

Materials for the 27th Annual General Meeting of Shareholders (FY2026)

(Matters not stated in documents issued by request for written delivery based on laws and regulations and the Articles of Incorporation among matters subject to measures for electronic provision)

Status of the Accounting Auditor

System for ensuring the appropriateness of operations

Summary of the operational status of the system to ensure
the appropriateness of operations

Statement of Changes in Consolidated Shareholders' Equity, etc.

Consolidated Notes Table

Statement of Changes in Shareholders' Equity, etc.

Individual Notes Table

(from July 1, 2025 to June 30, 2026)

Fibergate Inc.

The above matters are not stated in the documents delivered to shareholders who have requested written delivery in accordance with laws and regulations and the provisions of Article 19 of the Company's Articles of Incorporation.

At the General Meeting of Shareholders, regardless of whether or not there is a request for written delivery, shareholders will be uniformly sent a document stating matters excluding the above matters from the matters subject to measures for electronic provision.

Status of the Accounting Auditor

(1) Name: KPMG Azusa LLC

(2) Amount of remuneration, etc.

	Amount of remuneration, etc
Amount of remuneration, etc. of the Accounting Auditor for the current fiscal year	49 million yen
Total amount of money and other property benefits payable by the Company and its subsidiaries to the Accounting Auditor	49 million yen

(Notes) Since the audit contract between the Company and the Accounting Auditor does not clearly distinguish the amount of audit remuneration, etc. for audits under the Companies Act and audits under the Financial Instruments and Exchange Act, and it is not possible to distinguish them substantially, the total amount of these remunerations is stated in the amount of remuneration, etc. of the accounting auditor for the current fiscal year.

(3) Reasons for the Audit and Supervisory Committee's consent to the remuneration, etc. of the Accounting Auditor

The Audit and Supervisory Committee agrees to the amount of remuneration, etc. of the Accounting Auditor under Article 399, Paragraph 1 of the Companies Act after examining the content of the Accounting Auditor's audit plan, the status of the performance of duties by the Accounting Auditor, and the basis for calculating the estimated remuneration.

(4) Details of non-audit work

There are no applicable matters.

(5) Policy for Determining the Dismissal or Non-Reappointment of the Accounting Auditor

If the Audit and Supervisory Committee deems it necessary to do so, such as when there is a hindrance to the execution of the duties of the Accounting Auditor, the Committee decides on the content of the proposal regarding the dismissal or non-reappointment of the Accounting Auditor.

In addition, if the Audit and Supervisory Committee finds that the Accounting Auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act, the Committee shall dismiss the Accounting Auditor with the consent of all Committee members. In this case, the Committee members selected by the Committee shall report the dismissal of the Accounting Auditor and the reason for the dismissal at the first general meeting of shareholders convened after the dismissal.

(6) Summary of the contents of the Limited Liability Contract

There are no applicable matters.

(7) Matters related to persons who have been suspended from business in the past two years

There are no applicable matters.

System for ensuring the appropriateness of operations

In order to improve management transparency and ensure compliance, the Group has positioned the establishment of an organizational structure that can respond quickly to changes in the business environment while strengthening its corporate governance system as a critical issue. The following is an outline 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 other systems to ensure the appropriateness of the company's operations.

The Company's Board of Directors has resolved the "Basic Policy on Internal Control" in order to establish a system to ensure the appropriateness of operations.

The outline of the resolution of the Board of Directors is as follows:

- (1) The system to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
 - 1) Establish a "Compliance Code of Conduct" to comply with laws and regulations, the Articles of Incorporation, and social norms, and thoroughly disseminate it throughout the Company.
 - 2) In addition to establishing rules related to compliance, the Executive Officers' Committee shall establish and maintain a compliance system.
 - 3) Hold education and training on compliance as appropriate to maintain and improve compliance awareness.
 - 4) Establish a whistleblowing system to detect and prevent problems at an early stage, and respond appropriately and promptly.
- (2) System for the storage and management of information related to the execution of duties by Directors

Information related to the execution of duties by Directors shall be created and stored in accordance with laws and regulations, document management regulations, and internal information management regulations, and shall be managed in a state where it can be viewed and copied by Directors, Audit and Supervisory Committee members, Accounting Auditors, etc., as necessary.
- (3) Regulations and other systems related to the management of the risk of loss
 - 1) Establish risk management regulations, appoint an organization and person responsible for dealing with various conceivable risks in the Company's business activities, and establish an appropriate evaluation and management system.
 - 2) The Executive Officers' Meeting and the Audit and Supervisory Committee shall strengthen the system for preventing and mitigating various risks in business activities.
 - 3) In the event of a crisis, a task force shall be established and appropriate and prompt measures shall be taken to deal with the crisis, including appropriate communication of information both inside and outside the Company.
- (4) System to ensure efficient execution of duties by Directors
 - 1) Separate the decision-making and business supervision functions of the Board of Directors from the business execution functions of the executive officers.
 - 2) Establish rules for the Board of Directors, the division of duties, and administrative authority, and clarify the duties, authority, and responsibilities of Directors.
 - 3) Hold the Board of Directors regularly once a month as well as hold meetings as necessary.
- (5) System to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries
 - 1) Establish a department in charge of affiliated companies and manage subsidiaries in accordance with the Subsidiary Management Regulations.
 - 2) The Board of Directors shall resolve the Group's management plan, and the Business Planning Division shall report the progress of the plan to the Board of Directors on a monthly basis.
 - 3) The Internal Audit Office shall conduct internal audits of the Company and its subsidiaries, and report the results to the President and Chief Executive Officer, the Board of Directors, and the Audit and Supervisory Committee.
 - 4) The Internal Control Team within the Business Administration Division shall strengthen and improve internal controls.

