per share}} \right)}{\text{Number of shares outstanding} + \text{Number of shares newly issued}} \times \text{Amount to be paid in per share}$$

The "Number of shares outstanding" in the above formula shall be the number calculated by deducting the number of shares of treasury stock of common stock held by the Company from the total number of shares of the Company's common stock issued. In the case of the disposal of the treasury stock, the "Number of shares newly issued" shall be read as the "Number of shares of treasury stock to be disposed."

- (iii) In the event that the Company conducts a gratis allotment to common shareholders of another class of stock or conducts a similar action not mentioned above after the Date of Allotment, if it becomes appropriate to adjust the Exercise Price, the Company may adjust the Exercise Price within a reasonable range based on consideration of the conditions, etc. of the relevant allotment. Any fraction of less than one yen shall be rounded up to the nearest yen.
- (3) Period for the exercise of the Stock Acquisition Rights
The period shall commence three years after the grant resolution date and end 10 years after such resolution date.
- (4) Exercise terms of the Stock Acquisition Rights
 - (i) To exercise their Stock Acquisition Rights, holders must hold the status of employees, Directors who are not Audit and Supervisory Committee Members, Directors who are Audit and Supervisory Committee Members of the Company, or employees, Directors, or Corporate Auditors of the Company's group companies at the time of exercise. However, this provision shall not apply in cases in which the holder lost such status because they resigned upon retirement after the full-term service completion, mandatory retirement, resignation or retirement at the request of the Company or any of its group companies, or for other justifiable reason approved by the Board of Directors of the Company.
 - (ii) In the event of the death of a Stock Acquisition Right holder, the Stock Acquisition Rights shall not be inherited.
 - (iii) Pledging or creating any security interest in the Stock Acquisition Rights shall not be permitted.
 - (iv) It is not possible to exercise less than one Stock Acquisition Right.
- (5) The amounts of capital and capital reserve to be increased by the issuance of the shares upon the exercise of the Stock Acquisition Rights
 - (i) The amount of capital to be increased by the issuance of the shares upon the exercise of the Stock Acquisition Rights shall be half of the amount of the maximum limit of capital increase, as calculated in accordance with the provisions of Article 17, Paragraph 1 of the Corporate Accounting Rules, and any fraction of less than one yen arising as a result of such calculation shall be rounded up to the nearest yen.

- (ii) The amount of capital reserve to be increased by the issuance of the shares upon the exercise of the Stock Acquisition Rights shall be the amount obtained by deducting the capital to be increased, as defined in (i) above, from the maximum limit of capital increase, as described in (i) above.
- (6) Restrictions on the acquisition of the Stock Acquisition Rights by way of transfer
The acquisition of the Stock Acquisition Rights by way of transfer shall require approval by a resolution of the Board of Directors of the Company.
- (7) Acquisition provision of the Stock Acquisition Rights
 - (i) The Company may acquire the Stock Acquisition Rights without compensation at the arrival of the day prescribed by the Board of Directors, in case an agenda for approval of one of the following is approved at the General Meeting of Shareholders (or, if approval of the General Meeting of Shareholders is not required, is resolved at the Board of Directors):
 - a merger agreement, under which the Company shall be extinguished,
 - an absorption-type company split agreement, or an incorporation-type company split plan, under which the Company shall be split,
 - a share exchange agreement or a share transfer plan, under which the Company shall be a wholly owned subsidiary.
 - (ii) If a Stock Acquisition Rights Holder ceases to meet the terms for exercising the Stock Acquisition Rights in (4) above, the Company may acquire the Stock Acquisition Rights without compensation at the arrival of the day prescribed by the Board of Directors.
- (8) Policy for determining the content of a grant for Stock Acquisition Rights of a company subject to realignment by corporate realignment
If the Company conducts a merger (limited to cases where the Company is extinguished by the merger), absorption-type company split, incorporation-type company split, share exchange, or share transfer (collectively, the “Corporate Realignment”), the holder of the Stock Acquisition Rights who holds the remaining Stock Acquisition Rights immediately before the effective date of Corporate Realignment (the “Remaining Stock Acquisition Rights”) shall be granted Stock Acquisition Rights of the respective stock companies provided for in Article 236, Paragraph 1, Item 8, from (a) to (e) of the Companies Act of Japan (the “Company Subject to Realignment”) in accordance with the following conditions (in this case the Remaining Stock Acquisition Rights shall be extinguished); provided, however that the granting of Stock Acquisition Rights of the Company Subject to Realignment pursuant to each of the following terms is stipulated in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan.
 - (i) The number of Stock Acquisition Rights of the Company Subject to Realignment to be granted
The number of Stock Acquisition Rights granted by the Company Subject to Realignment shall be the same as the number of Remaining Stock Acquisition Rights held by the grantee.
 - (ii) Class of shares of the Company Subject to Realignment subject to the Stock Acquisition Rights
Common stock of the Company Subject to Realignment
 - (iii) The number of shares of the Company Subject to Realignment subject to the Stock Acquisition Rights
To be determined based on (1) above in consideration of the terms of the Corporate Realignment
 - (iv) Value of assets to be contributed upon the exercise of the Stock Acquisition Rights

To be determined based on (2) above in consideration of the terms of the Corporate Realignment

- (v) Period for the exercise of the Stock Acquisition Rights
From the first date of the exercise period of the Stock Acquisition Rights provided for in (3) above or the effective date of the Corporate Realignment, whichever is later, to the maturity date of the exercise period of the Stock Acquisition Rights provided for in (3) above.
 - (vi) Exercise terms of the Stock Acquisition Rights
To be determined in accordance with (4) above
 - (vii) The amounts of capital and capital reserve to be increased by the issuance of the shares upon the exercise of the Stock Acquisition Rights
To be determined in accordance with (5) above
 - (viii) Restrictions on the acquisition of the Stock Acquisition Rights by way of transfer
The acquisition of the Stock Acquisition Rights by way of transfer shall require approval of the Company Subject to Realignment.
 - (ix) Acquisition provision of the Stock Acquisition Rights
To be determined in accordance with (7) above
- (9) Treatment of fractions of less than one share arising out of the exercise of the Stock Acquisition Rights
Any fraction of less than one share to be granted to grantees who exercised their Stock Acquisition Rights shall be rounded down.
- (10) Calculation method of the fair value of the Stock Acquisition Rights
The fair value of the Stock Acquisition Rights, which forms the basis upon which the amount of non-monetary remunerations to Directors who are not Audit and Supervisory Committee Members and Directors who are Audit and Supervisory Committee Members is calculated, is calculated with the Black-Scholes model based on the various conditions on the Date of Allotment.

