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Securities Code: 6753

June 9, 2023

## SHARP CORPORATION

### Notice of Convocation of the 129<sup>th</sup> Ordinary General Meeting of Shareholders

To Our Shareholders:

We hereby notify you of the convocation of the 129<sup>th</sup> Ordinary General Meeting of Shareholders as per the description below.

#### DESCRIPTION

1. Date and Time: Tuesday, June 27, 2023, at 10:00 a.m.  
(Reception will start at 9:00 a.m.)
2. Venue: 1 Takumi-cho, Sakai-ku, Sakai-shi, Osaka  
Sharp Corporation (Multi-Purpose Hall)
3. Purpose of the Meeting:  
Reporting: The Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements, Audit Reports of Consolidated Financial Statements by the Accounting Auditors and the Audit & Supervisory Committee for the 129<sup>th</sup> Term (from April 1, 2022 to March 31, 2023)

#### Matters to be Resolved:

- Proposal No.1: Election of Four (4) Directors (except the members of Audit & Supervisory Committee)
- Proposal No.2: Election of Three (3) Directors as the member of Audit & Supervisory Committee
- Proposal No.3: Establishment of the Remuneration for Directors (except the members of Audit & Supervisory Committee)
- Proposal No.4: Issuance of Stock Acquisition Rights as Stock Options

**Reference Information Regarding Proposals****Proposal No. 1: Election of Four (4) Directors (except the members of Audit & Supervisory Committee)**

The terms of office of all the present four (4) Directors (except the members of Audit & Supervisory Committee. The same shall apply hereinafter in this proposal) will expire at the conclusion of this General Meetings of Shareholders. Therefore, Sharp nominates the following four (4) candidates of Directors with whom Sharp enters into a subscription agreement.

Regarding this proposal, consideration was made by Audit & Supervisory Committee, and there was no particular comment to be pointed out.

The candidates for the Directors are as follows and the asterisk (\*) denotes the new candidates:

| No. | Name of Candidate<br>(Date of Birth)  | Current Position<br>(Significant Concurrent Position at Other Company)                            | Ownership of<br>Sharp's Shares |
|-----|---------------------------------------|---|--------------------------------|
| 1   | *Po-Hsuan Wu<br>(July 22, 1977)       | • President & Chief Executive Officer of sharp  | 0 share                        |
| 2   | *Masahiro Okitsu<br>(August 3, 1957)  | • Executive Vice President  | 3,039 shares                   |
| 3   | *Limin Hu<br>(January 5, 1962)        | • Fundraising Chair, President, Chairman, Board Member,<br>Friends of Children with Special Needs | 0 share                        |
| 4   | *Steve Shyh Chen<br>(August 25, 1978) | • Fund Manager, Draco Capital Partners  | 0 share                        |

(Notes)

1. Mr. Limin Hu and Mr. Steve Shyh Chen are candidates for Outside Directors, as stipulated by Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Company Act.

Remarks for the candidates of Outside Directors:

Mr. Limin Hu:

Mr. Limin Hu was involved in management as a co-founder of Ellie Mae Inc., a fintech company, etc., based on his abundant experience and broad knowledge, he is able to completely fulfill the expected roles as an Outside Director. For this reason, it is proposed that Mr. Limin Hu would be elected.

Mr. Steve Shyh Chen:

Mr. Steve Shyh Chen has an abundant experience and broad knowledge as an entrepreneur who has been involved in the founding of many businesses, such as a co-founder of YouTube Inc., he is able to completely fulfill the expected roles as an Outside Director. For this reason, it is proposed that Mr. Steve Shyh Chen would be elected.

2. Sharp plans to enter into a liability limitation agreement with Mr. Limin Hu and Mr. Steve Shyh Chen which limits their liability within the extent stipulated by law.
3. The company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, Paragraph 1 of the Company Act with an insurance company. In the event of a claim for damages submitted by a shareholder or a third party, etc., the said insurance agreement shall compensate for damages including compensation for damages and legal expenses to be borne by the insureds. The candidates will be included as insureds in the said insurance agreement. In addition, the Company plans to renew the agreement with details of the same degree at the time of next renewal.

**Proposal No. 2: Election of Three (3) Directors as the member of Audit & Supervisory Committee**

The terms of office of all the present three (3) Directors (the members of Audit & Supervisory Committee) will expire at the conclusion of this Annual General Meetings of Shareholders. Therefore, Sharp nominates the following three (3) candidates of Directors as the members of Audit & Supervisory Committee with whom Sharp enters into a subscription agreement.

Regarding this proposal, we have obtained the consent from Audit & Supervisory Committee.

