

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities code: 3156

June 14, 2023

(Date of commencement of measures for electronic provision: June 7, 2023)

To our shareholders:

Tomoharu Asaka  
Representative Director  
**Restar Holdings Corporation**  
6-5, Higashi Shinagawa 3-chome, Shinagawa-ku, Tokyo

## **Notice of Convocation of the 4th Ordinary General Meeting of Shareholders**

Restar Holdings Corporation (hereinafter referred to as “the Company”) will hold its 4th Ordinary General Meeting of Shareholders as explained below.

We have adopted measures for the electronic provision of information for this General Meeting of Shareholders. The matters to be provided in electronic format (the “Electronic Provision Measures Matters”) are posted on the Internet website shown below as “Notice of Convocation of the 4th Ordinary General Meeting of Shareholders.”

The Company’s website:

<https://www.en.restargp.com/ir/stock-related/#ir-stock-general-meeting>

This information is also posted on the Internet website shown below.

Tokyo Stock Exchange website:

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the Tokyo Stock Exchange website shown above, enter the Company’s name or securities code to search, and click “Basic information” then “Documents for public inspection/PR information” to view the Electronic Provision Measures Matters.

If you plan not to attend the meeting, you can exercise your voting rights using either of the following methods, so please exercise your voting rights after reviewing the attached Reference Materials for the General Meeting of Shareholders.

### **[Exercising voting rights in writing]**

Please indicate your approval or disapproval of each of the proposals on the enclosed form and return it to the Company no later than 5:30 p.m. on Wednesday, June 28, 2023 (JST).

### **[Exercising voting rights via the Internet]**

Please access our designated voting website (<https://evote.tr.mufg.jp/>) and enter the login ID and temporary password printed on the enclosed form for exercising voting rights and follow the on-screen instructions to enter your approval or disapproval of each of the proposals no later than 5:30 p.m. on Wednesday, June 28, 2023 (JST).

In addition, if using the Internet to exercise your voting rights, we request that you kindly check “Instructions on Exercising Your Voting Rights via the Internet” in “Instructions on Exercising Your Voting Rights” on pages 3 and 4.

- 1. Date and Time:** 10:00 a.m. on Thursday, June 29, 2023 (JST)  
(Reception desk is scheduled to open at 9:30 a.m.)
- 2. Venue:** Floor B1, Head Office Building, Restar Holdings Corporation  
6-5, Higashi Shinagawa 3-chome, Shinagawa-ku, Tokyo

**3. Agenda:**

**Matters to be reported:**

1. Business Report, Consolidated Financial Statements and Audit Reports on the Consolidated Financial Statements from the Accounting Auditor and the Audit and Supervisory Committee for the 14th Fiscal Year (April 1, 2022 to March 31, 2023)
2. Report on the Non-consolidated Financial Statements for the 14th Fiscal Year (April 1, 2022 to March 31, 2023)

**Matters to be resolved:**

- Proposal No. 1:** Partial Amendments to the Articles of Incorporation
- Proposal No. 2:** Election of Four Directors (Excluding Directors Who are Audit and Supervisory Committee Members)
- Proposal No. 3:** Election of Two Directors Who are Audit and Supervisory Committee Members

**4. Instructions on Exercising Voting Rights**

Please refer to “Instructions on Exercising Your Voting Rights” on page 3.

**5. Instructions on the Acceptance of Questions Beforehand**

On the Company’s website (<https://www.restargp.com/>), please click CONTACT, go to Other Inquiries -> IR, click “inquiry” and submit your question.

- The paper copy (Notice of Convocation of the 4th Ordinary General Meeting of Shareholders) sent to shareholders doubles as the paper copy of the Electronic Provision Measures Matters based on shareholders’ requests for the delivery of documents. The following items are not included in this paper copy, in accordance with the provisions of applicable laws and regulations, as well as Article 16 of the Company’s Articles of Incorporation. As such, this paper copy only presents part of the documents audited by the Audit and Supervisory Committee and the Accounting Auditor in preparing their audit reports.
  - Notes to the Consolidated Financial Statements
  - Notes to the Non-consolidated Financial Statements
- In the event of revisions to the Electronic Provision Measures Matters, the details of the revisions will be made available on each website on which the Electronic Provision Measures Matters are posted.

## Instructions on Exercising Your Voting Rights

The right to vote at the General Meeting of Shareholders is an important right for shareholders.

Please review the Reference Materials for the General Meeting of Shareholders included in the Electronic Provision Measures Matters and exercise your voting rights.

There are two options to exercise your voting rights as shown below.

### **Exercise of Voting Rights in Writing by Postal Mail**

Please indicate your for or against the proposals on the enclosed voting rights exercise form and return it to us by postal mail without a postage stamp. If you do not indicate your vote on a proposal, it will be treated as a vote “for” that proposal.

Deadline for the exercise of voting rights: Received by 5:30 p.m. on Wednesday, June 28, 2023 (JST).