End.

Business Report

(January 1, 2025 – December 31, 2025)

1. Matters Regarding the Status of the Corporate Group

(1) Business Progress and Results

During the fiscal year under review (January 1, 2025, to December 31, 2025), the Japanese economy remained on a gradual recovery trend, supported by improvements in the employment and income environment and a recovery in demand from foreign visitors to Japan. Uncertainty lingered over the sustainability of the economy, however, with issues such as rising prices of goods, high energy prices, and continued yen depreciation weighing on personal consumption.

While the global economy as a whole continued to show signs of recovery, there were periods of market instability due to uncertainty about the direction of monetary policy in major countries. Furthermore, due to geopolitical risks such as the protracted situation in Ukraine and tensions in the Middle East, combined with uncertainty about the future of international trade caused by the United States' trade policy trend, the environment surrounding the global economy remained highly uncertain overall.

In the information and communication equipment industry, to which the Group belongs, demand for network equipment for data centers remained strong both in Japan and overseas, backed by an increase in data traffic accompanying the spread of generative AI. In Japan, demand for ICT environment upgrades in local governments and the education field is growing, and device updates are being rolled out ahead of NEXT GIGA, the second phase of the Global and Innovation Gateway for All (GIGA) School Program.

In overseas markets, the expansion of generative AI and cloud services has led to ongoing investments geared toward the expansion of data centers and high-speed, high-capacity communication infrastructure. This has resulted in strong demand for corporate network equipment such as switches and routers. Furthermore, in response to increasingly sophisticated cyberattacks, companies and local governments both in Japan and overseas are strengthening their network perimeter defenses and shifting to Zero Trust security, leading to increased demand for integrated products and services that combine networking and security.

Amid this advancement of AI utilization, demand for ICT upgrades in education, and strengthening of cybersecurity measures, the information and communication equipment market has continued to perform well overall.

In the fiscal year under review, net sales were 49,950 million yen (up 3.1% YoY) due to robust sales in Japan.

On the profit front, although some expenses were curbed due to a reduction in R&D costs and efficiency improvements through organizational restructuring, selling, general, and administrative expenses increased as a result of higher personnel expenses associated with the strengthening of the sales system in the Americas and EMEA regions. On the other hand, operating profit came to 4,228 million yen (up 23.5% YoY) thanks to the steady increase in gross profit on the back of sales growth. While foreign exchange gains of 497 million yen were recorded in the previous fiscal year stemming from the valuation of foreign currency-denominated assets and liabilities, foreign exchange losses of 310 million yen were recorded in the fiscal year under review for the same reason. However, the increase in operating profit offset this impact, resulting in ordinary profit of 3,799 million yen (up 1.9% YoY). Meanwhile, profit attributable to the owners of the parent amounted to 2,919 million yen (down 18.9% YoY), impacted by the absence of gain on sale of non-current assets of 1,661 million yen recorded in the previous fiscal year, and the loss on business restructuring of 73 million yen recorded in the APAC region.

The following is an overview of the Group's net sales by geographic segment for the fiscal year under review.

[Japan]

In Japan, sales were strong overall, thanks to progress with high-value-added proposals that met customer needs and the acquisition of large-scale projects. By market, demand grew in local governments and the education field in particular, driving growth. By product, sales of switch products and wireless LAN products continued to grow. As a result, net sales in Japan were 33,222 million yen (up 10.1% YoY).

[Americas]

In the Americas, sales to the U.S. federal government declined due to uncertainty surrounding new policies, spending constraints, and the impact of the government shutdown in the latter half of the year. However, sales of internet services for residents at U.S. military bases remained solid. By product, sales of network interface cards fell due to a decrease in sales to the U.S. federal government. As a result, net sales for the Americas as a whole were 7,775 million yen (down 11.0% YoY).

[EMEA (Europe, Middle East and Africa)]

In EMEA, sales grew in major European countries on the back of an increase in defense-related demand. Meanwhile, sales in Spain and Italy declined due to delays with government budgets and the absence of sales from large projects recorded in the previous fiscal year. However, increased sales in other regions offset this decline to support overall performance. By product, sales of switch products increased. As a result, net sales for EMEA as a whole were 6,038 million yen (up 1.1% YoY).

[APAC (Asia and Oceania)]

In APAC, sales were on a downtrend across the region, due in part to the impact of business restructuring in various countries, excluding India. Meanwhile, sales in Vietnam, Singapore, and Australia remained strong, thanks to contributions from streamlined sales activities and the acquisition of large-scale projects. By product, sales of switch products and wireless LAN products decreased. As a result, net sales for APAC as a whole were 2,912 million yen (down 18.8% YoY).

(Millions of yen)			
	Fiscal year ended Dec. 31, 2024	Fiscal year ended Dec. 31, 2025	YoY
Net sales	48,458	49,950	3.1%
Japan	30,162	33,222	10.1%
Americas	8,733	7,775	(11.0)%
EMEA	5,975	6,038	1.1%
APAC	3,587	2,912	(18.8)%
Operating profit	3,424	4,228	23.5%
Ordinary profit	3,727	3,799	1.9%
Profit attributable to owners of parent	3,601	2,919	(18.9)%

(2) Status of Capital Investments

During the fiscal year under review, the Group invested a total of 554 million yen in capital investment, including the acquisition of network service infrastructure equipment, verification and testing equipment, development equipment, production and inspection equipment, and maintenance service equipment.