The candidates for the Director as the members of Audit & Supervisory Committee are as follows:

| Name of Candidate<br>(Date of Birth)  | Current Position<br>(Significant Concurrent Position at Other Company)  | Ownership of<br>Sharp's Shares |
|---------------------------------------|---|--------------------------------|
| Hsu-Tung Lu<br>(December 22, 1964)    | • Outside Director (the member of Audit & Supervisory Committee) of Sharp   | 4,600 shares                   |
| Yasuo Himeiwa<br>(November 5, 1953)   | • Outside Director (the member of Audit & Supervisory Committee) of Sharp<br>• Head, Himeiwa certified public accountants' office<br>• Outside Auditor, Takara Bio Inc.<br>• Outside Director (the member of Audit & Supervisory Committee), IDEC Corporation | 2,800 shares                   |
| Yutaka Nakagawa<br>(December 4, 1945) | • Outside Director (the member of Audit & Supervisory Committee) of Sharp   | 4,600 shares                   |

(Notes)

1. Mr. Hsu-Tung Lu, Mr. Yasuo Himeiwa and Mr. Yutaka Nakagawa are candidates for Outside Directors, as stipulated by Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Company Act.

Remarks for the candidates of Outside Directors:

Mr. Hsu-Tung Lu:

Since Mr. Hsu-Tung Lu has engaged in accounting for many years, based on his abundant experience and broad knowledge, he is able to completely fulfill the expected roles as an Outside Director (the member of Audit & Supervisory Committee). For this reason, it is proposed that Mr. Hsu-Tung Lu would be elected.

Mr. Yasuo Himeiwa:

Since Mr. Yasuo Himeiwa has been working as a certified public accountant for many years, based on his abundant experience and broad knowledge, he is able to completely fulfill his expected role as an Outside Director (the member of Audit & Supervisory Committee). For this reason, it is proposed that Mr. Yasuo Himeiwa would be elected.

Mr. Yutaka Nakagawa:

Since Mr. Yutaka Nakagawa has been working in a job related to audiovisual equipment and semiconductor, etc. and managed a company for many years, based on his abundant experience and broad knowledge, he is able to completely fulfill his expected roles as an Outside Director (the member of Audit & Supervisory Committee). For this reason, it is proposed that Mr. Yutaka Nakagawa would be elected.

2. There are no special interests between Sharp and Mr. Hsu-Tung Lu, Mr. Yasuo Himeiwa and Mr. Yutaka Nakagawa.
3. Sharp has entered into a liability limitation agreement with Mr. Hsu-Tung Lu, Mr. Yasuo Himeiwa and Mr. Yutaka Nakagawa, which limit their liability within the extent stipulated by law.
4. Mr. Hsu-Tung Lu and Mr. Yasuo Himeiwa have served as outside directors for six years. Mr. Yutaka Nakagawa has served as an outside director for three years.

5. The company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, Paragraph 1 of the Company Act with an insurance company. In the event of a claim for damages submitted by a shareholder or a third party, etc., the said insurance agreement shall compensate for damages including compensation for damages and legal expenses to be borne by the insureds. The candidates will be included as insureds in the said insurance agreement. In addition, the Company plans to renew the agreement with details of the same degree at the time of next renewal.

**Proposal No. 3: Establishment of the Remuneration for Directors (except the members of Audit & Supervisory Committee)**

At the 125th Ordinary General Meeting of Shareholders held on June 25, 2019, the cash remuneration for Directors (except the members of Audit & Supervisory Committee. The same shall apply hereinafter in this proposal) was approved as 500 million yen or less (excluding the employee salary portion paid to the Directors concurrently serving as employees) per business year. And at the 127th Ordinary General Meeting of Shareholders held on June 29, 2021, it was approved that the above amount remains unchanged and that the outside director's portion is within 20 million yen or less, and it was approved that the amount of remuneration for directors under the restricted stock remuneration plan shall be within 300 million yen per business year (including within 12 million yen for outside directors), separate from the above monetary remuneration limit and that the total number of shares of common stock of Sharp Corporation (the "Company") to be issued or disposed of as a result will not exceed 150,000 shares per business year.

In order to strengthen incentives for improving business performance, separate from the above monetary remuneration limit, as one of non-monetary compensation, we would like to grant stock acquisition rights as stock options that can be selected separately from the above restricted stock remuneration (with restricted stock and stock acquisition rights, the "Stock Remuneration"). In addition, in order to facilitate the appointment of a wide range of outside directors from the perspective of strengthening management capabilities and governance, we would like to set the upper limit of monetary remuneration for outside directors to 50 million yen instead of 20 million yen.

Please approve the number of such stock acquisition rights within 1,500 units per business year (The number of shares of common stock of the Company to be issued upon exercise of stock acquisition rights shall be 150,000 shares or less. However, the total number of such shares and the number of restricted stock on transfer issued during the same fiscal year shall not exceed 150,000 shares. Of these, up to 150 units or 15,000 shares shall be for outside directors.) and the total amount of stock acquisition rights within 300 million yen per business year (However, the sum of the amount of stock acquisition rights and the amount of restricted stock shall not exceed 300 million yen. Of this amount, up to 30 million yen shall be for outside directors.).

The fair value of one unit of stock acquisition rights shall be based on conditions such as the fair unit price valuation calculated using variables including share price on the day when the stock acquisition rights are allotted and the terms of stock acquisition rights, etc. using an equity option pricing model such as the Black-Scholes model. Contents of the stock acquisition rights as stock options are as described at Proposal No.4.