### **Exercise of Voting Rights via the Internet**

Please access the website for exercising voting rights (<https://evote.tr.mufg.jp/>) using a PC or smartphone, enter the login ID and temporary password provided on the enclosed voting rights exercise form, and follow the instructions on the screen to indicate your vote for or against the proposals.

Deadline for the exercise of voting rights: 5:30 p.m. on Wednesday, June 28, 2023 (JST).

## How to Complete Your Voting Rights Exercise Form

Proposal No. 1

If you vote for the proposal, please tick the column “Agree.”

If you vote against the proposal, please tick the column “Disagree.”

Proposal No. 2 and Proposal No. 3

If you vote for all candidates, please tick the column “Agree.”

If you vote against all candidates, please tick the column “Disagree.”

If you vote for some of the candidates, please tick the column “Agree” and enter the number(s) of the candidate whom you disagree with.

If you exercise your voting rights both in writing (by postal mail) and via the Internet, the exercise of voting rights via the Internet will be taken as a valid exercise of voting rights. If you exercise your voting rights more than once via the Internet, the last vote will be treated as a valid exercise of voting rights.

## Instructions on Exercising Your Voting Rights via the Internet

### **By Scanning the QR Code**

You can log in to the website for exercising voting rights without entering your login ID and temporary password as provided on your voting rights exercise form.

1. Scan the QR code on the bottom right of your voting rights exercise form.

\* QR code is a registered trademark of DENSO WAVE INCORPORATED.

2. Please follow the instructions on the screen to indicate your vote for or against the proposals.

### **By Entering Login ID and Temporary Password**

Website for Exercising Voting Rights URL: <https://evote.tr.mufg.jp/>

1. Access the website for exercising voting rights.

2. Enter the “login ID and temporary password” provided on your voting rights exercise form.

3. Register your new password.

4. Please follow the instructions on the screen to indicate your vote for or against the proposals.

If you have any questions about how to operate your PC or smartphone to exercise your voting right via the Internet, please contact below.

<p>Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation Help Desk at 0120-173-027(Toll-free within Japan / from 9:00 a.m. to 9:00 p.m.)</p>
---

Institutional investors may use the platform for the electronic exercise of voting rights for institutional investors operated by ICJ, Inc.

## Reference Materials for the General Meeting of Shareholders

### Proposals and reference matters

#### Proposal No. 1: Partial Amendments to the Articles of Incorporation

1. Reason for the proposal

At the meeting of the Board of Directors held on May 26, 2023, the Company determined a business reorganization policy for the transition from a pure holding company to a business company, as announced on the same day in the Company’s press releases “Notice of Change of Trade Name and Partial Amendments to the Articles of Incorporation (Trade Name, Purpose, Head Office Relocation)” and “Notice of the Determination of a Basic Policy to Transition from a Pure Holding Company to a Business Company through a Merger with a Consolidated Subsidiary.” The Company proposes to amend the Articles of Incorporation, including the Company’s trade name, purpose, and head office relocation, in accordance with this basic policy.

2. Details of the amendments

The details of the amendments are as follows.

(The underlined are amended parts.)