- (6) Matters related to employees who are required to assist the Audit and Supervisory Committee in their duties
- 1) At the request of the Audit and Supervisory Committee, the Board of Directors shall appoint Audit and Supervisory Committees' staff in consultation with the Audit and Supervisory Committee members to assist them in the audit work.
 - 2) The authority to direct the nominated employees shall be delegated to the Audit and Supervisory Committee, and they shall not be subject to the direction and orders of the Directors.
- (7) Matters concerning the independence of employees who assist the duties of Audit and Supervisory Committee from Directors
- 1) An employee who receives a request from an Audit and Supervisory Committee to assist an Audit and Supervisory Committee shall not be subject to the direction and orders of the Directors or superior, etc.
 - 2) Personnel changes and appraisals of such employees shall be subject to the consent of the Audit and Supervisory Committee.
- (8) System for Directors and employees to report to Audit and Supervisory Committee and other systems for reporting to Audit and Supervisory Committee.
- 1) Audit and Supervisory Committee may attend important meetings such as the Executive Committee in addition to the Board of Directors, and request reports on the status of execution of duties from Directors and employees.
 - 2) Directors and employees shall promptly report to the Audit and Supervisory Committee when they discover a fact that violates laws and regulations or that may cause significant damage to the Company.
 - 3) Directors and employees shall promptly report to the Audit and Supervisory Committee when requested to report on matters related to the execution of duties.
 - 4) With regard to reports from employees, etc. to the Audit and Supervisory Committee, the contents of the reports shall be kept confidential in accordance with laws and regulations, and disadvantageous treatment of the whistleblowers shall be prohibited.
- (9) Other systems to ensure that audits by Audit and Supervisory Committee is conducted effectively
- 1) The Audit and Supervisory Committee shall ensure fairness and transparency, including outside Audit and Supervisory Committee, in accordance with laws and regulations.
 - 2) Audit and Supervisory Committee shall regularly exchange opinions with the Representative Director to promote mutual communication.
 - 3) The Audit and Supervisory Committee shall regularly exchange information with the Accounting Auditor and the Internal Audit Office to promote mutual cooperation.
 - 4) If the Audit and Supervisory Committee deems it necessary for audit work, they may hear the opinions of lawyers, certified public accountants, and other experts at the Company's expense.
- (10) System to ensure the reliability of financial reporting
- In order to ensure the reliability of financial reporting, the Executive Officers' Meeting (Executive Committee) shall strengthen company-wide control activities and control activities for each business process, and establish an operational system.
- (11) Basic approach to the elimination of transactions with anti-social forces and status of the development
- The Company recognizes that its special parties, shareholders, business partners, etc. have no relationship with anti-social forces.
- In order to take a resolute stance against anti-social forces that threaten social order and safety (such as organized crime groups, members of organized crime groups, associate members of organized crime groups, companies related to organized crime groups, racketeer groups, etc., groups engaging in criminal activities under the pretext of conducting social campaigns, and crime groups specialized in intellectual crimes), we have established the following basic policy on anti-social forces and shall comply with it.

(Basic Policy)

The Company will not provide money or other economic benefits to anti-social forces under any circumstances.

- 1) Taking a resolute stance against anti-social forces and practicing corporate activities that leave no gaps to exploit will contribute to the formation of a healthy civil society and lead to an increase in corporate value. In order to eradicate relationships with anti-social forces that pose a serious threat to corporate activities, top management makes it clear both inside and outside the Company that it is determined to completely cut off relationships with anti-social forces such as so-called racketeer groups and resolutely eliminate them as well as establishes a system that enables an organizational response to organized violence by anti-social forces based on the so-called "three NOs" of "NO fear," "NO money," and "NO use."
 - 2) In addition to centrally managing relevant internal and external information necessary to maintain a severance of relationships with anti-social forces, the Company will always cooperate with external specialized organizations to prepare an organization that provides guidance and support for problem-solving and strives to develop human resources.
 - 3) The Company will always maintain an awareness of crisis management, formulate internal rules and business manuals that respond to approaches from anti-social forces, and strive for education and training so as not to give anti-social forces an opportunity to take advantage of them. In addition, the Company will strengthen operational audits to confirm the effectiveness of organizational responses.
 - The Company will not have any relationship with anti-social forces and will not conduct transactions or contracts with anti-social forces.
 - In order to cut off all relationships with anti-social forces, all officers and employees will take a resolute stance.
 - In order to prevent damage caused by anti-social forces, the Company will cooperate with external specialized organizations such as the police, the Center for the Expulsion of Organized Crime Groups, and lawyers, and respond systematically and appropriately.
 - The Company will not respond to any unreasonable claims made by anti-social forces, will resolutely take legal action, and will strive to ensure the safety of officers and employees who respond.
 - The Company will never provide benefits to anti-social forces or engage in backroom deals for any reason.
- With regard to the Company's specific systems and countermeasures for the elimination of anti-social forces, the Company conducts surveys of new business partners, such as sales partners, subcontractors, suppliers, executives, etc., by searching the Internet and searching articles using Nikkei Telecom before the start of transactions, based on the Company's Anti-Social Forces Countermeasures Regulations and the Anti-Social Forces Survey Manual. In addition, the Company conducts the same survey of continuing business partners once a year.
- The basic transaction agreement includes a termination clause in the event that a relationship with anti-social forces is found.
- In addition, based on the above basic policy, the Company has established specific response guidelines and has established a system to eliminate transactions with anti-social forces based on the response guidelines.

Summary of the operational status of the system to ensure the appropriateness of operations

Based on the "Basic Policy on Internal Control" resolved at the Board of Directors meeting, the Company has established and operates an internal control system for the Company and its subsidiaries.

At the beginning of the fiscal year, the Company announces management policies, management issues, response guidelines, etc. to all employees in an effort to unify the understanding of all employees. During the fiscal year, the Internal Audit Office conducts audits and reports to the Board of Directors on the policies and implementation status of internal controls by each department.

In addition, at the end of the fiscal year, the Company recognizes that there will be no significant corrections based on the results of the evaluation of the status of the development and operation of internal controls by the Internal Audit Office.

The status of implementation of the Company for enhancement of corporate governance in the current fiscal year is as follows:

- 1) The Board of Directors met 14 times and held the Executive Committee (Executive Officers' Meeting) 50 times to decide on significant matters related to management, such as matters stipulated by laws and regulations, the formulation of management policies and budgets, and examined the analysis, countermeasures, and evaluation of the Company's monthly management performance, and deliberated from the perspective of compliance with laws and regulations and the appropriateness of operations.
- 2) Met the Audit and Supervisory Committee 14 times to discuss and decide on audit policies and plans, attended important internal meetings such as the Executive Committee, and audited the status of operations and assets, audits of the execution of duties by Directors, and compliance with laws and regulations. In addition, information was exchanged as appropriate with each Director, Accounting Auditor, Internal Audit Office, etc. For subsidiaries, the Company communicated and exchanged information with the officers and employees of subsidiaries to ensure the effectiveness of audits by the Audit and Supervisory Committee.
- 3) In light of the importance of the impact on the reliability of financial reporting, the internal control evaluation was conducted appropriately based on the formulated implementation plan. In addition, the appropriateness of financial results disclosure materials was ensured by disclosing them after submitting them to the Board of Directors.
- 4) With regard to information security measures, the Company has tightened its data management methods with the aim of preventing the leakage of confidential information of the Company, including personal information. In addition, information on information security is used on the intranet and other channels to disseminate and raise awareness.
- 5) The Company's internal audits were conducted appropriately in accordance with the audit plan prepared by the Internal Audit Office based on the Internal Audit Regulations. In addition, audits by the Audit and Supervisory Committee of subsidiaries were conducted appropriately.
- (6) The Nomination and Remuneration Committee has been established on a voluntary basis to examine the composition of the Company's Board of Directors, the policies and standards for the appointment and dismissal of Directors and Executive Officers, including Audit and Supervisory Committee members, and individual appointments, and to report to the Board of Directors. In addition, the remuneration system and remuneration policy for the Company's directors (including Audit and Supervisory Committee members), the details of remuneration for individual directors, and the agenda items for the General Meeting of Shareholders (only proposals related to remuneration) are examined and reported to the Board of Directors.