The amount and specific details of remuneration for stock acquisition rights, etc. are determined by comprehensively taking into consideration various circumstances, such as the status of execution of duties and the level of contribution of directors at the Company. The ratio of shares issued through the exercise of stock options to the total number of issued shares is low, and the dilution rate is negligible, so the content of remuneration, etc. for directors is judged to be appropriate. In addition, at the meeting of the Board of Directors held on May 20, 2021, the Company has established a basic policy regarding the content of compensation for individual directors. The granting of the Company's common stock and the payment of money based on this proposal are in line with this policy. Even if this proposal is approved, we do not plan to change this policy, other than adding stock acquisition rights as Stock Remuneration.

Even if the Proposal No.1 is approved as originally proposed, the number of Directors will remain unchanged from four (4).

## **Proposal No. 4: Issuance of Stock Acquisition Rights as Stock Options**

Sharp (the “Company”) requests the authorization to allot stock acquisition rights as stock options to Directors, Executives and Employees of the Company and its subsidiaries in Japan (the “Company Group”), pursuant to Articles 236, 238 and 239 of the Companies Act of Japan, and Sharp would like to delegate the decision of the offering matters of stock acquisition rights to the Board of Directors.

1. The Reason why the Issuance under Particularly Favorable Conditions is Required:

The Company has decided to implement a stock option plan and will issue stock acquisition rights as stock options as one of the types of remuneration for Directors, Executives and Employees of the Company Group. This will help the Company retain and recruit human resources required for the Company’s revitalization and growth, and will serve as an incentive to increase their motivation to participate in the Company Group’s business management and contribute to higher performance, as well as the increased corporate value of the Company.

2. Outline of Issuance of Stock Acquisition Rights:

(1) Persons to whom Stock Acquisition Rights will be allotted:

Directors, Executives and Employees of the Company and its subsidiaries in Japan.

(2) Class and number of shares to be issued upon exercise of Stock Acquisition Rights:

The class of shares to be issued upon the exercise of stock acquisition rights shall be common stock of the Company, and the number of shares to be issued shall not exceed 9750,000.

If the Company splits its common stock (including allotment of its common stock without compensation; hereinafter the same shall apply) or consolidates its common stock, the number of shares to be issued upon the exercise of stock acquisition rights shall be adjusted in accordance with the following formula; provided that such adjustment shall be made to those that remain unexercised at the time of such adjustment, and any fraction less than one share arising as a result of such adjustment shall be rounded down.

$$\begin{array}{rcccl} \text{Number of shares} & & & & \\ \text{after adjustment} & = & \text{Number of shares} & \times & \text{Ratio of split or} \\ & & \text{before adjustment} & & \text{consolidation} \end{array}$$

If the Company conducts a merger, company split, share exchange, share transfer or the like that makes it necessary to adjust the number of shares, the number of shares shall be adjusted within a reasonable range, taking into account the conditions of the merger, company split, share exchange, share transfer or the like.

(3) Total number of Stock Acquisition Rights to be issued:

Not more than 97,500 units of stock acquisition rights shall be issued.

One hundred shares shall be issued per unit of stock acquisition rights; provided that, in the event of any adjustment of the number of shares stipulated in (2) above, the number of shares to be issued per unit of stock acquisition rights shall be adjusted accordingly.

The date of allotment of stock acquisition rights shall be determined by the Board of Directors, and the Board of Directors may allot the stock acquisition rights at a plurality of times within the scope of the aforementioned limit.

(4) Cash payment for Stock Acquisition Rights:

No cash payment is required for stock acquisition rights.

(5) Value of assets to be contributed upon the exercise of Stock Acquisition Rights:

The value of assets to be contributed upon the exercise of each stock acquisition rights shall be the value per share to be issued by the exercise of each stock acquisition rights (the “Exercise Value”) multiplied by the number of shares to be issued upon the exercise of one unit of stock acquisition rights.

The Exercise Value shall be the closing price on the Tokyo Stock Exchange on the day immediately prior to the date of the resolution by the Board of Directors of the Company determining the Subscription Requirements of the stock acquisition rights or the closing price on the date of the allotment (if no closing price is available on such day, then the closing price on the trading day immediately preceding such day), whichever is higher.

If the Company splits its common stock or consolidates its common stock after the issuance of stock acquisition rights, the Exercise Value shall be adjusted in accordance with the following formula, and any fraction less than one yen arising as a result of such adjustment shall be rounded up.

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

If shares to be offered are issued at a below-market price (including issuance of shares by allotment of shares without contribution and delivery of treasury shares, but excluding exercise of stock acquisition rights (including bonds with stock acquisition rights) and conversion of securities convertible into common stock of the Company), the Exercise Value shall be adjusted in accordance with the following formula, and any fraction less than one yen arising as a result of such adjustment shall be rounded up. The “Number of shares already issued” in the above formula shall be the total number of issued shares of the Company less the number of treasury shares held by the Company. If the Company disposes of treasury shares, the “Number of shares newly issued” and the “Stock price before new issuance” shall be respectively replaced to read as the “Number of treasury shares disposed of” and the “Stock price before disposal.”

$$\text{Exercise Value after adjustment} = \text{Exercise Value before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares newly issued} \times \text{Amount paid in per share}}{\text{Stock price before new issuance}}}{\text{Number of shares already issued} + \text{Number of shares newly issued}}$$

If the Company conducts a merger, company split, share exchange, share transfer or the like that makes it necessary to adjust the Exercise Value, the Exercise Value shall be adjusted within a reasonable range, taking into account the conditions of the merger, company split, share exchange, share transfer or the like.