Current Articles of Incorporation	Proposed Amendments
<p>(Trade Name) Article 1. The Company’s name in Japanese shall be <u>K.K Restar Holdings</u>, which shall be written <u>Restar Holdings Corporation</u> in English.</p> <p>(Purpose) Article 2. The purpose of the Company shall be to engage in the following businesses <u>and to control or manage the business activities of companies that engage in the following businesses and foreign companies that engage in equivalent businesses by holding shares or equity interests.</u></p> <p>(1) Sale, development, manufacture, import, export, and maintenance services of electronics-related components, raw materials, secondary materials, and equipment</p> <p>(2) <u>Development, import, and export of utilization technologies related to the previous item</u></p> <p>(3) <u>Contracted testing and chemical analysis of electronic components</u></p> <p>(4) <u>Development, design, and sale of software for installation in home appliances</u></p> <p>(5) <u>Development, production, sale, and import and export services for computer software</u></p> <p>(6) <u>Contracted work related to the planning, design, and operation of communications networks using information systems and the Internet</u></p>	<p>(Trade Name) Article 1. The Company’s name in Japanese shall be <u>K.K Restar</u>, which shall be written <u>Restar Corporation</u> in English.</p> <p>(Purpose) Article 2. The purpose of the Company shall be to engage in the following businesses.</p> <p>(1) Sale, development, <u>design</u>, manufacture, import, export, <u>maintenance</u>, and all services <u>incidental or related to the contracted testing and chemical analysis</u> of electronics-related components, raw materials, secondary materials, and equipment (Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(2) <u>All services incidental or related to the development, design, manufacture, sale, import and export, maintenance, and consulting services for computers, peripheral devices, accessories, and software</u></p> <p>(3) <u>Contracted work related to the planning, design, and operation of communications networks using information systems and the Internet</u></p>
<p>(7) <u>Sale of second-hand video, audio, information communications, and measuring equipment and related accessories</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p>(8) Rental of video, audio, information communications, and measuring equipment and related accessories</p> <p>(9) Consulting, provision of products <u>and services, and management services in the environmental energy field</u></p> <p>(10) Services related to the power generation business, <u>the management and operation thereof, the supply of electricity, sale, maintenance, and management services, etc.</u></p> <p>(11) Agricultural management <u>and the production, management, processing, and sale of agricultural products</u></p> <p>(12) Provision of information, commercial transactions, and agency services for commercial transactions using the Internet</p> <p>(13) Management and operation of logistics centers and logistics information collection and processing services</p> <p>(14) Freight transportation and handling business</p> <p>(15) Worker dispatch business</p> <p>(16) <u>Purchase and sale of second-hand items (second-hand goods dealing business)</u></p> <p>(17) Sale, development, manufacture, import, export, and maintenance services for medical equipment, veterinary equipment, nursing care equipment, medical supplies, hygiene supplies, nursing supplies, and parts, raw materials, secondary materials, equipment, and consumables related thereto.</p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>(4) <u>Sale, rental, placement and installation works, and maintenance</u> of video, audio, information communications, and measuring equipment and related accessories</p> <p>(5) Consulting, <u>sale of products</u>, and provision of services <u>related to energy, environmental, and recycling businesses</u></p> <p>(6) <u>All services incidental or related to the power generation business and other businesses related to the supply of electricity or other energy</u></p> <p>(7) Agricultural management, <u>research and development of agricultural technologies, agricultural training, and human resources development businesses, agricultural consulting, contracting and outsourcing agricultural production work</u></p> <p>(8) Provision of information, commercial transactions, and agency services for commercial transactions using the Internet</p> <p>(9) Management and operation of logistics centers and logistics information collection and processing services</p> <p>(10) <u>All services incidental or related to the freight transportation and handling business, warehousing business, and customs services</u></p> <p>(11) <u>Fee-charging employment placement and worker dispatch businesses</u></p> <p>(12) <u>Trade of second-hand goods based on the Secondhand Goods Business Act</u></p> <p>(13) Sale, development, manufacture, <u>rental and leasing, etc.</u>, import, export, and <u>maintenance</u> for medical equipment, veterinary equipment, nursing care equipment, medical supplies, hygiene supplies, nursing supplies, and parts, raw materials, secondary materials, equipment, and consumables related thereto.</p> <p>(14) <u>Planning, development, sale, maintenance, and consulting for services using cloud-based systems</u></p> <p>(15) <u>Sale of home appliances and equipment, educational materials, optical devices, computers, software for broadcasting services, clerical devices, and associated accessories</u></p> <p>(16) <u>Design, installation, and construction of communications equipment, electrical equipment, audio equipment, and studios</u></p> <p>(17) <u>Telecommunications, advertising, and printing and publishing businesses</u></p> <p>(18) <u>Sale of toxic and deleterious substances</u></p>
<p>(Newly established)</p> <p>(Newly established)</p>	<p>(19) <u>Development, acquisition, purchase, sale, and approval of utilization of industrial property rights, copyrights, software, and design assets</u></p> <p>(20) <u>Investigation, research, training, and consulting related to the design of semiconductors, electronic devices, and communications equipment</u></p>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<u>(21) All services incidental or related to the development, manufacture, sale, and maintenance of services and equipment related to the IoT, cloud-based services, AI, video streaming, packaging materials, and packaging systems</u>
(Newly established)	<u>(22) All services incidental or related to the development, design, manufacture, sale, import, and export of automotive parts and products, motorcycle parts and products, and parts and products for other vehicles</u>
(Newly established)	<u>(23) Contracted calculation services using computer systems</u>
(Newly established)	<u>(24) Design, manufacture, sale, and maintenance of waste treatment equipment, etc. for environmental conservation, and sale of products incidental thereto</u>
(Newly established)	<u>(25) Design, manufacture, sale, and maintenance of systems and equipment related to the environment and energy and electronic and composite components related thereto</u>
(Newly established)	<u>(26) Processing and sale of agricultural products</u>
(Newly established)	<u>(27) Services related to agricultural management through franchise businesses</u>
(Newly established)	<u>(28) All services incidental or related to the design, manufacture, installation, and sale of agricultural production equipment using hydroponics</u>
(Newly established)	<u>(29) Acquisition, investigation, and provision of market information, corporate information, and product information</u>
(Newly established)	<u>(30) Waste treatment and recycling</u>
(Newly established)	<u>(31) Real estate leasing</u>
(18) All services incidental to the businesses listed above	<u>(32) All services incidental or related to the businesses listed above</u>
(19) Businesses apart from those listed above	<u>(33) Businesses apart from those listed above</u>
(Location of Head Office) Article 3. The head office of the Company shall be located in <u>Shinagawa-ku</u> , Tokyo.	(Location of Head Office) Article 3. The head office of the Company shall be located in <u>Minato-ku</u> , Tokyo.
(Newly established)	<u>(Supplementary Provisions)</u>
(Newly established)	<u>1. The amendment to Article 1 (Trade Name) shall come into effect on April 1, 2024, after which this supplementary provision shall be deleted.</u>
(Newly established)	<u>2. The amendment to Article 3 (Location of Head Office) shall come into effect upon the date of the relocation of the Company's head office, to be decided at a meeting of the Board of Directors held on or before October 31, 2023. This supplementary provision shall be deleted after the relocation of the head office comes into effect.</u>