(3) Status of Financing

With respect to financing, the Group strives to procure funds on more favorable terms whenever funds are necessary, which includes loans from financial institutions and direct procurement from the market.

(4) Issues to Be Addressed

In the information and communication equipment industry, to which the Group belongs, demand for network infrastructure is rising dramatically as a result of the arrival of the AI era. The increasingly widespread use of generative AI and cloud services has made it vital to improve network performance, reduce latency, and enhance security. For companies and local governments, the need to implement Zero Trust security, strengthen defenses against increasingly sophisticated cyberattacks, and carry out complex operations and management is placing a growing burden on IT departments, all while the labor shortage grows more severe. The Group recognizes these structural changes as factors that are increasing demand for its network products and services.

To maintain and increase competitiveness in this business environment, it is becoming even more

important to acquire state-of-the-art technologies that anticipate potential needs, continuously enhance research and development, use AI to increase operational efficiency and automate operations, and improve ability to propose solutions that maximize customer value.

Furthermore, the Medium-Term Management Plan (2026-2028) positions making enhancements to our infrastructure to achieve sustainable growth as a critical challenge. These enhancements include evolving into an AI-native company, making our supply chain more resilient, shortening time to market, increasing our competitiveness in the global market, and raising the percentage of engineers in our workforce by investing in human capital. By steadily implementing these measures, the Group will achieve sustainable growth in the current market, which is undergoing dramatic structural change.

Demand for greater soundness and transparency in company management grows year by year. The Group will further enhance its corporate governance; establish a thorough compliance system; appropriately disclose information, both financial and non-financial, in a timely manner; and increase the sophistication of its risk management, thereby continuously living up to the trust it has earned from stakeholders.

(5) Status of Assets and Income of the Corporate Group

Item	36th fiscal year (fiscal year ended Dec. 31, 2022)	37th fiscal year (fiscal year ended Dec. 31, 2023)	38th fiscal year (fiscal year ended Dec. 31, 2024)	39th fiscal year (fiscal year ended Dec. 31, 2025)
Net sales (Millions of yen)	41,497	44,385	48,458	49,950
Operating profit (Millions of yen)	1,885	2,208	3,424	4,228
Ordinary profit (Millions of yen)	2,982	1,921	3,727	3,799
Profit attributable to owners of parent (Millions of yen)	8,605	1,089	3,601	2,919
Profit per share (Yen)	78.42	9.93	32.97	27.55
Total assets (Millions of yen)	41,636	45,495	46,486	48,728
Net assets (Millions of yen)	15,768	17,467	19,451	21,333
Net assets per share (Yen)	143.32	158.81	180.58	203.12

(6) Status of Principal Parent Company and Subsidiaries

(i) Relationship with parent company
Not applicable.

(ii) Principal subsidiaries

Company name	Share capital	Voting rights ratio	Principal business
Allied Telesis K.K.	1,987 million yen	100.0%	Development, sale, and maintenance of network-related equipment
Allied Telesis, Inc.	18 thousand U.S. dollars	94.8%	Development and sale of network-related equipment

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

(7) Principal Business (As of December 31, 2025)

- (i) Development, manufacture, sale, maintenance, and consultation relating to network-related equipment
- (ii) Development, plan, creation, sale, maintenance, and consultation relating to computer software and information systems
- (iii) Design, installation, operation and management, maintenance, and consultation for construction related to (i) and (ii) above

(8) Major Sites, etc. of the Corporate Group (As of December 31, 2025)

The Company	Headquarters: Shinagawa-ku, Tokyo, Japan
Domestic locations	Hokkaido, Iwate, Miyagi, Akita, Fukushima, Ibaraki, Tochigi, Gunma, Saitama, Chiba, Tokyo, Kanagawa, Niigata, Toyama, Ishikawa, Fukui, Nagano, Gifu, Shizuoka, Aichi, Mie, Kyoto, Osaka, Hyogo, Shimane, Okayama, Hiroshima, Kagawa, Ehime, Fukuoka, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima, and Okinawa
Overseas locations	The United States, Mexico, Netherlands, Spain, France, Italy, United Kingdom, Germany, Romania, Israel, Dubai, New Zealand, Australia, Singapore, Malaysia, India, Viet Nam, Indonesia, China, and Taiwan

(9) Status of Employees (As of December 31, 2025)

(i) Status of employees of the corporate group

Business segment	Number of employees	Change from the end of previous fiscal year
Information and communications / network-related business	1,856 [67]	(23) [(21)]
Total	1,856 [67]	(23) [(21)]

Note: The number of employees represents the number of full-time employees, and the annual average number of part-time and temporary employees is shown in square brackets separately.

(ii) Status of employees of the Company

Number of employees	Change from the end of previous fiscal year	Average age	Average years of service
43 [-]	5 [-]	45.9	16 years and one month

Note: The number of employees represents the number of full-time employees, and the annual average number of part-time and temporary employees is shown in square brackets separately.

(10) Status of Principal Lenders (As of December 31, 2025)

Lender	Amount of borrowings
Mizuho Bank, Ltd.	1,400 million yen
Sumitomo Mitsui Banking Corporation	550 million yen
MUFG Bank, Ltd.	550 million yen
Resona Bank, Limited	300 million yen
Resona Merchant Bank Asia Limited	63 million yen

(11) Other Important Matters Regarding the Status of the Corporate Group
Not applicable.