(6) Exercise period of Stock Acquisition Rights:

The exercise period shall be from the date on which two (2) years have passed from the date of allotment of the stock acquisition rights to the date on which ten (10) years have passed from the date of allotment. If the final day of the exercise period falls on a holiday of the Company, the final day shall be the working day immediately preceding the final day.

(7) Conditions etc. for exercise of Stock Acquisition Rights

- (i) The holders of stock acquisition rights shall remain Directors, Auditors, Executive Officers or employees of the Company or its subsidiaries at the time of exercising stock acquisition rights; provided, however, that exceptional treatment may be allowed in this regard in writing by the Board of Directors of the Company in consideration of the circumstances.
- (ii) Stock acquisition rights may be exercised by the holder of stock acquisition rights, in whole or in part, according to the following categories.
  - i) The entire allotment of stock acquisition rights shall not be exercised prior to the date on which two (2) years have passed from the date of allotment.
  - ii) 50% of the allotment of stock acquisition rights, whichever is larger, may be exercised from the date on which two (2) years have passed from the date of allotment to the date prior to the date on which three (3) years have passed from the date of allotment (if a fraction less than one unit arises in the number of exercisable stock acquisition rights, such fraction shall be rounded down).
  - iii) 75% of the allotment of stock acquisition rights, whichever is larger, may be exercised from the date on which three (3) years have passed from the date of allotment to the date prior to the date on which four (4) years have passed from the date of allotment (if a fraction less than one unit arises in the number of exercisable stock acquisition rights, such fraction shall be rounded down).
  - iv) The entire allotment of stock acquisition rights may be exercised from the date on which four (4) years have passed from the date of allotment to the date on which ten (10) years have passed from the date of allotment.
- (iii) Stock acquisition rights shall not be inherited; provided, however, that exceptional treatment may be allowed in this regard in writing by the Board of Directors in consideration of the circumstances.
- (iv) Stock acquisition rights shall not be offered for pledge or disposed of in any other way.
- (v) Other details and conditions shall be determined by the Board of Directors of the Company.

(8) Matters concerning increase in capital and capital reserve by issuing of shares upon exercise of Stock Acquisition Rights:

- (i) Amount of increase in capital by issuing shares upon exercise of stock acquisition rights shall be half of the upper limit of capital increase as calculated pursuant to the provisions of Article 17, Paragraph 1 of

- the Ordinance on Accounting of Companies, where any resultant fraction less than one yen shall be rounded up.
- (ii) Amount of increase in capital reserve by issuing shares upon exercise of stock acquisition rights shall be the upper limit of capital increase as described in (i) above less the amount of increase in capital set out therein.
- (9) Reasons and conditions for the acquisition of Stock Acquisition Rights:  
The Company may acquire stock acquisition rights on the date otherwise determined by the Board of Directors of the Company without any compensation therefor in the following cases:
- (i) In the case where a proposal of any merger agreement under which the Company is dissolved, or any absorption-type company split (*kyushu-bunkatsu*) agreement or incorporation-type company split (*shinsetsu-bunkatsu*) plan in which the Company will be a splitting company, or any share exchange agreement or share transfer plan in which the Company will be a wholly owned subsidiary of another company is approved at a General Shareholders' Meeting of the Company (or by the Board of Directors for a company split that does not require the approval of the General Shareholders' Meeting);
- (ii) In the case where a holder of stock acquisition rights ceases to accommodate the conditions of (7) above before exercising stock acquisition rights; or
- (iii) In the case where a holder of stock acquisition rights requests a waiver of Stock acquisition rights.
- (10) Restriction on the acquisition of Stock Acquisition Rights by transfer:  
Any acquisition of stock acquisition rights by transfer shall require an approval of the Board of Directors of the Company by its resolution.
- (11) Treatment of Stock Acquisition Rights in case of organizational restructuring of the Company:  
In the event the Company merges (limited to cases where the Company becomes a dissolving company), performs an absorption-type company split or an incorporation-type company split, or conducts a share exchange or a share transfer (hereinafter collectively "Organizational Restructuring"), stock acquisition rights of a corporation described in Article 236, Paragraph 1, Items 8.1 (イ) through 8.5 (ホ) of the Companies Act of Japan (hereinafter "Restructured Company") shall be delivered under the following conditions to holders of stock acquisition rights remaining unexercised (hereinafter "Remaining stock acquisition rights") at the time when Organizational Restructuring takes effect. In this case, the Remaining stock acquisition rights will lapse and the Restructured Company will issue new stock acquisition rights. However, the foregoing shall apply only to cases in which the delivery of stock acquisition rights of the Restructured Company according to the following conditions is stipulated in the merger agreement, the absorption-type company split agreement, the incorporation-type company split plan, the share exchange agreement or the share transfer plan.
- (i) Number of stock acquisition rights of the Restructured Company to be delivered:  
The Restructured Company shall deliver stock acquisition rights, the number of which shall equal the number of Remaining stock acquisition rights held by the holder of the Remaining stock acquisition rights.
- (ii) Class of shares of the Restructured Company to be issued upon the exercise of stock acquisition rights:  
Shares of common stock of the Restructured Company
- (iii) Number of shares of the Restructured Company to be issued upon the exercise of stock acquisition rights:  
To be decided according to (2) and (3) above after taking into consideration the conditions, etc. of the Organizational Restructuring.
- (iv) Value of the assets to be contributed upon the exercise of stock acquisition rights:  
The value of the assets to be contributed upon the exercise of each stock acquisition rights shall be decided according to (5) above after taking into consideration the conditions, etc. of the Organizational Restructuring.
- (v) Exercise period of stock acquisition rights:  
Starting from the later of either the first date of the exercise period of stock acquisition rights as stipulated in (6) above, or the date on which the Organizational Restructuring becomes effective and ending on the expiration date for the exercise of stock acquisition rights as stipulated in (6) above.
- (vi) Matters concerning increase in capital and capital reserve to be increased by issuing of shares by the Restructured Company upon the exercise of stock acquisition rights:  
To be determined in accordance with (8) above.
- (vii) Restriction on acquisition of stock acquisition rights by transfer:  
Acquisition of stock acquisition rights by transfer shall be subject to the approval of the Board of Directors of the Restructured Company (or by the majority decision of Directors if such company is not a company with Board of Directors).
- (viii) Conditions and reasons for the acquisition of stock acquisition rights:  
To be determined in accordance with (7) and (9) above.