Consolidated Statement of Changes in Shareholders' Equity (from July 1, 2025 to June 30, 2026)

(Millions of yen)

	Shareholders' Equity					Cumulative amount of other comprehensive income			Share award rights	Non-controlling interest	Total net assets
	Capital	Capital surplus	Retained earnings	Treasury share	Total shareholders' equity	Other valuation difference on available-for-sale securities	Foreign currency translation adjustment account	Total cumulative amount of other comprehensive income			
Balance at the beginning of the fiscal year	494	423	6,017	-493	6,442	-0	3	3	10	46	6,502
Fluctuations in the current fiscal year											
Dividend of surplus			-543		-543						-543
Profit attributable to owners of parent			1,082		1,082						1,082
Acquisition of treasury share				-0	-0						-0
Changes in items other than shareholders' equity for the current fiscal year (net)					—	-0	1	1	-10	-37	-46
Total changes for the current fiscal year	—	—	539	-0	539	-0	1	1	-10	-37	492
Balance at the end of the current fiscal year	494	423	6,556	-493	6,981	-0	4	4	—	9	6,995

(Notes) The listed amount is rounded down to the nearest million yen.

Consolidated Notes Table

1. Notes on important matters that form the basis for the preparation of consolidated financial statements

(1) Matters related to the scope of consolidation

Number of consolidated subsidiaries: 9

Name of Consolidated Subsidiary

NOIS Inc., Fibergate Taiwan Inc., FG-Lab Inc., FG Smart Asset Inc.,

OffGrid-Lab Inc., EnePlus Inc. Power Denki Innovation Inc., Smart Green Co., Ltd., Aiwa Co., Ltd.

Of these, Power Denki Innovation Inc. became a consolidated subsidiary on August 29, 2025, and Smart Green Co., Ltd. became a consolidated subsidiary on April 27, 2026, following the acquisition of all their outstanding shares by OffGrid-Lab Inc.

Additionally, Aiwa Co., Ltd became a consolidated subsidiary on May 21, 2026, following the acquisition of all its outstanding shares by the Company.

(2). Matters related to the application of the equity method

There are no applicable matters.

(3) Matters related to the fiscal year of consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal year-end for Smart Green Co., Ltd. and Aiwa Co., Ltd. is July 31; therefore, in preparing the consolidated financial statements, we have used financial statements based on interim financial results as of June 30.

(4). Matters related to accounting policy

1) Valuation criteria and methods of significant assets

a. Securities

Other securities

- Shares other than those that do not have a market price Market value method (all valuation differences are processed by the direct net assets method, and the cost of sale is calculated by the moving average method)
- Shares, etc. without market price Cost method based on moving average method

b. Inventories

- Commodity We use the cost method based on the moving average method.

(Balance sheet values are calculated by writing down the book value due to a decline in profitability.)

- Raw materials and supplies We use the cost method based on the moving average method.

(Balance sheet values are calculated by writing down the book value due to a decline in profitability.)

- Real estate for sale • • We use the cost method based on individual method.
(Balance sheet values are calculated by writing down the book value due to a decline in profitability.)
- Power generation assets for sale • We use the cost method based on individual method.
(Balance sheet values are calculated by writing down the book value due to a decline in profitability.)
- Work in progress • • We use the cost method based on individual method.
(Balance sheet values are calculated by writing down the book value due to a decline in profitability.)

2) Method of depreciation of significant depreciable assets

a. Tangible fixed assets

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

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

The main service life is as follows.

Building	3 to 20 years
Tools, Instruments and Fixtures	2 to 15 years
Communication equipment	10 years
Machinery and equipment	10 to 15 years
Structures	9 to 17 years

b. Intangible assets

We use the straight-line method.

For software used in-house, we use a straight-line method based on the period of use within the company (5 years).

3) How to dispose of material deferred assets

Inaugural expenses

Equally amortized over a five-year period.

4) Criteria for reporting material provisions

a. Allowance for doubtful accounts

In order to prepare for bad debt losses on sales receivables, we consider the recoverability of general receivables based on the actual rate of bad debts and specific receivables such as receivables of doubtful concern on a case-by-case basis, and report the amount that is expected to be uncollectible.

b. Provision for bonuses

In order to use the funds for the payment of bonuses to the Company's employees, we have estimated the expenses to be

incurred in the current consolidated fiscal year out of the expected amount to be paid in the future.

5) Criteria for reporting significant revenues and expenses

The main revenues of the Group's Network Solutions business are the provision of telecommunication services and the sale of products. In addition, the main revenue of the real estate business is the sale of real estate.

- Provision of telecommunication services

The obligation to perform the provision of telecommunication services consists of a performance obligation to install and configure the Internet connection equipment at the service provided property (the “initial introduction service”) and a performance obligation to provide the Internet service after the installation and configuration of the Internet connection device (hereinafter referred to as the “monthly usage fee service”).

If the initial introduction service and the monthly usage fee service are recognized as an integrated performance obligation, both are reported as revenue according to the service period of the monthly usage fee. If the obligation to perform the initial introduction service and the monthly usage fee service are not considered to be integrated, the initial introduction service will report revenue at the time of completion of the installation and configuration work of the Internet-connecting device, and the monthly usage fee service will report revenue according to the contract period of the monthly usage fee service.

- Sales of products

The sale of products is obligated to be fulfilled by the delivery of the products to the customer. Since control over the product is transferred to the customer at the time the product is delivered, we judge it to be a performance obligation that is satisfied at the time the delivery of the product is completed, and we recognize the revenue.

- Sales of real estate

The sale of real estate is obligated to be fulfilled by the delivery of the real estate. Since control over the real estate is transferred to the customer at the time the delivery conditions in the real estate sales contract are met, we judge that the performance obligation is satisfied at the time the delivery of the real estate is completed, and we recognize the revenue.

6) Method of accounting for retirement benefits

The Company applies a simplified method of calculating liabilities and retirement benefit expenses related to retirement benefits using a method of making the amount required for self-convenience at the end of the fiscal year related to retirement benefit obligations.

7) Conversion standards for significant foreign currency-denominated assets or liabilities into Japanese currency

Foreign currency-denominated monetary receivables and liabilities are converted into yen based on the spot exchange rate on the consolidated settlement date, and the conversion difference is treated as profit or loss. The assets and liabilities of overseas subsidiaries are converted into yen based on the spot exchange rate on the consolidated settlement date, revenues and expenses are converted into yen based on the average exchange rate during the period, and the conversion difference is included in the foreign currency translation adjustment account in the net assets.