**Proposal No. 2:** Election of Four Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

At the conclusion of this General Meeting of Shareholders, the terms of office of all three Directors (excluding Directors who are Audit and Supervisory Committee Members; applicable to the rest of this proposal) will expire. Therefore, the Company proposes that four Directors be elected, in order to strengthen the management system. This proposal has been reviewed by the Audit and Supervisory Committee and the candidates for Director herein proposed have been deemed to be suitable. The candidates for Director are as follows.

Candidate No.	Name	Positions and responsibilities within the Company	
1	Kunihiro Konno	Representative Director and CEO	Reelection
2	Hideya Yamaguchi	Deputy Chief Executive Officer	New election
3	Tomoharu Asaka	Representative Director	Reelection
4	Hiroaki Konno	Senior Corporate Executive Officer	New election

Reelection: Candidate for reelection as Director

New election: Candidate for new election as Director

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities within the Company	Number of shares of the Company owned
1	Kunihiro Konno (July 15, 1940) Reelection	<p>Apr. 1987 Established VITEC CO., LTD. (VITEC HOLDINGS CO., LTD.) President, VITEC CO., LTD.</p> <p>Nov. 1996 Senior Vice President, Member of the Board and Counselor (<i>soudanyaku</i>), VITEC CO., LTD.</p> <p>June 2003 Special Advisor, VITEC CO., LTD.</p> <p>June 2012 Chairman, VITEC CO., LTD.</p> <p>Apr. 2013 Chairman &amp; President, VITEC CO., LTD.</p> <p>Jan. 2018 President, VITEC GLOBAL ELECTRONICS CO., LTD. (currently Restar Electronics Corporation)</p> <p>Apr. 2018 Chairman &amp; Representative Director, Vitec Vegetable Factory Co., Ltd.</p> <p>Aug. 2018 Chairman &amp; Member of the Board, Vitec Vegetable Factory Co., Ltd.</p> <p>Apr. 2019 Chairman and CEO, the Company</p> <p>Apr. 2020 Representative Director and CEO, the Company (present post)</p> <p>[Significant concurrent positions outside the Company] None</p>	3,225
<p>[Reasons for nomination] Mr. Kunihiro Konno has worked in the electronics industry for many years. With his managerial experience and achievements, the Company believes that he will be able to continue to appropriately perform his duties as a Director in the overall management of the Group.</p> <p>[Special interest between the candidate and the Company] There are no significant conflicts of interest.</p>			



Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities within the Company	Number of shares of the Company owned
2	Hideya Yamaguchi (April 21, 1959) New election	<p>Apr. 1982      Joined TOSHIBA CORPORATION</p> <p>Mar. 1996      Vice President, Toshiba Europe Electronic Components, Inc.</p> <p>June 2005      Vice President, Toshiba America Electronic Components, Inc.</p> <p>June 2012      President, Toshiba America Electronic Components, Inc.</p> <p>June 2016      President and CEO, TOSHIBA DEVICE CORPORATION</p> <p>Oct. 2019      Managing Executive Officer, the Company Executive Vice President, Restar Electronics Corporation</p> <p>Apr. 2020      Senior Managing Executive Vice President, Restar Electronics Corporation</p> <p>Oct. 2020      Senior Corporate Executive Officer, the Company President, Restar Electronics Corporation (present post)</p> <p>June 2021      Representative Director, the Company</p> <p>June 2022      Deputy Chief Executive Officer, the Company (present post)</p> <p>[Significant concurrent positions outside the Company] President, Restar Electronics Corporation</p>	4,477
<p>[Reasons for nomination] Mr. Hideya Yamaguchi has worked in the electronics industry for many years. With his knowledge and managerial experience, the Company believes that he, as a device business manager of the Group, will be able to appropriately perform his duties as a Director.</p> <p>[Special interest between the candidate and the Company] There are no significant conflicts of interest.</p>			
3	Tomoharu Asaka (January 28, 1952) Reelection	<p>Apr. 1974      Joined Sumitomo Corporation</p> <p>May 2001      CFO, Sumitomo Corporation Europe Limited</p> <p>June 2006      Representative Director and President, Sumitomo Shoji Financial Management Co., Ltd.</p> <p>June 2009      Full-time Corporate Auditor, Sumisho Computer Systems Corporation (currently SCSK Corporation)</p> <p>Oct. 2011      Full-time Corporate Auditor, SCSK Corporation</p> <p>June 2013      Full-time Corporate Auditor, JIEC Co., Ltd.</p> <p>July 2017      Advisor, the Company</p> <p>June 2018      Director (Full-time Audit and Supervisory Committee Member), the Company</p> <p>June 2022      Representative Director, the Company (present post)</p> <p>[Significant concurrent positions outside the Company] None</p>	3,569
<p>[Reasons for nomination] Mr. Tomoharu Asaka has abundant experience at general trading companies, specialist knowledge mainly concerning accounting and finance, and experience as a corporate auditor. The Company believes that he, as the manager in charge of corporate operations, will be able to appropriately perform his duties as a Director on the path to expanding its business in the future.</p> <p>[Special interest between the candidate and the Company] There are no significant conflicts of interest.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities within the Company	Number of shares of the Company owned
4	Hiroaki Konno (January 9, 1973) New election	<p>Apr. 1977      Joined Asahi Fire &amp; Marine Insurance Co. Ltd. (currently Rakuten General Insurance Co., Ltd.)</p> <p>June 2009      Corporate Auditor, VITEC CO., LTD. (VITEC HOLDINGS CO., LTD.)</p> <p>Apr. 2013      Joined VITEC CO., LTD.</p> <p>Apr. 2017      Corporate Officer, VITEC CO., LTD. Managing Director, VITEC GREEN ENERGY CO., LTD.</p> <p>Apr. 2018      Representative Director and President, VITEC ENESTA CO., LTD. (present post)</p> <p>Apr. 2019      Executive Officer, the Group</p> <p>Apr. 2020      Corporate Executive Officer, the Company</p> <p>Apr. 2022      Senior Corporate Executive Officer, the Company (present post)</p> <p>Apr. 2023      Representative Director and President, RESTAR COMMUNICATIONS Corporation (present post)</p> <p>[Significant concurrent positions outside the Company] Representative Director and President, VITEC ENESTA CO., LTD. Representative Director and President, RESTAR COMMUNICATIONS Corporation</p>	30,829
<p>[Reasons for nomination] Mr. Hiroaki Konno has extensive management experience and broad knowledge regarding the Group's environmental energy business. The Company believes that he will be able to achieve business expansion by maximizing synergies between businesses in the Group.</p> <p>[Special interest between the candidate and the Company] There are no significant conflicts of interest.</p>			