2. Matters Regarding Shares of the Company (As of December 31, 2025)

- (1) Total Number of Shares Authorized to Be Issued 600,000,000 shares
- (2) Total Number of Issued Shares 105,012,176 shares
- (3) Number of Shareholders 15,690 shareholders
- (4) Major Shareholders

Shareholder name	Number of shares held	Shareholding ratio (%)
OSHIMA GENERAL HOLDINGS NO.1, LLC	47,660,000	45.39
Tachibana Securities Co., Ltd.	6,761,100	6.44
Naoyuki Yokoyama	1,512,200	1.44
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	960,046	0.91
JPMorgan Securities Japan Co., Ltd.	798,198	0.76
Nomura Securities Co., Ltd.	784,504	0.75
BOFAS INC SEGREGATION ACCOUNT	634,400	0.60
Allied Telesis Holdings Employee Stock Ownership Plan	551,900	0.53
Rakuten Securities, Inc. Shared Account	545,615	0.52
Yoshiyuki Fukunaga	520,600	0.50

Note: The Company does not hold any treasury share.

3. Status of Stock Acquisition Rights, etc.

Not applicable.

4. Matters Regarding Company Officers

(1) Names, etc. of Directors (As of December 31, 2025)

Positions	Name	Responsibilities and significant concurrent positions
Representative Director, Chairman/CEO & President	Sachie Oshima	Representative Director, President, Allied Telesis K.K. Director, CEO & Chair, Allied Telesis, Inc. Director, President/CEO, Allied Telesis Capital Corp.
Director	Shinichi Kimura	Director, Executive Vice President/COO, Allied Telesis K.K.
Director/CFO	Toraaki Takashima	–
Director/COO	Eu-Jin Lim	Director, Allied Telesis Labs Ltd. Director, Allied Telesis Wireless Ltd.
Director (Audit and Supervisory Committee Member)	Takashi Inoue	Certified Public Accountant Partner, Kyohei Accounting Firm Member of the Board (Audit & Supervisory Committee Member), BroadBand Tower, Inc. Outside Audit & Supervisory Board Member, Allied Telesis K.K. Director (Audit & Supervisory Committee Member), HOUSEI Inc.
Director (Audit and Supervisory Committee Member)	Kazuaki Ishimoto	Certified Public Tax Accountant President, Ishimoto tax accounting office
Director (Audit and Supervisory Committee Member)	Ashit Padwal	Professor of Legal Ethics, San José State University

- Notes:
- Directors Takashi Inoue and Kazuaki Ishimoto are Outside Directors.
 - The Company has designated Takashi Inoue and Kazuaki Ishimoto, both Directors who are Audit and Supervisory Committee Members, as Independent Officers in accordance with the rules of the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange to such effect.
 - Takashi Inoue, Director who is an Audit and Supervisory Committee Member, is a certified public accountant, and Kazuaki Ishimoto, who is also Director who is an Audit and Supervisory Committee Member, is a certified public tax accountant. Both Directors possess a considerable level of expertise in finance and accounting.
 - To assist the duties of the Audit and Supervisory Committee, employees in the General Affairs Department gather information, and organization audits using the internal control system are performed to ensure the effectiveness of audits of the Company. Therefore, there are no full-time Audit and Supervisory Committee Members.
 - There are no material business relationships between the Company and the organizations where the above individuals hold concurrent positions.

(2) Outline of the Contents of Liability Limitation Agreements

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with its Outside Directors to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, and the maximum amount of liability under such agreements is set at the minimum amount prescribed by laws and regulations.

(3) Outline of the Contents of Directors and Officers Liability Insurance Contract

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 Company's Directors and Audit and Supervisory Committee Members, as well as the Directors and Company Auditors of its subsidiaries, are the insured, and the Company bears the full cost of the insurance premiums. Under the insurance contract, the insured are covered for legal damages and litigation expenses incurred as a result of claims for damages arising from the execution of their duties, and the contract is renewed annually. However, the contract contains certain exclusions,

including cases where losses arise from the insured's illegal provision of personal benefits, criminal acts, or acts undertaken in the knowledge that they violate laws or regulations.

(4) Remuneration, etc. for Directors Pertaining to the Fiscal Year Under Review

(i) Matters regarding decision policies pertaining to the contents of remuneration, etc. of individual Directors

At a meeting of the Board of Directors held on November 1, 2025, a resolution was passed on the following policy for determining remuneration, etc. for Directors who are not Audit and Supervisory Committee Members.

a. Basic policy

The Company's basic policy for remuneration, etc. for Directors who are not Audit and Supervisory Committee Members is to link remuneration to shareholders' interests to promote the sustainable enhancement of corporate value and to set remuneration at an appropriate level, taking into account each Director's responsibilities and the provision of appropriate incentives.

When determining the details of remuneration, etc. for each Director, the package shall consist, in proportions in line with the above basic policy, of basic remuneration (fixed remuneration) and bonuses as monetary remuneration, etc. in accordance with b. below, and stock options as non-monetary remuneration, etc. (stock-based remuneration) in accordance with c. below.

b. Policy on determining the amount of monetary remuneration, etc., of individual Directors or the calculation method of such amount

Monetary remuneration, etc., for Directors who are not Audit and Supervisory Committee Members shall consist of monthly fixed remuneration as basic remuneration and bonuses paid to Directors who have made special contributions, etc.

The amount of basic remuneration (fixed remuneration) shall be determined, within the scope of monetary remuneration, etc., approved by resolution of the General Meeting of Shareholders, taking into comprehensive consideration the Company's performance, assigned duties of the relevant Directors, level of contribution, and other relevant factors, and shall be paid monthly.

Bonuses shall be paid, within the scope of monetary remuneration, etc., approved by resolution of the General Meeting of Shareholders, to Directors eligible for such payments if they have made special contributions, etc., with the amount determined after careful consideration of the nature of such contributions and other factors, at an appropriate time.

c. Policy on determining the content and the amount or number of non-monetary remuneration, etc. (stock-based remuneration), and the calculation method of such amount, etc.