8) Significant methods of hedge accounting

a. Methods of hedge accounting

With regard to interest rate swaps, we have adopted special treatment for those that meet the requirements for special treatment.

b. Means of hedging and hedging targets

Means of hedging····Interest rate swaps

Hedging targets····Interest on borrowings

c. Hedging Policy

The Company engages in derivatives transactions for the purpose of avoiding the risk of interest rate fluctuations on borrowings, and has a policy of not engaging in derivatives transactions for speculative purposes.

d. Method of evaluating hedging effectiveness

Interest rate swap transactions meet the requirements for special treatment, so the evaluation of their effectiveness is omitted.

9) Method and period of amortization of goodwill

Goodwill is amortized using the straight-line method over a period of up to 20 years, which is the period during which the effects of goodwill are expected to be realized.

2. Significant accounting estimates

There are no applicable matters

3. Consolidated balance sheet related

(1) Accumulated depreciation of tangible fixed assets	10,082 million yen
(2) Assets pledged as collateral	
1) Investment Securities (It is a business deposit under the Building	10 million yen
Lots and Buildings Transaction Business Act.)	717 million yen
2) Real Estate for Sale	
(3) The liabilities related to collateral are as follows.	
Short-term borrowings	691 million yen

4. Consolidated statement of changes in equity related

(1) Matters concerning total number of shares issued

The type of shares	Number of shares at the beginning of the current consolidated fiscal year (shares)	Number of shares increased in the current consolidated fiscal year (shares)	Number of shares decreased in the current consolidated fiscal year (shares)	Number of shares at the end of the current consolidated fiscal year (shares)
Common shares	20,593,600	-	-	20,593,600

(2) Matters related to dividends

1) Amount of dividends paid

Resolution	Types of shares	Total amount of dividends	Dividends per share	Reference date	Effective date
Ordinary General Meeting of Shareholders held on September 25, 2025	Common Shares	271 million yen	13.50 yen	June 30 2025	September 26 2025
Board Meeting on February 13, 2026	Common Shares	271 million yen	13.50 yen	December 31 2025	March 12 2026

2) Dividends with a reference date in the current consolidated fiscal year whose effective date is the next consolidated fiscal year

Resolution	Type of Shares	Source of dividends	Total amount of dividends	Dividends per share	Reference date	Effective date
Ordinary General Meeting of Shareholders held on September 25, 2026	Common Shares	Retained earnings	271 million yen	13.50 yen	June 30 2026	September 28 2026

5. Financial instruments related

(1) Matters related to the status of financial instruments

1) Policy on initiatives for financial instruments

The Group's basic policy is to procure funds necessary for business operations from ordinary operating cash flows. Temporary surplus funds are mainly managed through short-term deposits, etc., and when a large amount of funds is required for capital investment, etc., they are procured through bank borrowings. It is our policy not to engage in derivatives trading for speculative purposes.

2) Details of financial instruments and their risks

Accounts receivables, which are trade receivables, include receivables that are collected in a short period of time and those that are collected for a long period of time, and are exposed to the credit risk of customers.

Investment securities are government bonds deposited as shares and security deposits of companies with which we have a business relationship and are subject to the risk of fluctuations in market prices.

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

Corporate bonds and borrowings are mainly intended to raise funds for capital investments and M&A, and the maximum maturity date is 8 years after the closing date. Some of our borrowings are exposed to the risk of interest rate fluctuations, but we hedge them using derivatives transactions (interest rate swap transactions).

Derivatives transactions are interest rate swap transactions for the purpose of hedging against the risk of fluctuations in interest rates paid on borrowings. For information on hedging methods and hedging targets, hedging policies, and methods for evaluating the effectiveness of hedging related to hedge accounting, please refer to "(8) Significant methods of hedge accounting" in "4. Matters related to accounting policy" mentioned above.

3) Risk management system for financial instruments

a. Management of credit risk (risk related to non-performance of contracts by business partners, etc.)

In accordance with the credit management regulations, the sales department regularly monitors the status of major business partners with regard to trade receivables, and the sales promotion division manages the due dates and balances of each counterparty, and works to quickly identify and alleviate concerns about collection due to deterioration in financial conditions, etc.

b. Management of market risks (risks related to fluctuations in foreign exchange rates, interest rates, etc.)

The Company conducts deposits mainly with financial institutions with high credit ratings.

Investment securities are managed by regularly assessing their market value.

With regard to trade payables denominated in foreign currencies, we regularly monitor the risk of foreign exchange rate fluctuations.

We use interest rate swap transactions to suppress the risk of fluctuations in interest rates paid on borrowings.

c. Management of liquidity risk related to financing (risk of not being able to make payments on the due date)

The finance and accounting department manages liquidity risk by conducting a comparative analysis with the cash flow plan (cash flow statement) in a timely manner and maintaining liquidity on hand.

4) Supplementary explanation of matters related to the market value of financial instruments

Since fluctuations are factored in the calculation of the market value of financial instruments, the value of financial instruments may fluctuate due to the adoption of different assumptions.

(2) Matters related to the market value of financial instruments

The amount reported on the consolidated balance sheet, the market value, and the difference between them on June 30, 2026 are as follows.

	Amount reported on consolidated balance sheet (millions of yen)	Market price (million yen)	Difference (million yen)
Investment securities	11	11	-
Total Asset	11	11	-
(1) Corporate bonds	50	45	-4
(2) Long-term borrowings (including Current portion of long-term borrowings)	2,921	2,900	-20
Total liabilities	2,971	2,900	-24
Derivatives transaction	-	-	-

(Notes) 1. Cash is omitted from the notes. In addition, Accounts-receivable, deposits, accounts payable, short-term borrowings, and income taxes payable are settled in a short period of time, so the market value is approximated to the book value, so the notes is omitted. Derivatives transactions are interest rate swaps, and all of them are subject to special treatment. Therefore, since it is treated as an integral part of the long-term borrowings that are subject to hedging, the market value is included in the market value of the long-term borrowings.

2. Unlisted Shares

Since there is no market price, it is not included in the investment securities in the table above.

	Amount reported on consolidated balance sheet (million yen)
Unlisted Shares	0

(3) Matters related to the breakdown of the market value of financial instruments by level

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

Level 1 of market value: Among the inputs related to the calculation of the observable market value, the market value calculated by the market price of the asset or liability that is the subject of the calculation of the market value formed in an active market.

Level 2 of market value: Among the inputs related to the calculation of the observable market value, the market value calculated using inputs related to the calculation of the market value other than the input of level 1

Level 3 of market value: Market value calculated using inputs related to the calculation of unobservable market prices
In the event that multiple inputs are used that have a significant impact on the calculation of market value, the market value is classified as the level to which each of these inputs belongs and has the lowest priority in calculating the market value.