(Note) The Company has entered into a Directors and Officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The policy covers attorneys' fees in relation to litigations and damage payments to be borne by insured persons arising from third-party litigations. Each of the candidates will be included as insured persons under the insurance contract.

**Proposal No. 3:** Election of Two Directors Who Are Audit and Supervisory Committee Members

At the conclusion of this General Meeting of Shareholders, the term of office of one Director who is an Audit and Supervisory Committee Member will expire. Therefore, the Company proposes that two Directors who are Audit and Supervisory Committee Members be elected, in order to strengthen its audit system.

The consent of the Audit and Supervisory Committee has been obtained for this proposal.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows.

Name	Positions and responsibilities within the Company	
Toshiyuki Suzuki	–	New election
Sachiko Kasano	–	New election Outside Independent

New election: Candidate for new election as Director

Outside: Candidate for Outside Director

Independent: Independent Director

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities within the Company	Number of shares of the Company owned
1	Toshiyuki Suzuki (October 23, 1962) New election	<p>June 1987      Joined VITEC CO., LTD. (VITEC HOLDINGS CO., LTD.)</p> <p>Apr. 2010      Corporate Officer, VITEC CO., LTD.</p> <p>Apr. 2012      Corporate Executive Officer, VITEC CO., LTD.</p> <p>June 2015      Director, VITEC HOLDINGS CO., LTD. President, VITEC GLOBAL ELECTRONICS CO., LTD. (currently Restar Electronics Corporation)</p> <p>Apr. 2017      Managing Director, VITEC HOLDINGS CO., LTD.</p> <p>Oct. 2018      Senior Managing Director, VITEC HOLDINGS CO., LTD.</p> <p>Apr. 2019      Director and Managing Executive Officer, Restar Electronics Corporation</p> <p>Apr. 2020      Assistant to the President, Restar Electronics Corporation</p> <p>Apr. 2023      Assistant to the Audit and Supervisory Committee, the Company (present post)</p> <p>[Significant concurrent positions outside the Company] None</p>	24,384
<p>[Reasons for nomination] Mr. Toshiyuki Suzuki has many years of management experience in the electronics industry and experience in the risk management field in Japan and overseas. The Company believes that he will be able to leverage this experience to perform his role in auditing and supervising management.</p> <p>[Special interest between the candidate and the Company] There are no significant conflicts of interest.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities within the Company	Number of shares of the Company owned
2	Sachiko Kasano (April 14, 1977) New election Outside Independent	<p>Oct. 2001 Registered as an attorney at law</p> <p>Jan. 2011 Joined Miyakezaka Sogo Law Offices</p> <p>Jan. 2016 Partner, Miyakezaka Sogo Law Offices</p> <p>Jan. 2016 Established Kasumimon Sogo Law Offices (currently SHIOMIZAKA) (present post)</p> <p>June 2021 Outside Auditor, Socionext Inc.</p> <p>March 2022 Outside Board Director (Audit &amp; Supervisory Committee Member), Socionext Inc. (present post)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Attorney at law, SHIOMIZAKA</p> <p>Outside Board Director (Audit &amp; Supervisory Committee Member), Socionext Inc.</p>	0
<p>[Reasons for nomination and summary of expected roles]</p> <p>Ms. Sachiko Kasano possesses specialist knowledge and experience as an attorney at law. The Company believes that she will be able to strengthen the Company's corporate governance and perform her role in auditing and supervising management from an objective perspective with such knowledge and experience.</p> <p>[Special interest between the candidate and the Company]</p> <p>There are no significant conflicts of interest.</p>			