Non-monetary remuneration, etc. (stock-based remuneration) for Directors who are not Audit and Supervisory Committee Members shall consist of stock options. For the purpose of enhancing Directors' motivation and morale toward improving the performance and increasing the corporate value of the Group, and of fostering their stronger sense of participation in management by incorporating the perspective of shareholders, the content and the amount or number of such stock options shall be determined within the scope of non-monetary remuneration, etc. (stock-based remuneration) approved by resolution of the General Meeting of Shareholders, taking into comprehensive consideration the Company's performance, assigned duties, level of contribution, and other relevant factors, and shall be granted at an appropriate time.

d. Matters regarding the method of determining the content of remuneration, etc. of individual Directors

With respect to monetary remuneration, etc. (basic remuneration (fixed remuneration) and bonuses) for Directors who are not Audit and Supervisory Committee Members, the authority to determine the specific details shall, based on a resolution of the Board of Directors, be delegated to the Representative Director, Chairman/CEO & President, and such authority shall include determining the individual amounts for each Director within the scope approved by resolution of the General Meeting of Shareholders.

The content and the amount or number of non-monetary remuneration, etc. (stock-based remuneration) shall be determined by resolution of the Board of Directors.

The remuneration, etc., of Directors who are Audit and Supervisory Committee Members is determined through consultation among the Directors who are Audit and Supervisory Committee Members.

(ii) Matters regarding shareholders meeting resolutions pertaining to remuneration, etc. of Directors

- The maximum amount of remuneration for Directors who are not Audit and Supervisory Committee Members:

The 32nd Annual General Meeting of Shareholders held on March 28, 2019, adopted a resolution to set the maximum amount of remuneration for Directors who are not Audit and Supervisory Committee Members at ¥700 million per year (excluding the portion of employee salaries).

The number of Directors who are not Audit and Supervisory Committee Members was three (3) as of the conclusion of the relevant Shareholders Meeting.

- The maximum amount of remuneration for Directors who are Audit and Supervisory Committee Members:

The 32nd Annual General Meeting of Shareholders held on March 28, 2019, adopted a resolution to set the maximum amount of remuneration for Directors who are Audit and Supervisory Committee Members at ¥50 million per year. The number of Directors who are Audit and Supervisory Committee Members was three (3) (including three (3) Outside Directors) as of the conclusion of the relevant Shareholders Meeting.

(iii) Matters regarding delegation of the determination of the contents of remuneration, etc., of individual Directors

The authority to determine the remuneration, etc., of individual Directors who are not Audit and Supervisory Committee Members for the fiscal year under review has been delegated to Sachie Oshima, Representative Director, Chairman/CEO & President.

The reason for this delegation is that the Company has determined she is best suited to evaluate each Director's assigned responsibilities, performance of assigned duties, and level of contribution, while taking into account the Company's business performance.

The Board of Directors has confirmed that the contents of remuneration, etc. of individual Directors who are not Audit and Supervisory Committee Members for the fiscal year under review are consistent with the relevant determination policy and has determined that they are in line with such policy.

(iv) Total amount, etc. of remuneration, etc. of Directors

Category of officer	Total remuneration, etc. (Millions of yen)	Total remuneration, etc. by type (Millions of yen)			Number of eligible officers
		Basic remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Directors who are not Audit and Supervisory Committee Members	213	213	–	–	5
[Of which, Outside Directors]	[–]	[–]	[–]	[–]	[–]
Directors who are Audit and Supervisory Committee Members	26	26	–	–	4
[Of which, Outside Directors]	[17]	[17]	[–]	[–]	[3]

- Notes:
- Directors who are not Audit and Supervisory Committee Members include one (1) Director who retired upon the conclusion of the 38th Annual General Meeting of Shareholders held on March 27, 2025.
 - Directors who are Audit and Supervisory Committee Members include one (1) Director who retired upon the conclusion of the 38th Annual General Meeting of Shareholders held on March 27, 2025.

(5) Matters Regarding Outside Officers

- (i) Relationship between the Company and other entities, etc. in which outside officers hold significant concurrent positions
As stated in “(1) Names, etc. of Directors.”

(ii) Status of the main activities for the fiscal year under review

Category	Name	Status of activities
Outside Director (Audit and Supervisory Committee Member)	Takashi Inoue	Attended all six meetings of the Board of Directors and all 13 meetings of the Audit and Supervisory Committee held during the fiscal year under review. He made appropriate and necessary statements on agenda items and deliberations, drawing primarily on his professional expertise as a certified public accountant and his experience in corporate auditing.
Outside Director (Audit and Supervisory Committee Member)	Kazuaki Ishimoto	Attended all six meetings of the Board of Directors and all 13 meetings of the Audit and Supervisory Committee held during the fiscal year under review. He made appropriate and necessary statements on agenda items and deliberations, drawing primarily on his professional expertise as a certified public tax accountant and his experience in corporate auditing.

- Note: In addition to the number of Board of Directors meetings noted above, the Company adopted 85 resolutions deemed to have been approved by the Board of Directors pursuant to Article 370 of the Companies Act and the Company's Articles of Incorporation.

5. Status of Accounting Auditor

- (1) Accounting Auditor's Name
Deloitte Touche Tohmatsu LLC

(2) Amount of Remuneration, etc. of Accounting Auditor for the Fiscal Year Under Review

	Payment amount
(i) Amount of remuneration, etc. of the accounting auditor for the fiscal year under review	53,000 thousand yen
(ii) Total amount of monetary and other economic benefits to be paid by the Company and its subsidiaries to the accounting auditor	63,000 thousand yen

- Notes:
1. After reviewing the appropriateness and adequacy of the audit plan submitted by the accounting auditor, as well as the accounting auditor's past audit performance, the Audit and Supervisory Committee of the Company has given its consent to such remuneration, etc.
 2. Deloitte Touche Tohmatsu LLC also serves as the accounting auditor of Allied Telesis K.K., a consolidated subsidiary of the Company.
 3. Under the audit agreement between the Company and the accounting auditor, the accounting auditor does not distinguish between the amount of audit fees, etc. for audits conducted under the Companies Act and that of audit fees, etc. for audits conducted under the Financial Instruments and Exchange Act, nor is it practically possible to distinguish between them. Therefore, the amount shown in (i) above represents the aggregate of these amounts.