1) Financial instruments reported on the consolidated balance sheet in market value

(millions of yen)

Division	Market value			
	Level 1	Level 2	Level 3	Total
Investment Securities				
Other Securities				
Stock	0	—	—	0
Government debt	10	—	—	10
Corporate bond	—	1	—	1
Golf membership	10	1	—	11

2) Financial instruments other than those reported on the consolidated balance sheet in market value

(millions of yen)

Division	Market value			
	Level 1	Level 2	Level 3	Total
Corporate bond	—	45	—	45
Long-term borrowings	—	2,767	—	2,767
Total liabilities	—	2,813	—	2,813

(Notes) Explanation of the valuation technique used to calculate the market value and the input related to the calculation of it

Investment securities

Listed stocks and government bonds are evaluated using market prices. Since listed stocks and government bonds are traded in an active market, their market value is classified as level 1 of market value. Although golf memberships are not traded in an active market, they have a published base value, so the market value is classified as level 2 of market value. Corporate bonds are valued using the discounted present value method, and the market value is classified as level 3 of market value.

Corporate bonds and long-term borrowings

These market values are calculated using the discounted present value method based on the interest rate that takes into account the total amount of principal and interest, the remaining term of the debt, and credit risk, and are classified as Level 2 of market value.

6. Notes on revenue recognition related

(1) Information that breaks down revenue generated from contracts with customers

The Group consists of two reporting Network Solutions Business, and Real Estate business, as well as the Renewable Energy (Electricity) Business, which does not belong to the reporting segments.

The breakdown of the Group's earnings by revenue recognition period is as follows.

(Millions of Yen)

	Reporting segment			Others	Total
	Network Solutions Business	Real estate business	Total		
Goods or services to be transferred at a single point in time	2,684	296	2,980	195	3,175
Goods or services that are transferred over a period of time	10,477	—	10,477	10	10,488
Revenue generated from contracts with customers	13,162	296	13,458	206	13,664
Other earnings	-	-	-	-	-
Sales to external customers	13,162	296	13,458	206	13,664

(2) Information that forms the basis for understanding the revenue generated from contracts with customers

The main revenues of the Group's Networks Solutions business is the provision of telecommunications services and the sale of products. In addition, the main revenue of the real estate business is the sale of real estate.

1. 1)Provision of telecommunications services

2. a. Information on performance obligations

3. The obligation to perform the provision of telecommunications services consists of a performance obligation to install and configure the Internet connection equipment at the service provided property (the “initial introduction service”) and a performance obligation to provide the Internet service after the installation and configuration of the Internet connection device (hereinafter referred to as the “monthly usage fee service”).

If the initial introduction service is recognized as a performance obligation integrated with the monthly usage fee service, it is judged to be a performance obligation that is satisfied for a certain period of time, which is the contract period of the Internet service, because control over the goods or services is transferred to the customer for a certain period of time, and revenue is recognized. In addition, if it is not considered to be a performance

obligation integrated with the monthly usage fee service, it is judged to be a performance obligation that is satisfied at the time of completion of the installation and configuration work of the Internet connection device, because control over the goods or services is transferred to the customer and the performance obligation is satisfied by the completion of the installation and configuration work of the Internet connecting device, and the revenue is recognized.

- b. Information related to the calculation of transaction prices and the amount allocated to performance obligations
The transaction price for the provision of telecommunications services is the contract price determined at the time of the contract with the customer, and there is no variable consideration. In addition, since the prices for the installation and configuration of Internet connection equipment and Internet services at the properties provided by the service are specified in the contract, the transaction price is allocated based on the contract price.

2) Sales of products

a. Information on performance obligations

The sale of products is obligated to be fulfilled by the delivery of the products to the customer. Since control over the product is transferred to the customer at the time the product is delivered, we judge it to be a performance obligation that is satisfied at the time the delivery of the product is completed, and we recognize the revenue.

- b. Information related to the calculation of transaction prices and the amount allocated to performance obligations

3) Sales of real estate

a. Information on performance obligations

The performance obligation for the sale of real estate is satisfied upon delivery of the real estate. Since control over the real estate is transferred to the customer when the conditions of the delivery in the real estate sales contract concluded with the customer are satisfied, we judge that the performance obligation is satisfied at the time the delivery of the real estate is completed, and we recognize the profits.

- b. Information related to the calculation of transaction prices and the amount allocated to performance obligations
The transaction price for the sale of real estate is the contract price determined at the time of the contract with the customer.

- (3) Information on the relationship between the fulfillment of performance obligations under the contract with the customer and the cash flow resulting from the contract, and the amount and timing of revenue that is expected to be recognized in the following consolidated fiscal year and beyond from the contract with the customer that exists at the end of the current consolidated fiscal year.

1) Balance of contract assets and contract liabilities, etc.

(Millions of yen)

	Current consolidated fiscal year
Receivables resulting from contract with customer (balance at the beginning of the fiscal year)	1,809
Receivables resulting from contract with customer (balance at the end of the fiscal year)	1,986
Contract Assets (balance at the beginning of the fiscal year)	182
Contract Assets (balance at the end of the fiscal year)	164
Contract liabilities (beginning balance)	987
Contract liabilities (balance at the end of the fiscal year)	727

Contract assets are compensation for Internet services that have not yet been billed for the purpose of providing telecommunications services to customers who have completed the provision of performance obligations as of the end of the fiscal year. Contract assets are transferred to receivables arising from contracts with customers when the rights of the Company and its consolidated subsidiaries to consideration become unconditional.

The contract liabilities are related to the down payment received from the customer after the completion of the installation and configuration work for the installation and configuration of the Internet connection equipment in the provision of telecommunications services. Contract liabilities are depleted upon recognition of revenues.

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

In addition, there is no revenue recognized in the current consolidated fiscal year due to performance obligations fulfilled (or partially satisfied) in the past period.

2) Transaction price allocated to remaining performance obligations

The remaining performance obligation is related to the revenue from the provision of telecommunications services.

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

(Millions of yen)

	June 2027	June 2028	June 2029	June 2030	June 2031 onward	Total
Expected revenue to be recognized As of June 30, 2027	6,325	4,968	3,863	2,776	4,006	21,940

7. Information per share

(1) Net assets per share 347.18 yen

(2) Net income per share 53.79 yen

8. Matters related to business combination

Business combination through acquisition

1. Overview of business combination

(1) Name of the company acquired and details of Its business

Name of the company Power Denki Innovation Inc.

acquired

Details of Its business Solar power generation EPC Business

*EPC: Business involved in one-stop engineering, procurement, and construction

(2) Reasons for share acquisition

Consolidated subsidiary OffGrid-Lab operates in the renewable energy sector. The aim of welcoming Power Denki Innovation, which boasts superior expertise in EPC projects for solar power generation, into the Group is to acquire its

shares to establish a more efficient, competitive business structure.