- (12) Rules pertaining to fractions of less than one share arising from the exercise of Stock Acquisition Rights:  
Fractions of less than one share in the number of shares to be delivered to holders of stock acquisition rights who exercised stock acquisition rights shall be rounded down.
- (13) Other details of Stock Acquisition Rights:  
Other details of stock acquisition rights shall be determined by the meeting of the Board of Directors to determine the Subscription Requirements of Stock Acquisition Rights.

**CONSOLIDATED BALANCE SHEET**

(As of March 31, 2023)

(Millions of Yen)

| <b>ASSETS</b>   |                  | <b>LIABILITIES</b>  |                  |
|---|------------------|---|------------------|
| <b>Current Assets</b>   | <b>1,087,087</b> | <b>Current Liabilities</b>                                | <b>882,563</b>   |
| Cash and deposits   | 262,058          | Notes and accounts payable - trade                        | 328,899          |
| Notes and accounts receivable - trade,<br>and contract assets | 438,057          | Electronically recorded obligations-<br>operating         | 42,973           |
| Inventories   | 299,307          | Short-term borrowings                                     | 163,896          |
| Other   | 90,713           | Lease liabilities   | 18,966           |
| Allowance for doubtful accounts                               | △3,049           | Accrued expenses  | 114,638          |
|   |                  | Provision for bonuses                                     | 15,791           |
|   |                  | Provision for product warranties                          | 12,165           |
|   |                  | Provision for loss on litigation                          | 614              |
|   |                  | Provision for sales promotion expenses                    | 4,120            |
| <b>Non-Current Assets</b>                                     | <b>685,873</b>   | Provisions for restructuring                              | 1,024            |
| <b>Property, Plant and Equipment</b>                          | <b>389,257</b>   | Other   | 179,472          |
| Buildings and structures                                      | 695,180          |   |                  |
| Machinery, equipment and vehicles                             | 1,181,932        | <b>Non-Current Liabilities</b>                            | <b>668,034</b>   |
| Tools, furniture and fixtures                                 | 170,801          | Long-term borrowings                                      | 542,727          |
| Land  | 76,467           | Retirement benefit liability                              | 72,019           |
| Construction in Progress                                      | 24,982           | Other   | 53,287           |
| Other   | 57,352           |   |                  |
| Accumulated depreciation                                      | △1,817,459       | <b>Total Liabilities</b>                                  | <b>1,550,598</b> |
|   |                  | <b>NET ASSETS</b>   |                  |
| <b>Intangible Assets</b>                                      | <b>35,845</b>    | <b>Shareholders' Equity</b>                               | <b>199,982</b>   |
| Software  | 23,322           | Share capital   | 5,000            |
| Goodwill  | 6,284            | Capital surplus   | 148,929          |
| Other   | 6,237            | Retained earnings   | 59,802           |
|   |                  | Treasury shares   | △13,749          |
| <b>Investments and Other Assets</b>                           | <b>260,770</b>   | <b>Accumulated Other Comprehensive<br/>Income</b>         | <b>8,467</b>     |
| Investment securities   | 216,207          | Valuation difference on available-for-<br>sale securities | 26,469           |
| Retirement benefit asset                                      | 6,214            | Deferred gains or losses on hedges                        | 475              |
| Deferred tax assets   | 18,127           | Foreign currency translation<br>adjustment                | △2,266           |
| Other   | 22,667           | Remeasurements of defined benefit<br>plans                | △16,211          |
| Allowance for doubtful accounts                               | △2,445           | <b>Share Acquisition Rights</b>                           | <b>293</b>       |
|   |                  | <b>Non-Controlling Interests</b>                          | <b>13,618</b>    |
|   |                  |   |                  |
| <b>Total Assets</b>   | <b>1,772,961</b> | <b>Total Net Assets</b>                                   | <b>222,362</b>   |
|   |                  | <b>Total Liabilities and Net Assets</b>                   | <b>1,772,961</b> |

(Note) Fractions rounded down to the nearest million yen.