- (Notes)
- Ms. Sachiko Kasano is a candidate for Outside Director.
  - If Mr. Toshiyuki Suzuki and Ms. Sachiko Kasano assume the position of Director who is an Audit and Supervisory Committee Member, the Company plans to conclude liability limitation contracts with them pursuant to Article 427, Paragraph 1 of the Companies Act such that their liability for damages outlined under Article 423, Paragraph 1 of the same act shall be limited to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same act.
  - Ms. Sachiko Kasano meets the requirements for independence according to the rules of the Tokyo Stock Exchange. If her election is approved, the Company plans to notify the aforementioned exchange that she is being designated as an Independent Director. Furthermore, the Company's criteria for determining the independence of Outside Directors is appended for your reference.
  - The Company has entered into a Directors and Officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The policy covers attorneys' fees in relation to litigations and damage payments to be borne by insured persons arising from third party litigations. The candidates will be included as insured persons under the insurance contract.

[Reference: Composition of Directors (After this General Meeting of Shareholders)]

The expertise and experience of the Directors (including Directors who are Audit and Supervisory Committee Members) of the Company are as follows.

Name	Expertise and experience expected of Directors by the Company							
	Group Management Strategy M&A	Global Management	Business Management	Finance/Accounting	Organization Human Resources	ESG Sustainability	Corporate Governance	Legal Risk Management
Directors (excluding Directors who are Audit and Supervisory Committee Members)								
Kunihiro Konno	●	●			●	●		
Hideya Yamaguchi	●	●	●			●		
Tomoharu Asaka	●			●	●	●		●
Hiroaki Konno	●		●			●		
Directors who are Audit and Supervisory Committee Members								
Tatsuichi Naruse				●		●	●	
Toshiyuki Suzuki						●	●	●
Seno Tezuka Outside Independent				●		●	●	●
Kiyoshi Togawa Outside Independent			●		●	●	●	
Reiko Date Outside Independent					●	●	●	
Sachiko Kasano Outside Independent						●	●	●

[Reference: Criteria for determining independence]

In cases in which the Company determines that an Outside Director or a candidate for Outside Director does not fall into any of the following categories, it considers the Outside Director or candidate for Outside Director to have independence from the Company.

1. A person who is a business executive<sup>\*1</sup> of the Company or of an affiliate of the Company (collectively, “the Group”), or who has within the past 10 years been a business executive of the Group;
2. A major customer of the Group<sup>\*2</sup>, or a business executive of the same;
3. A person for whom the Group is a major customer<sup>\*3</sup>, or a business executive of the same;
4. A major lender of the Group<sup>\*4</sup>, or a business executive of the same;
5. A shareholder, or business executive of the same, who holds 10% or more of the total voting rights of the Company, either directly or indirectly;
6. A business executive of a company of which 10% or more of the total voting rights are held by the Group, either directly or indirectly;
7. A person belonging to an audit corporation that is a Financial Auditor to the Company or to consolidated subsidiaries of the Company;
8. A person such as a consultant, certified public accountant, lawyer, etc. that offers specialist services and receives large sums<sup>\*5</sup> of money or other assets, excluding officer’s remuneration, from the Group (in cases where the person receiving said assets is a corporate, a union or other organization, a person belonging to said organization);
9. A person receiving large sums of money in donations or subsidies from the Group (in cases where the person receiving said donations or subsidies is a corporate, a union or other organization, operating officer belonging to said organization);
10. A business executive of a company at which a business executive of the Group serves as an Outside Director or Outside Auditor;
11. A person falling into any of categories 2 to 8 within the past 3 years; and,
12. In cases where a person falling into any of categories 1 to 8 or 11 is a significant person<sup>\*6</sup>, the spouse of that person and their relatives up to the second degree of kinship.

\*1: A “business executive” shall mean an Executive Director, Operating Officer or Executive Officer, or any other person or employee, of a corporation or other organization.

\*2: A “major customer of the Group” shall mean a person who has paid an amount equivalent to 2% or more of the Company’s annual consolidated net sales to the Group in the most recent business year.

\*3: A “person for whom the Group is a major customer” shall mean a person that has received an amount equivalent to 2% or more of their annual consolidated net sales from the Group in the most recent business year.

\*4: A “major lender of the Group” shall mean a person who has provided financing equivalent to 2% or more of the consolidated total assets of the Group at the end of the most recent business year.