(3) Date of business combination

August 31, 2025

(4) Business combination legal structure

Acquisition of shares

(5) Name of combined entity

No change

(6) Ratio of voting rights acquired

100%

(7) Primary grounds for determining the company to acquire

This resulted from the acquisition of shares by Off Grid Lab Co., Ltd., a consolidated subsidiary of the Company, with cash as consideration.

2. Period of the acquired company's performance included in the consolidated statement of income for the current fiscal year
September 1, 2025–June 30, 2026

3. Breakdown of acquisition price and type of consideration for the company acquired

Consideration	for	Cash and deposits	50 million yen
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acquisition

Acquisition price	50 million yen
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4. Details and amounts of major expenses related to the acquisition

Due diligence expenses, etc.: 5 million yen

5. Amount of goodwill recognized, reason for recognition, and method and period of amortization

(1) Amount of goodwill recognized

5 million yen

The goodwill calculation is provisional, as the allocation of the acquisition price had not been completed as of the end of the current Semi-Annual consolidated accounting period.

(2) Reason for recognition

The amount represents the excess earnings capacity expected from the future business development of Power Denki

Innovation Inc.
 (3) Method and period of amortization
 Five-year straight-line amortization

6. Amount and breakdown of assets and liabilities recognized on the date of business combination

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

7. Anticipated impact on the consolidated statement of income for the current fiscal year and method of calculation, assuming the business combination was completed on the first day of the consolidated fiscal year

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

(Method for calculating the estimated amount)

The estimated amount of impact is calculated as the difference between the revenue and profit or loss information calculated assuming the business combination was completed on the first day of the consolidated fiscal year and the revenue and profit or loss information in the consolidated statement of income of the company making the acquisition.

Business combination through acquisition

1. Overview of business combination

(1) Name of the company acquired and details of Its business

Name of the company acquired	Smart Green Co., Ltd. (“Smart Green”)
Details of Its business	Solar power generation system construction, sales, and maintenance, and other related businesses

(2) Reasons for share acquisition

Led by OffGrid-Lab Inc. (“OGL”), a consolidated subsidiary of the Company, the Company Group operates in the renewable energy sector and has established a structure through which it provides end-to-end engineering, construction, and maintenance services for apartment complexes and public facilities. Through measures such as the addition of Power Denki Innovation Inc., a construction company, to the Group in August 2025, it has steadily expanded its construction capabilities. This year, the Company has adopted “Lead The ‘Telecomenergy’” as its new slogan. It embodies the Company’s strong commitment to the vertical integration of “telecommunications (nervous system)” and “energy (bloodstream)” in urban infrastructure, and to transitioning to a next-generation infrastructure model. In the renewable energy business as a focus of the Company, it contributes to an optimal “self-generation for self-consumption” power supply by installing solar panels and energy storage systems. Its aim in offering this in conjunction with its telecommunications services is to optimize daily electricity use while also providing its customers with a self-sufficient, resilient living environment in which they can “stay connected to the Internet and have access to electricity” even during disasters, and at the same time contributing to carbon offsetting. With the goal of achieving the sustainable society envisioned by “Telecomenergy,” the Company made this acquisition to further expand and accelerate its renewable energy business. Smart Green offers comprehensive energy solutions—from proposal through construction—for full self-consumption solar power generation and energy storage systems, mainly for corporate clients. It provides one-stop service encompassing everything from site surveys to engineering and construction, making it highly competitive in terms of cost. It boasts an extensive portfolio of projects and a high order conversion rate for hospitals and factories in particular, where it is vital to have a stable energy supply. Its superior expertise and know-how in this field have enabled it to achieve high profit margins. The addition of Smart Green to the Company Group will facilitate more flexible fund procurement, the further refinement of its services for apartment complexes by leveraging its existing customer base of about 50,000 buildings for which it provides telecommunications services, and the maximization of new business opportunity acquisition through collaborative sales efforts in its Business-Use Business. Its aim, through the seamless integration of Smart Green’s expertise with its platform, is to lead the way to a sustainable society through the powerful synergy of “telecommunications x renewable energy x energy storage,” and to drive forward further groupwide growth and advancement.

- (3) Date of business combination
June 30, 2026
- (4) Business combination legal structure
Acquisition of shares
- (5) Name of combined entity
No change
- (6) Ratio of voting rights acquired
100%
- (7) Primary grounds for determining the company to acquire
This resulted from the acquisition of shares by OGL, a consolidated subsidiary of the Company, with cash as consideration.
2. Period of the acquired company's performance included in the consolidated statement of income for the current fiscal year
Since only the balance sheet was consolidated for the current fiscal year, the consolidated statement of income does not include the performance of the acquired company.
3. Breakdown of acquisition price and type of consideration for the company acquired
- | | | |
|----------------------------------|-------------------|-----------------|
| Consideration
for acquisition | Cash and deposits | 250 million yen |
| Acquisition price | | 250 million yen |
4. Details and amounts of major expenses related to the acquisition
Due diligence expenses, etc.: 28 million yen
5. Amount of goodwill recognized, reason for recognition, and method and period of amortization
- (1) Amount of goodwill recognized
31 million yen
The goodwill calculation is provisional, as the allocation of the acquisition price had not been completed as of the end of the current consolidated fiscal year.
- (2) Reason for recognition
The amount represents the excess earnings capacity expected from the future business development of Smart Green.
- (3) Method and period of amortization
Five-year straight-line amortization
6. Amount and breakdown of assets and liabilities recognized on the date of business combination
- | | |
|-------------------------|-----------------|
| Current assets | 48 million yen |
| Non-current assets | 78 million yen |
| Total assets | 127 million yen |
| Current liabilities | 16 million yen |
| Non-current liabilities | 48 million yen |
| Total liabilities | 65 million yen |

7. Allocation of acquisition price

As of the end of the current consolidated fiscal year, we had not yet completed the identification of identifiable assets and liabilities and the calculation of their fair values as of the date of business combination, nor had we finalized the allocation of the acquisition price. As such, provisional accounting treatment has been applied based on reasonable information available at the time.

8. Anticipated impact on the consolidated statement of income for the current fiscal year and method of calculation, assuming the business combination was completed on the first day of the consolidated fiscal year

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

(Method for calculating the estimated amount)

The estimated amount of impact is calculated as the difference between the revenue and profit or loss information calculated assuming the business combination was completed on the first day of the consolidated fiscal year and the revenue and profit or loss information in the consolidated statement of income of the company making the acquisition.