**CONSOLIDATED STATEMENT OF INCOME**

(From April 1, 2022 to March 31, 2023)

(Millions of Yen)

|  |         |                  |
|--|---------|------------------|
| <b>Net Sales</b>                                   |         | <b>2,548,117</b> |
| Cost of sales                                      |         | 2,217,285        |
| <b>Gross profit</b>                                |         | <b>330,831</b>   |
| Selling, general and administrative expenses       |         | 356,550          |
| <b>Operating Loss (Δ)</b>                          |         | <b>Δ25,719</b>   |
| <b>Non-Operating Income</b>                        |         | <b>40,683</b>    |
| Interest and dividend income                       | 4,214   |                  |
| Other  | 36,469  |                  |
| <b>Non-Operating Expenses</b>                      |         | <b>45,451</b>    |
| Interest expenses                                  | 9,296   |                  |
| Other  | 36,155  |                  |
| <b>Ordinary Loss (Δ)</b>                           |         | <b>Δ30,487</b>   |
| <b>Extraordinary Income</b>                        |         | <b>19,833</b>    |
| Gain on sale of non-current assets                 | 7,126   |                  |
| Gain on sale of investment securities              | 17      |                  |
| Gain on step acquisitions                          | 12,422  |                  |
| Gain on change in equity                           | 261     |                  |
| Gain on reversal of share acquisition rights       | 4       |                  |
| <b>Extraordinary Losses</b>                        |         | <b>228,389</b>   |
| Loss on sale and retirement of non-current assets  | 1,269   |                  |
| Impairment losses                                  | 220,553 |                  |
| Loss on valuation of investment securities         | 138     |                  |
| Business restructuring expenses                    | 4,451   |                  |
| Provision for loss on litigation                   | 1,976   |                  |
| <b>Loss Before Income Taxes (Δ)</b>                |         | <b>Δ239,043</b>  |
| Income taxes - current                             |         | 15,660           |
| Income taxes - deferred                            |         | 6,950            |
| <b>Loss (Δ)</b>                                    |         | <b>Δ261,654</b>  |
| Loss attributable to non-controlling interests (Δ) |         | Δ814             |
| <b>Loss Attributable to Owners of Parent (Δ)</b>   |         | <b>Δ260,840</b>  |

(Note) Fractions rounded down to the nearest million yen.

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2022 to March 31, 2023)

(Millions of Yen)

|   | Shareholders' Equity |                 |                   |                 |                            |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
|   | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period  | 5,000                | 108,623         | 345,218           | △13,747         | 445,094                    |
| Cumulative effects of changes in accounting policies                                      |                      |                 | △143              |                 | △143                       |
| Restated balance  | 5,000                | 108,623         | 345,075           | △13,747         | 444,951                    |
| Changes during period   |                      |                 |                   |                 |                            |
| Dividends of surplus  |                      |                 | △24,432           |                 | △24,432                    |
| Loss attributable to owners of parent (△)   |                      |                 | △260,840          |                 | △260,840                   |
| Increase by share exchanges   |                      | 40,337          |                   |                 | 40,337                     |
| Change in ownership interest of parent due to transactions with non-controlling interests |                      | △31             |                   |                 | △31                        |
| Purchase of treasury shares   |                      |                 |                   | △2              | △2                         |
| Net changes in items other than shareholders' equity                                      |                      |                 |                   |                 |                            |
| Total changes during period   | —                    | 40,306          | △285,273          | △2              | △244,968                   |
| Balance at end of period  | 5,000                | 148,929         | 59,802            | △13,749         | 199,982                    |

|   | Accumulated Other Comprehensive Income                |                                    |   |   |  | Share Acquisition Rights | Non-Controlling Interests | Total Net Assets |
|---|---|------------------------------------|---|---|--|--------------------------|---------------------------|------------------|
|   | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                          |                           |                  |
| Balance beginning of period   | 20,169  | 1,835                              | △9,085                                  | △3,745                                  | 9,173  | 304                      | 14,696                    | 469,269          |
| Cumulative effects of changes in accounting policies                                      |   |                                    |   |   |  |                          |                           | △143             |
| Restated balance  | 20,169  | 1,835                              | △9,085                                  | △3,745                                  | 9,173  | 304                      | 14,696                    | 469,126          |
| Changes during period   |   |                                    |   |   |  |                          |                           |                  |
| Dividends of surplus  |   |                                    |   |   |  |                          |                           | △24,432          |
| Loss attributable to owners of parent (△)   |   |                                    |   |   |  |                          |                           | △260,840         |
| Increase by share exchanges   |   |                                    |   |   |  |                          |                           | 40,337           |
| Change in ownership interest of parent due to transactions with non-controlling interests |   |                                    |   |   |  |                          |                           | △31              |
| Purchase of treasury shares   |   |                                    |   |   |  |                          |                           | △2               |
| Net changes in items other than shareholders' equity                                      | 6,300   | △1,359                             | 6,818                                   | △12,466                                 | △706   | △11                      | △1,077                    | △1,795           |
| Total changes during period   | 6,300   | △1,359                             | 6,818                                   | △12,466                                 | △706   | △11                      | △1,077                    | △246,763         |
| Balance at end of period  | 26,469  | 475                                | △2,266                                  | △16,211                                 | 8,467  | 293                      | 13,618                    | 222,362          |

(Notes) Fractions rounded down to the nearest million yen.