- (3) Policy on Determination of Dismissal or Non-reappointment of Accounting Auditor
If the accounting auditor falls under any of the grounds for dismissal set forth in Article 340, Paragraph 1 of the Companies Act, the Company will either dismiss the accounting auditor with the unanimous consent of all Audit and Supervisory Committee Members, or, in accordance with a resolution of the Audit and Supervisory Committee, determine the content of a proposal concerning the dismissal of the accounting auditor to be submitted to the Shareholders Meeting.

In addition, the Audit and Supervisory Committee will determine the content of a proposal concerning the non-reappointment of the accounting auditor to be submitted to the Shareholders Meeting, taking into consideration the accounting auditor's independence and expertise, as well as evaluations, etc. of the appropriateness and adequacy of its audit activities.

- (4) Outline of the Liability Limitation Agreement
Pursuant to Article 427, Paragraph 1 of the Companies Act, the Articles of Incorporation of the Company provide that the Company and the accounting auditor may enter into an agreement to limit the liability for damages under Article 423, Paragraph 1 of the Companies Act. However, at present, no such agreement limiting liability has been entered into.

6. Outline of Systems to Ensure the Appropriateness of Business Operations and the Status of Their Operation

The Company recognizes that establishing and operating systems for the appropriate execution of business is an important management responsibility and strives to build an effective internal control system and to ensure the establishment of systems for compliance with laws and regulations, and the Articles of Incorporation.

- (1) Systems to Ensure the Appropriateness of Business Operations
Outlines of the decisions regarding the system to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, and on other systems to ensure the appropriateness of the Company's business operations are as follows.
- (i) System for ensuring that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
The Corporate Code of Ethics and other rules relating to the compliance system serve as a code of conduct to guide all officers and employees to act in compliance with laws, regulations, the

Articles of Incorporation, and social norms. The General Affairs Department serves as the department in charge and takes the lead in providing education and related initiatives for officers and employees to ensure thorough compliance.

The internal auditors, in accordance with instructions from the Representative Director, audit the status of compliance and report the results on a regular basis. A compliance hotline is established and operated as a means for employees to directly provide information regarding conduct that may be questionable under laws or regulations. In addition, an Integrated Compliance Committee is established for the purpose of evaluating the operation of the Group-wide compliance system and proposing measures necessary to develop, strengthen, maintain, and enhance its effectiveness.

- (ii) System to store and manage information on the execution of duties by Directors
Information relating to the execution of duties by Directors is recorded in documents or electronic media (“Documents, etc.”) and is stored and managed in accordance with the Document Management Regulations. Directors who are not Audit and Supervisory Committee Members and Audit and Supervisory Committee Members may access such Documents, etc., at all times, in accordance with the Document Management Regulations.
- (iii) Rules and other systems for managing risks of loss
The relevant departments formulate rules and regulations, conduct training, and implement other necessary measures regarding risks relating to quality, compliance, information security, disasters, import and export controls, and other matters. Furthermore, the monitoring of cross-organizational risks and the coordination of the Company-wide responses are conducted primarily by the Integrated Compliance Committee. In the event that significant new risks arise, the Company promptly designates a Director responsible for response and takes appropriate action.
- (iv) System to ensure the efficient execution of duties by Directors
The Board of Directors establishes Company-wide objectives shared by all officers and employees, and in order to achieve those objectives, the Director in charge of operations sets specific goals for each department and determines efficient methods for achieving them in accordance with the Rules on Administrative Authorities. The Director in charge of operations regularly reports progress to the Board of Directors, and the Board of Directors reviews such reports and encourages improvements.
- (v) Systems to ensure the appropriateness of business operations of the corporate group consisting of the Company and its subsidiaries
A Director responsible for each group business segment is appointed and given the authority and responsibility to establish legal compliance and risk management systems. This includes providing guidance to the Directors of each group company regarding the establishment of systems for the storage and management of information related to the execution of duties by Directors. The General Affairs Department promotes and manages these initiatives on a cross-functional basis.
- (vi) System for reporting to the Company important matters relating to the execution of duties by Directors and employees of subsidiaries and for ensuring the efficient execution of duties
The Board of Directors receives regular reports on the performance, financial condition, significant personnel matters, and other important information of subsidiaries, and conducts risk management in accordance with the reported circumstances pursuant to the Group Management Regulations established by the Company. In addition, internal systems are developed to ensure operational efficiency.
- (vii) Matters regarding the system relating to employees if Audit and Supervisory Committee Members request employees to assist in their duties, the independence of such employees from Directors, and ensuring the effectiveness of instructions given to such employees
No employees are exclusively assigned to assist the Audit and Supervisory Committee in the performance of its duties. However, the Audit and Supervisory Committee may, as necessary and with the approval of the Department Manager of the General Affairs Department, instruct

employees of the General Affairs Department to perform tasks necessary for audit activities, and such employees shall not be subject to the direction or orders of Directors or the Department Manager of the General Affairs Department with respect to those instructions. Prior consent from the Audit and Supervisory Committee must be obtained with respect to the personnel evaluation and disciplinary actions of such employees.

- (viii) System for Directors and employees of the Company and its subsidiaries to report to the Audit and Supervisory Committee, other systems related to reporting to the Audit and Supervisory Committee, and systems to ensure that persons making such reports are not subject to disadvantageous treatment

Directors and employees of the Company and its subsidiaries promptly report to the Audit and Supervisory Committee matters that have a significant impact on the Company as a whole, the status of internal audits, and the status of reports made through the compliance hotline, in addition to matters required by laws and regulations (Article 357 of the Companies Act). Reporting methods are determined through consultation between Directors (excluding Directors who are Audit and Supervisory Committee Members) and the Audit and Supervisory Committee. Disadvantageous treatment of a person who has made a report to the Audit and Supervisory Committee, as provided for in the preceding paragraph, on the grounds of having made such a report, is prohibited.