Business combination through acquisition

1. Overview of business combination

(1) Name of the company acquired and details of Its business

Name of the company acquired Aiwa Co., Ltd. (“Aiwa”)

Details of Its business Telecommunications construction, network camera installation, and related services

(2) Reasons for share acquisition

As an on-premise infrastructure integrator, the Company Group has established a structure through which it provides end-to-end communication network engineering, construction, and maintenance for apartment complexes, commercial facilities, and other properties, and is expanding its services across Japan. With the goal of significantly expanding its in-house construction capabilities within its Telecom Business, the Group has adopted this resolution as a crucial first step. For more than four decades since its founding, Aiwa has provided dependable technology and services spanning a broad range of telecommunications fields, including internet, cable TV, and network camera installations, primarily in Japan’s Kanagawa Prefecture. Particularly noteworthy is Aiwa’s robust business foundation that facilitates the securing of contracts directly from major corporations as a prime contractor. With a staff rich in certified professionals—among them analog and digital installation technicians and electricians—Aiwa prides itself on its field-oriented response capabilities and its strength in coordinating multiple partner companies. In terms of synergy generated by the addition of Aiwa to the Company Group, the reinforcement of the Group’s construction capabilities in the telecommunications sector is most prominent. Amidst the rapid advancement of digitalization and adoption of AI, the Group is convinced that the “technical expertise of construction workers” and “on-site management capabilities” that support operations—the human touch and construction skills that connect people—remain two crucial sources of competitive advantage. Through this partnership, the Company Group will leverage the technical expertise of construction workers cultivated by Aiwa over many years along with its network of partner companies in contributing to further development of the Telecom Business and enhancing the value it provides. Moreover, this year, the Company Group has adopted “Lead The ‘Telecomenergy’” as its new slogan. It embodies the Group’s strong commitment to the vertical integration of “telecommunications (nervous system),” which it has long made efforts to advance and “energy (bloodstream),” including renewable energy, and to transitioning to a next-generation urban infrastructure model. The merging of Aiwa’s proven construction capabilities with the Group’s existing services will contribute directly to the expansion and in-house development of its construction capabilities for building the next-generation infrastructure model envisioned by “Telecomenergy.” The Company’s aim is to further enhance the value of its core telecommunications services by solidifying its construction foundation in the telecommunications infrastructure sector. At the same time, the Company will accelerate the societal implementation of next-generation urban infrastructure models that integrate “telecommunications” and “energy,” with the goal of achieving further groupwide business expansion and growth.

(3) Date of business combination

June 30, 2026

(4) Business combination legal structure

Acquisition of shares

(5) Name of combined entity

No change

(6) Ratio of voting rights acquired

100%

(7) Primary grounds for determining the company to acquire

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

2. Period of the acquired company's performance included in the consolidated statement of income for the current fiscal year
Since only the balance sheet was consolidated for the current fiscal year, the consolidated statement of income does not include the performance of the acquired company.

3. Breakdown of acquisition price and type of consideration for the company acquired

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

4. Details and amounts of major expenses related to the acquisition

Due diligence expenses, etc.: 20 million yen

5. Amount of negative goodwill recognized and reason for recognition

(1) Amount of negative goodwill recognized

44 million yen

The negative goodwill calculation is provisional, as the allocation of the acquisition price had not been completed as of the end of the current consolidated fiscal year.

(2) Reason for recognition

Since the fair value of the acquired company's net assets exceeded the acquisition price as of the date of business combination, the difference has been recognized as a gain on negative goodwill.

6. Amount and breakdown of assets and liabilities recognized on the date of business combination

Current assets	345 million yen
Non-current assets	8 million yen
Total assets	354 million yen
Current liabilities	98 million yen
Non-current liabilities	3 million yen
Total liabilities	101 million yen

7. Allocation of acquisition price

As of the end of the current consolidated fiscal year, we had not yet completed the identification of identifiable assets and liabilities and the calculation of their fair values as of the date of business combination, nor had we finalized the allocation of the acquisition price. As such, provisional accounting treatment has been applied based on reasonable information available at the time.

8. Anticipated impact on the consolidated statement of income for the current fiscal year and method of calculation, assuming the business combination was completed on the first day of the consolidated fiscal year

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

(Method for calculating the estimated amount)

The estimated amount of impact is calculated as the difference between the revenue and profit or loss information calculated assuming the business combination was completed on the first day of the consolidated fiscal year and the revenue and profit or loss information in the consolidated statement of income of the company making the acquisition.

9. Notes on Significant Subsequent Events)

There are no applicable matters.

Statement of changes in shareholders' equity (from July 1, 2025 to June 30, 2026)

(Millions of yen)

	Shareholders' equity								Valuation and translation adjustments	Share award rights	Total net assets
	Capital	Capital surplus			Retained earnings		Treasury stock	Total Shareholders' equity	Other valuation difference on available-for-sale securities		
		Capital reserve	Other capital surplus	Capital surplus total	Other retained earnings	Retained earnings total					
					Retained earnings carried forward						
Balance at the beginning of the current fiscal year	494	400	14	415	4,675	4,675	-493	5,092	△0	10	5,102
Fluctuations in the current fiscal year											
Dividend of surplus					-543	-543		-543			-543
Profit attributable to owners of parent					1,171	1,171		1,171			1,171
Acquisition of treasury share							-0	-0			△0
Changes in items other than shareholders' equity for the current fiscal year (net)									-0	-10	-10
Total changes for the current fiscal year	—	—	—	—	628	628	-0	628	-0	-10	617
Balance at the end of the current fiscal year	494	400	14	415	5,304	5,304	-493	5,720	△0	—	5,720

(Notes) The listed amount is rounded down to the nearest million yen.

Non-Consolidated Notes Table

1. Notes on Significant Accounting Policies

(1) Valuation Criteria and methods of Assets

1) Valuation criteria and methods of securities

Subsidiary Shares We use the cost method based on the moving average method.

Other Securities

Anything other than stocks, etc. that do not have a market price

Market value method (all valuation differences are processed by the direct net assets method, and the cost of sale is calculated by the moving average method)

Stocks, etc. without market price Cost method based on moving average method

2) Valuation criteria and methods of inventories

Commodity • • We use the cost method based on the moving average method.

(Balance sheet values are calculated by writing down the book value due to a decline in profitability.)

• Work in progress • • We use the cost method based on individual method.

(Balance sheet values are calculated by writing down the book value due to a decline in profitability.)

(2) Methods of depreciation of fixed assets

1) Tangible fixed assets

We use the declining ratio method.

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

The main service life is as follows:

Building 3 to 15 years

Tools, furniture & fixtures • • • 2 to 15 years

Communication equipment 10 years

2) Intangible fixed assets

We use the straight-line method.

For software used by the Company, we use a straight-line method based on the period of use within the company (5 years).

(3) Basis for reporting allowances

1) Allowance for doubtful accounts

In order to prepare for bad debt expense on sales receivables, we consider the recoverability of general receivables based on the actual rate of bad debts and specific receivables such as receivables of doubtful concern on a case-by-case basis, and report the amount that is expected to be uncollectible.