**BALANCE SHEET** (based on non-consolidated results)

(As of March 31, 2023)

(Millions of Yen)

| ASSETS   |                  | LIABILITIES   |                  |
|--|------------------|---|------------------|
| <b>Current Assets</b>  | <b>592,657</b>   | <b>Current Liabilities</b>                                    | <b>607,480</b>   |
| Cash and deposits  | 100,127          | Notes payable – trade   | 755              |
| Notes receivable - trade                                     | 430              | Electronically recorded obligations - operating               | 40,147           |
| Accounts receivable - trade                                  | 236,446          | Accounts payable - trade                                      | 174,812          |
| Lease receivables  | 7,358            | Short-term borrowings   | 158,342          |
| Finished products  | 32,190           | Lease liabilities   | 581              |
| Work in process  | 7,448            | Accounts payable - other                                      | 32,432           |
| Raw materials and supplies                                   | 1,547            | Accrued expenses  | 70,813           |
| Advance payments to suppliers                                | 254              | Income taxes payable  | 1,053            |
| Prepaid expenses   | 837              | Deposits received   | 51,084           |
| Short-term loans receivable from subsidiaries and associates | 72,651           | Provision for bonuses   | 3,600            |
| Accounts receivable - other                                  | 208,102          | Provision for product warranties                              | 4,349            |
| Other  | 15,100           | Provision for loss on business of subsidiaries and associates | 38,961           |
| Allowance for doubtful accounts                              | △89,837          | Other   | 30,546           |
| <b>Non-Current Assets</b>                                    | <b>603,190</b>   | <b>Non-Current Liabilities</b>                                | <b>582,621</b>   |
| <b>Property, Plant and Equipment</b>                         | <b>246,302</b>   | Long-term borrowings  | 542,704          |
| Buildings  | 159,439          | Provision for retirement benefits                             | 27,624           |
| Structures   | 2,890            | Lease liabilities   | 2,301            |
| Machinery and equipment                                      | 636              | Other   | 9,990            |
| Vehicles   | 5                |   |                  |
| Tools, furniture and fixtures                                | 1,486            | <b>Total Liabilities</b>                                      | <b>1,190,101</b> |
| Land   | 75,987           |   |                  |
| Leased assets  | 1,217            | <b>NET ASSETS</b>   |                  |
| Construction in progress                                     | 4,639            | <b>Shareholders' Equity</b>                                   | <b>△18,115</b>   |
| <b>Intangible Assets</b>                                     | <b>21,291</b>    | <b>Share Capital</b>  | <b>5,000</b>     |
| Industrial property  | 1,287            | <b>Capital Surplus</b>  | <b>46,266</b>    |
| Right to use facilities                                      | 21               | Legal capital surplus   | 1,250            |
| Software   | 19,615           | Other capital surplus   | 45,016           |
| Goodwill   | 374              | <b>Retained Earnings</b>                                      | <b>△55,632</b>   |
| <b>Investments and Other Assets</b>                          | <b>335,596</b>   | Other retained earnings                                       | △55,632          |
| Investment securities  | 107,668          | Reserve for tax purpose reduction entry of non-current assets | 2,287            |
| Shares of subsidiaries and associates                        | 150,006          | Retained earnings brought forward                             | △57,920          |
| Investments in capital of subsidiaries and associates        | 56,908           | <b>Treasury Shares</b>  | <b>△13,749</b>   |
| Long-term loans receivable from subsidiaries and associates  | 9,539            | <b>Valuation and Translation Adjustments</b>                  | <b>23,567</b>    |
| Long-term prepaid expenses                                   | 2,573            | Valuation difference on available-for-sale securities         | 23,241           |
| Other  | 45,940           | Deferred gains or losses on hedges                            | 326              |
| Allowance for doubtful accounts                              | △37,040          | <b>Stock Acquisition Rights</b>                               | <b>293</b>       |
|  |                  | <b>Total Net Assets</b>                                       | <b>5,745</b>     |
| <b>Total Assets</b>  | <b>1,195,847</b> | <b>Total Liabilities and Net Assets</b>                       | <b>1,195,847</b> |

(Note) Fractions rounded down to the nearest million yen.