\*5: “Large sums” shall mean 10 million yen or more annually in the case of an individual, and 2% or more of annual consolidated net sales or total income in the case of an organization, such as a corporation or a union.

\*6: A “significant person” shall mean a member of upper management, such as an Executive Director, Operating Officer, Executive Officer or General Manager, and in the case of organizations other than companies, persons belonging to said organization.

# Business Report

(April 1, 2022–March 31, 2023)

## 1. Overview of the Corporate Group

### (1) Business Status for the Fiscal Year Under Review

#### 1) Business Progress and Results

In the fiscal year under review, the Japanese economy experienced a gradual recovery in economic activities that were suppressed by COVID-19. On the other hand, the economy has been affected by various factors, such as soaring electricity prices and rising prices of commodities due to high resource prices stemming from the Russia-Ukraine issue, sharp fluctuations in exchange rates, and revision of monetary easing. In the business environment surrounding the Company, the future remains uncertain, as the production adjustment phase due to the shortage of semiconductor components at the beginning of the period has turned into an inventory glut in the second half of the period due to the easing of the supply-demand crunch.

Under these circumstances, we are pursuing initiatives such as business matching services to seek business opportunities and strengthen collaboration with various partners, intending to promote new business creation. We are also focusing on one of our material issues, “Creating an environmentally friendly society,” and are undertaking initiatives such as expanding the installation of solar power plants through green financing. Furthermore, we are focusing on providing IoT solutions for social issues faced by local governments, such as crime prevention, disaster prevention, and business continuity planning (BCP), by utilizing communication and image analysis technology. In order to achieve sustainable growth in the future, we will promote various initiatives and strive to expand our business operations.

Net sales

487,129 million yen

Year-on-year change

Up 21.9%

Ordinary profit

12,043 million yen

Year-on-year change

Up 79.4%

Operating profit

14,423 million yen

Year-on-year change

Up 90.1%

Profit attributable to owners of parent

7,085 million yen

Year-on-year change

Up 18.9%

#### • Financial Highlights

During the fiscal year under review, despite continued unsteady demand-supply conditions for semiconductors, the Semiconductor and Electronic Components Business and the Procurement Business remained strong due mainly to firm demand for industrial equipment and on-board equipment, which resulted in sales growth. Operating profit increased because gross profit increased mainly due to the depreciation of the yen and an increase in revenue. Ordinary profit grew despite interest expenses of 1,795 million yen due to rising interest rates and foreign exchange losses of 1,129 million yen due to the strong yen in the latter half of the period. Profit attributable to owners of parent increased despite the following factors.

1) Recording of 1,936 million yen in extraordinary income as gain on negative goodwill relating to the consolidation of PALTEK and its affiliate companies in the previous fiscal year.

2) Recording of 1,876 million yen in extraordinary losses, such as 423 million yen in special survey costs, etc., and 370 million yen in loss on valuation of investment securities, and 892 million yen in

impairment losses in the Vegetable Factory Business.

As a result of the above, in the fiscal year under review, we recorded net sales of 487,129 million yen (up 21.9% year on year), operating profit of 14,423 million yen (up 90.1% year on year), ordinary profit of 12,043 million yen (up 79.4% year on year), and profit attributable to owners of parent of 7,085 million yen (up 18.9% year on year), all of which are the best results ever achieved since the business integration in fiscal 2019.

- Semiconductor and Electronic Components Business

In the Devices Business, although consumer products and other products entered an adjustment phase, sales for industrial equipment and on-board equipment remained firm. Revenue also increased due to sales growth at PALTEK CORPORATION and progress in the development of new products and customers. In the EMS Business, despite the expandability of the new business for on-board displays, etc., revenue decreased as the mainstay smartphone business was sluggish. Segment profit increased mainly due to revenue growth and the impact of the depreciation of the yen on the Device Business, despite a decrease in profit in the EMS Business.

As a result, the Semiconductor and Electronic Components Business recorded net sales of 339,544 million yen (up 17.9% year on year) and segment profit of 12,657 million yen (up 60.6% year on year).

- Procurement Business

The Procurement Business recorded an increase in revenue due to the continued expansion of new transactions both for the Panasonic Group and for companies other than the Panasonic Group. Segment profit increased owing to the impact of the exchange rate and the increase in revenue, as well as well-controlled SG&A expenses.

As a result, the Procurement Business recorded net sales of 108,632 million yen (up 33.2% year on year) and segment profit of 2,447 million yen (up 206.7% year on year).

- Electronic Equipment Business

In the Electronic Equipment Business, although equipment procurement difficulties continued due to a shortage of semiconductors, revenue increased due to a gradual recovery in market conditions, including increased sales of ICT-related equipment and LED vision systems as a result of office relocations and renovations. The System Equipment Business recorded an increase in revenue due to the increased sales of overseas made payment terminals resulting from the consolidation of CARDSERVICE Inc. and higher demand for products related to personal authentication for My-Number cards and access control terminals for offices. Segment profit increased due to revenue growth. As a result, the Electronic Equipment Business recorded net sales of 23,835 million yen (up 16.0% year on year) and segment profit of 579 million yen (up 36.0% year on year).