- (ix) Matters regarding the policy for the treatment of expenses or debts incurred in the execution of duties by Audit and Supervisory Committee Members

If an Audit and Supervisory Committee Member requests the Company to make advancements of expenses or similar payments in connection with the execution of duties pursuant to Article 399-2, Paragraph 4 of the Companies Act, the Company shall promptly process such expenses or debts, unless they are deemed not necessary for the execution of duties of the relevant Audit and Supervisory Committee Member.

- (x) Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively

Regular meetings for the exchange of opinions are held between the Audit and Supervisory Committee and the Representative Director, Director in charge of operations, and other relevant officers. The Audit and Supervisory Committee, as necessary, also receives explanations from the accounting auditor and seeks to enhance cooperation through the exchange of information, etc.

- (2) Outline of the Status of Operation of Systems to Ensure the Appropriateness of Business Operations

The Company has established an Integrated Compliance Committee to verify the effectiveness of systems to ensure the appropriateness of business operations described in (1) above. The Integrated Compliance Committee met twice during the fiscal year under review.

7. Basic Policy Regarding Control of the Company

The Company has not established a Basic Policy Regarding Persons Who Control Decisions on the Company's Financial and Business Policies or Anti-Takeover Defense Measures.

The Company takes appropriate measures in accordance with applicable laws and regulations with respect to large-scale share acquisition activities or similar actions that do not contribute to the Company's corporate value or the common interests of its shareholders.

8. Policy Regarding the Determination of Dividends of Surplus, etc.

As its basic policy on profit distribution, the Company positions stable and continuous shareholder returns as an important management priority. We also view R&D that takes social needs and technological trends into account as an essential investment in future growth. To achieve this, we are endeavoring to strengthen our management foundation and ensure financial soundness.

Accordingly, we will implement appropriate shareholder returns while ensuring financial soundness, based on a progressive dividend policy that aims for stable dividend hikes. Furthermore, in our Medium-Term Management Plan (2026-2028), we will enhance our shareholder return policy as follows.

- Steady implementation of a progressive dividend policy
- Introduction of an interim dividend system
- Continuation of flexible share buybacks
- Continuation of our shareholder benefits program

(i) Dividends of surplus

For the fiscal year under review (2025), we shall pay a dividend of 8 yen per share.

For the next fiscal year (2026), following the introduction of an interim dividend system, we plan to pay a total per-share dividend of 9 yen, consisting of an interim dividend of 4 yen and a year-end dividend of 5 yen.

(ii) Purchase of treasury shares, etc.

During the fiscal year under review, the Company purchased 2,703,000 shares on the market for 489,790,000 yen.

Note: In this Business Report, monetary amounts are rounded down to the unit indicated, while percentages and other figures are rounded to the nearest whole number.

Consolidated Balance Sheet

(As of December 31, 2025)

(Thousands of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	37,178,293	Current liabilities	22,521,410
Cash and deposits	17,029,080	Notes and accounts payable - trade	3,942,804
Notes and accounts receivable - trade, and contract assets	8,103,665	Current portion of long-term borrowings	1,182,661
Merchandise and finished goods	6,453,500	Lease liabilities	995,797
Work in process	577,412	Income taxes payable	738,232
Raw materials and supplies	2,433,752	Provision for bonuses	637,559
Other	2,697,639	Contract liabilities	11,791,370
Allowance for doubtful accounts	(116,758)	Other	3,232,983
Non-current assets	11,550,559	Non-current liabilities	4,873,802
Property, plant and equipment	7,000,820	Long-term borrowings	1,833,626
Buildings and structures	2,575,340	Lease liabilities	2,321,089
Machinery, equipment and vehicles	636,943	Deferred tax liabilities	22,021
Tools, furniture and fixtures	765,662	Retirement benefit liability	440,046
Land	1,447,460	Other	257,018
Right-of-use assets	1,561,555	Total liabilities	27,395,212
Construction in progress	13,857	(Net assets)	
Intangible assets	206,934	Shareholders' equity	18,633,458
Other	206,934	Share capital	10,019,161
Investments and other assets	4,342,804	Retained earnings	8,614,296
Investment securities	1,892	Accumulated other comprehensive income	2,696,943
Deferred tax assets	2,095,039	Foreign currency translation adjustment	2,696,828
Other	2,245,872	Remeasurements of defined benefit plans	115
		Non-controlling interests	3,237
		Total net assets	21,333,639
Total assets	48,728,852	Total liabilities and net assets	48,728,852

Note: Figures presented in the financial statements are rounded down to the nearest thousand yen.

Consolidated Statement of Income

(January 1, 2025 - December 31, 2025)

(Thousands of yen)

Description	Amount	
Net sales		49,950,064
Cost of sales		20,674,603
Gross profit		29,275,460
Selling, general and administrative expenses		25,046,704
Operating profit		4,228,756
Non-operating income		
Interest and dividend income	11,721	
Rental income from buildings	37,599	
Insurance claim income	9,851	
Other	19,997	79,170
Non-operating expenses		
Interest expenses	188,743	
Foreign exchange losses	310,223	
Other	9,228	508,195
Ordinary profit		3,799,731
Extraordinary losses		
Impairment losses	7,239	
Loss on business restructuring	73,697	80,936
Profit before income taxes		3,718,794
Income taxes - current	967,260	
Income taxes - deferred	(170,465)	796,795
Profit		2,921,999
Profit attributable to non-controlling interests		2,166
Profit attributable to owners of parent		2,919,832

Note: Figures presented in the financial statements are rounded down to the nearest thousand yen.