2) Provision for bonuses

In order to use the funds for the payment of bonuses to our employees, we estimate the expenses to be borne in the current fiscal year out of the expected amount to be paid in the future.

3) Provision for retirement benefits

In order to prepare for retirement benefits for employees, the Company applies a simplified method that uses the amount of retirement benefits required at the end of the fiscal year as a retirement benefit obligation for the calculation of provision for retirement benefits and retirement benefit expenses.

(4) Accounting criteria for revenue and expenses

The main revenues of the Group's Telecommunication business is the provision of telecommunication services and the sale of products. In addition, the main revenue of the real estate business is the sale of real estate.

• Provision of telecommunication services

The obligation to perform the provision of telecommunication services consists of a performance obligation to install and configure the Internet connection equipment at the service provided property (the “initial introduction service”) and a performance obligation to provide the Internet service after the installation and configuration of the Internet connection device (hereinafter referred to as the “monthly usage fee service”).

If the initial introduction service and the monthly usage fee service are recognized as an integrated performance obligation, both are reported as revenue according to the service period of the monthly usage fee. If the obligation to perform the initial introduction service and the monthly usage fee service are not considered to be integrated, the initial introduction service will report revenue at the time of completion of the installation and configuration work of the Internet-connecting device, and the monthly usage fee service will report revenue according to the contract period of the monthly usage fee service.

• Sales of products

The sale of products is obligated to be fulfilled by the delivery of the products to the customer. Since control over the product is transferred to the customer at the time the product is delivered, we judge it to be a performance obligation that is satisfied at the time the delivery of the product is completed, and we recognize the revenue.

(5) Conversion Standards for Significant foreign currency-dominated assets or liabilities into Japanese currency

Foreign currency-denominated monetary claims and liabilities are converted into yen based on the spot exchange rate at the end of the fiscal year, and the conversion difference is treated as profit or loss.

(6) Significant Hedge Accounting Methods

a. Methods of hedge accounting

With regard to interest rate swaps, we have adopted special treatment for those that meet the requirements for special treatment.

b. Means of hedging and hedging targets

Means of hedging・・・Interest rate swaps

Hedging targets・・・・・・Interest on borrowings

c. Hedging Policy

The Company engages in derivatives transactions for the purpose of avoiding the risk of interest rate fluctuations on borrowings, and has a policy of not engaging in derivatives transactions for speculative purposes.

d. Method of evaluating hedging effectiveness

Interest rate swap transactions meet the requirements for special treatment, so the evaluation of their effectiveness is omitted.

2. Notes on Significant accounting estimates

There are no applicable matters.

3. Notes on the Balance Sheet

(1) Accumulated depreciation of tangible fixed assets 10,506 million yen

(2) Guarantee Debt

The Company provides debt guarantees for loans from financial institutions of the following affiliated companies:

FG Smart Asset Inc. 691 million yen

Power Denki Innovation Inc. 9 million yen

Smart Green Co., Ltd. 7 million yen

(3) Monetary claims and liabilities to affiliated companies

Short-term monetary receivables 292 million yen

Short-term monetary liabilities 1,208 million yen

Long-term monetary receivables 430 million yen

4. Notes to Statement of Income

Turnover with affiliated companies

Turnover by operating transactions

Sales 14 million yen

selling, general and administrative expenses 83 million yen

Non-operating Transactions Affiliates 20 million yen

5. Notes on the Statement of changes in shareholders' equity

Matters concerning the type and total number of treasury stocks

Type of shares	Number of shares at the beginning of the current fiscal year (shares)	Number of shares increased in the current fiscal year (shares)	Number of shares decreased in the current fiscal year (shares)	Number of shares at the end of the current fiscal year (shares)
Common share	472,207	35	—	472,242

(Notes) The increase of 150,000 treasury shares is due to the acquisition of treasury shares in accordance with a resolution of the Board of Directors.

6. Notes on Tax effect accounting related

Breakdown of deferred tax assets and liabilities by major causes

	Current fiscal year (June 30, 2026)
Deferred tax assets	
Allowance for doubtful accounts	19 million yen
Provision for bonuses	28 million yen
Impairment loss	3 million yen
Bad debt expense	0 million yen
Accrued business tax	16 million yen
Excess depreciation	43 million yen
Contract liabilities	52 million yen
Accrued social insurance premiums	4 million yen
Retirement benefit liability	23 million yen
Amortization of deposit	2 million yen
Loss on devaluation of Shares of related companies	1 million yen
Loss on valuation of goods	47 million yen
Loss on devaluation of investment securities	12 million yen
Others	1 million yen
Deferred tax assets Sub total	257 million yen
Valuation allowance	<u>△29 million yen</u>
Deferred tax assets Total	227 million yen
Deferred tax liabilities	
Contract Assets	<u>3 million yen</u>
Deferred tax liabilities Total	<u>3 million yen</u>
Net deferred tax assets	224 million yen

7. Notes on Related Party Information

(Millions of yen)

Type	Name of company, etc.	Holding (held) ratio of voting rights (%)	Relationship with the related parties	Details of transaction	Transaction amount	Account title	Balance at the end of the fiscal year
Subsidiary company	NOIS Inc.	(Holding) Direct: 100%	Fund leasing Concurrent positions of officers, etc.	Fund borrowing (See Notes 1)	1,155	短期借入金	1,155
				Interest payment on borrowing (See Notes 1)	13	—	—
Subsidiary company	FG Smart Asset Inc.	(Holding) Direct: 100%	Concurrent positions of officers, etc.	Debt guarantee (See Notes 2)	691	—	—
Subsidiary company	Power Denki Innovation Inc.	(Holding) Direct: 16.7%	Fund leasing Concurrent positions of officers, etc.	Fund lending (See Notes 3)	430	Long-term loans	430
				Interest received on borrowing (See Notes 3)	5		
Subsidiary company	OffGrid-Lab Inc.	(Holding) Direct: 16.7%	Fund leasing Concurrent positions of officers, etc.	Fund lending (See Notes 3)	250	Short-term loans	250
				Interest received on borrowing (See Notes 3)	0		

Transaction conditions and policy for determining transaction conditions, etc.

Notes: 1. The interest rate for borrowing of funds is determined rationally by taking into account market interest rates. We do not provide collateral.

2. The debt guarantee to FG Smart Asset Inc. is a guarantee for loans from financial institutions. We do not receive a guarantee fee.

8. Notes on revenue recognition related

This is as described in "(4) Accounting Standards for Revenue and Expenses" in "1. Notes on Significant Accounting Policies."

9. Note on Information per share

(1) Net assets per share	284.29 yen
(2) Net income per share	58.23 yen

10. Notes on Significant Subsequent Events)

There are no applicable matters.