**STATEMENT OF INCOME** (based on non-consolidated results)

(From April 1, 2022 to March 31, 2023)

(Millions of Yen)

|   |        |                 |
|---|--------|-----------------|
| <b>Net Sales</b>  |        | <b>555,491</b>  |
| Cost of sales   |        | 480,945         |
| <b>Gross profit</b>   |        | <b>74,545</b>   |
| Selling, general and administrative expenses                              |        | 77,216          |
| <b>Operating Loss (Δ)</b>   |        | <b>Δ2,671</b>   |
| <b>Non-Operating Income</b>   |        | <b>54,955</b>   |
| Interest and dividend income  | 11,402 |                 |
| Other   | 43,552 |                 |
| <b>Non-Operating Expenses</b>   |        | <b>29,000</b>   |
| Interest expenses   | 6,340  |                 |
| Provision of allowance for doubtful accounts                              | 7,068  |                 |
| Other   | 15,591 |                 |
| <b>Ordinary Profit</b>  |        | <b>23,283</b>   |
| <b>Extraordinary Income</b>   |        | <b>10,099</b>   |
| Gain on sales of non-current assets                                       | 5,534  |                 |
| Gain on sale of investment securities                                     | 17     |                 |
| Gain on sales of shares of subsidiaries and associates                    | 4      |                 |
| Gain on reversal of share acquisition rights                              | 4      |                 |
| Reversal of provision for loss on business of subsidiaries and associates | 4,538  |                 |
| <b>Extraordinary Losses</b>   |        | <b>170,003</b>  |
| Loss on sale and retirement of non-current assets                         | 237    |                 |
| Impairment losses   | 156    |                 |
| Loss on valuation of investment securities                                | 138    |                 |
| Loss on valuation of shares of subsidiaries and associates                | 65,332 |                 |
| Provision for loss on business of subsidiaries and associates             | 3,377  |                 |
| Provision of allowance for doubtful accounts                              | 98,785 |                 |
| Provision for loss on litigation  | 1,976  |                 |
| <b>Loss Before Income Taxes (Δ)</b>                                       |        | <b>Δ136,620</b> |
| Income taxes - current  |        | 3,714           |
| Income taxes - deferred   |        | 2,421           |
| <b>Loss (Δ)</b>   |        | <b>Δ142,756</b> |

(Note) Fractions rounded down to the nearest million yen.

## STATEMENT OF CHANGES IN NET ASSETS (based on non-consolidated results)

(From April 1, 2022 to March 31, 2023)

(Millions of Yen)

|   | Shareholders' Equity |                       |                       |                       |   |                                   |                         |
|---|----------------------|-----------------------|-----------------------|-----------------------|---|-----------------------------------|-------------------------|
|   | Share capital        | Capital Surplus       |                       |                       | Retained Earnings   |                                   |                         |
|   |                      | Legal capital surplus | Other capital surplus | Total capital surplus | Other Retained Earnings                                       |                                   | Total retained earnings |
|   |                      |                       |                       |                       | Reserve for tax purpose reduction entry of non-current assets | Retained earnings brought forward |                         |
| Balance at beginning of period  | 5,000                | 1,250                 | 4,678                 | 5,928                 | 2,357   | 109,199                           | 111,557                 |
| Changes during Period   |                      |                       |                       |                       |   |                                   |                         |
| Dividends of surplus  |                      |                       |                       |                       |   | △24,432                           | △24,432                 |
| Loss (△)  |                      |                       |                       |                       |   | △142,756                          | △142,756                |
| Increase by share exchanges   |                      |                       | 40,337                | 40,337                |   |                                   |                         |
| Purchase of treasury shares   |                      |                       |                       |                       |   |                                   |                         |
| Reversal of reserve tax purpose reduction entry of non-current assets |                      |                       |                       |                       | △69   | 69                                | —                       |
| Net changes in items other than shareholders' equity                  |                      |                       |                       |                       |   |                                   |                         |
| Total changes during period   | —                    | —                     | 40,337                | 40,337                | △69   | △167,119                          | △167,189                |
| Balance at end of period  | 5,000                | 1,250                 | 45,016                | 46,266                | 2,287   | △57,920                           | △55,632                 |

|   | Shareholders' Equity |                            | Valuation and Translation Adjustments                 |                                    |   | Stock Acquisition Rights | Total Net Assets |
|---|----------------------|----------------------------|---|------------------------------------|---|--------------------------|------------------|
|   | Treasury shares      | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments |                          |                  |
| Balance at beginning of period  | △13,747              | 108,738                    | 17,243  | 2,214                              | 19,457                                      | 296                      | 128,492          |
| Changes during period   |                      |                            |   |                                    |   |                          |                  |
| Dividends of surplus  |                      | △24,432                    |   |                                    |   |                          | △24,432          |
| Loss (△)  |                      | △142,756                   |   |                                    |   |                          | △142,756         |
| Increase by share exchanges   |                      | 40,337                     |   |                                    |   |                          | 40,337           |
| Purchase of treasury stock  | △2                   | △2                         |   |                                    |   |                          | △2               |
| Reversal of reserve tax purpose reduction entry of non-current assets |                      | —                          |   |                                    |   |                          | —                |
| Net changes in items other than owners' equity                        |                      |                            | 5,997   | △1,887                             | 4,109                                       | △3                       | 4,106            |
| Total changes during period   | △2                   | △126,854                   | 5,997   | △1,887                             | 4,109                                       | △3                       | △122,747         |
| Balance at end of period  | △13,749              | △18,115                    | 23,241  | 326                                | 23,567                                      | 293                      | 5,745            |

(Notes) Fractions rounded down to the nearest million yen.