Consolidated Statement of Changes in Equity

(January 1, 2025 - December 31, 2025)

(Thousands of yen)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,019,161	7,030,611	(200,051)	16,849,721
Changes during period				
Dividends of surplus		(646,294)		(646,294)
Profit attributable to owners of parent		2,919,832		2,919,832
Purchase of treasury shares			(489,801)	(489,801)
Retirement of treasury shares		(689,853)	689,853	-
Net changes in items other than shareholders' equity				
Total changes during period	-	1,583,685	200,051	1,783,736
Balance at end of period	10,019,161	8,614,296	-	18,633,458

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,598,287	3,599	2,601,887	-	19,451,608
Changes during period					
Dividends of surplus					(646,294)
Profit attributable to owners of parent					2,919,832
Purchase of treasury shares					(489,801)
Retirement of treasury shares					-
Net changes in items other than shareholders' equity	98,540	(3,483)	95,056	3,237	98,294
Total changes during period	98,540	(3,483)	95,056	3,237	1,882,030
Balance at end of period	2,696,828	115	2,696,943	3,237	21,333,639

Note: Figures presented in the financial statements are rounded down to the nearest thousand yen.

Non-Consolidated Balance Sheet

(As of December 31, 2025)

(Thousands of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	13,980,481	Current liabilities	4,953,996
Cash and deposits	12,775,013	Current portion of long-term borrowings	1,119,255
Accounts receivable - trade	679,830	Accounts payable - other	618,054
Prepaid expenses	93,307	Accounts payable - trade	4,704
Other	519,617	Accrued expenses	52,870
Allowance for doubtful accounts	(87,287)	Income taxes payable	3,758
Non-current assets	11,378,898	Deposits received	11,767
Property, plant and equipment	160,538	Advances paid - obligations of subsidiaries and associates	2,988,756
Buildings	89,552	Provision for bonuses	42,420
Machinery and equipment	984	Other	112,408
Tools, furniture and fixtures	6,876	Non-current liabilities	6,808,191
Land	63,125	Long-term borrowings	1,833,626
Intangible assets	36,142	Provision for retirement benefits	40,835
Software	35,857	Provision for loss on business of subsidiaries and associates	4,922,397
Other	285	Asset retirement obligations	6,010
Investments and other assets	11,182,217	Other	5,323
Investment securities	1,892	Total liabilities	11,762,188
Shares of subsidiaries and associates	10,744,891	(Net assets)	
Deferred tax assets	94,012	Shareholders' equity	13,597,191
Long-term accounts receivable from subsidiaries and associates - other	893,409	Share capital	10,019,161
Other	341,421	Capital surplus	211,486
Allowance for doubtful accounts	(893,409)	Capital reserve	211,486
		Retained earnings	3,366,543
		Legal retained earnings	231,993
		Other retained earnings	3,134,550
		Retained earnings brought forward	3,134,550
		Total net assets	13,597,191
Total assets	25,359,380	Total liabilities and net assets	25,359,380

Note: Figures presented in the financial statements are rounded down to the nearest thousand yen.

Non-Consolidated Statement of Income

(January 1, 2025 - December 31, 2025)

(Thousands of yen)

Description	Amount	
Operating revenue		
Royalty income	5,223,953	
Real estate lease revenue	453,995	5,677,948
Operating expenses		
Royalty costs	15,010	
Research and development expenses	5,225,600	
Rental costs on real estate	377,705	
Other	728,065	6,346,381
Operating loss		668,433
Non-operating income		
Interest income	13,319	
Dividend income	2,652,026	
Reversal of allowance for doubtful accounts	363,245	
Other	181,031	3,209,622
Non-operating expenses		
Interest expenses	38,197	
Provision for loss on business of subsidiaries and associates	598,376	
Foreign exchange losses	122,021	
Other	3,892	762,487
Ordinary profit		1,778,701
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	26,873	
Bad debts expenses of subsidiaries and associates	143,867	170,741
Profit before income taxes		1,607,960
Income taxes - current	(301,205)	
Income taxes - deferred	(79,987)	(381,193)
Profit		1,989,153

Note: Figures presented in the financial statements are rounded down to the nearest thousand yen.

Non-Consolidated Statement of Changes in Equity

(January 1, 2025 - December 31, 2025)

(Thousands of yen)

	Shareholders' equity		
	Share capital	Capital surplus	
		Capital reserve	Total capital surplus
Balance at beginning of period	10,019,161	211,486	211,486
Changes during period			
Dividends of surplus	-	-	-
Provision of legal retained earnings	-	-	-
Profit			
Purchase of treasury shares	-	-	-
Retirement of treasury shares			
Net changes in items other than shareholders' equity	-	-	-
Total changes during period	-	-	-
Balance at end of period	10,019,161	211,486	211,486

	Shareholders' equity				
	Retained earnings			Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings	Total retained earnings		
Retained earnings brought forward					
Balance at beginning of period	167,363	2,546,174	2,713,538	(200,051)	12,744,134
Changes during period					
Dividends of surplus	-	(646,294)	(646,294)	-	(646,294)
Provision of legal retained earnings	64,629	(64,629)	-	-	-
Profit		1,989,153	1,989,153		1,989,153
Purchase of treasury shares	-	-	-	(489,801)	(489,801)
Retirement of treasury shares		(689,853)	(689,853)	689,853	-
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	64,629	588,376	653,005	200,051	853,056
Balance at end of period	231,993	3,134,550	3,366,543	-	13,597,191

	Total net assets
Balance at beginning of period	12,744,134
Changes during period	
Dividends of surplus	(646,294)
Provision of legal retained earnings	-
Profit	1,989,153
Purchase of treasury shares	(489,801)
Retirement of treasury shares	-
Net changes in items other than shareholders' equity	-
Total changes during period	853,056
Balance at end of period	13,597,191

Note: Figures presented in the financial statements are rounded down to the nearest thousand yen.