- Environmental Energy Business

The Energy Business recorded an increase in revenue due to growth in power generation from new solar and wind power stations in Japan and overseas. Revenue in the Power Producer and Supplier Business (PPS Business) increased significantly due to a sharp rise in the fuel cost adjustment. In the Vegetable Factory Business, revenue declined slightly because an increase in shipments of some products partly offset the decrease in revenue due to a review of sales destinations and delays in the mass production of new products. Segment profits increased due to solid performance in the Energy Business and the contribution from the operation of thermal power plants owned by the PPS Business, despite losses due to the declined sales in the Vegetable Factory Business and the impact of higher electricity costs.

As a result, the Environmental Energy Business recorded net sales of 15,117 million yen (up 60.2% year on year) and segment profit of 397 million yen (up 67.8% year on year).

## 2) Capital Investments

Total capital investment conducted across the Group during the fiscal year under review amounted to 5,245 million yen, with the majority constituting business assets in the energy business.

## 3) Procurement of Funds

In order to procure flexible, stable, and efficient funding for business development, the Group renewed our commitment line agreement for a 75.0 billion yen syndicated loan arranged by MUFG Bank, Ltd. We are also implementing Group financing and are working to reduce and stabilize the cost of raising operating funds capital within the Group.



## (2) Trends in Assets and Income

### 1) Trends in Group Assets and Income

Net sales (Million yen)

11th fiscal year (ended in March 2020)	379,548
12th fiscal year (ended in March 2021)	323,815
13th fiscal year (ended in March 2022)	399,590
14th fiscal year (ended in March 2023)	487,129

Profit attributable to owners of parent (Million yen)

11th fiscal year (ended in March 2020)	5,722
12th fiscal year (ended in March 2021)	4,054
13th fiscal year (ended in March 2022)	5,957
14th fiscal year (ended in March 2023)	7,085

Total assets/Net assets (Million yen)

	Total assets	Net assets
11th fiscal year (ended in March 2020)	197,053	73,768
12th fiscal year (ended in March 2021)	190,385	76,258
13th fiscal year (ended in March 2022)	241,958	81,657
14th fiscal year (ended in March 2023)	269,427	85,095

Earnings per share (Yen)

11th fiscal year (ended in March 2020)	190.33
12th fiscal year (ended in March 2021)	134.85
13th fiscal year (ended in March 2022)	198.12
14th fiscal year (ended in March 2023)	235.64

Net assets per share (Yen)

11th fiscal year (ended in March 2020)	2,340.78
12th fiscal year (ended in March 2021)	2,441.16
13th fiscal year (ended in March 2022)	2,580.33
14th fiscal year (ended in March 2023)	2,686.31

(Million yen, unless otherwise specified)

Category	11th fiscal year (ended March 31, 2020)	12th fiscal year (ended March 31, 2021)	13th fiscal year (ended March 31, 2022)	14th fiscal year (ended March 31, 2023) (Fiscal year under review)
Net sales	379,548	323,815	399,590	487,129
Profit attributable to owners of parent	5,722	4,054	5,957	7,085
Earnings per share (yen)	190.33	134.85	198.12	235.64
Total assets	197,053	190,385	241,958	269,427
Net assets	73,768	76,258	81,657	85,095
Net assets per share (yen)	2,340.78	2,441.16	2,580.33	2,686.31

Notes: 1. Earnings per share are calculated based on the average number of shares during the period. The average number of shares is calculated after deducting treasury shares.

2. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and others have been applied from the beginning of the 13th fiscal year, and the key management indicators, etc. for the 13th fiscal year onward are those after the application of the said accounting standard and others.

## 2) Trends in Company Assets and Income

### Operating revenue (Million yen)

11th fiscal year (ended in March 2020)	6,536
12th fiscal year (ended in March 2021)	21,963
13th fiscal year (ended in March 2022)	4,322
14th fiscal year (ended in March 2023)	6,579

### Profit (Million yen)

11th fiscal year (ended in March 2020)	2,525
12th fiscal year (ended in March 2021)	7,760
13th fiscal year (ended in March 2022)	(569)
14th fiscal year (ended in March 2023)	(917)

### Total assets/Net assets (Million yen)

	Total assets	Net assets
11th fiscal year (ended in March 2020)	96,813	42,234
12th fiscal year (ended in March 2021)	97,528	47,998
13th fiscal year (ended in March 2022)	121,044	44,493
14th fiscal year (ended in March 2023)	127,582	40,867

## Earnings per share (Yen)

11th fiscal year (ended in March 2020)	83.98
12th fiscal year (ended in March 2021)	258.10
13th fiscal year (ended in March 2022)	(18.93)
14th fiscal year (ended in March 2023)	(30.31)

## Net assets per share (Yen)

11th fiscal year (ended in March 2020)	1,404.60
12th fiscal year (ended in March 2021)	1,596.30
13th fiscal year (ended in March 2022)	1,479.75
14th fiscal year (ended in March 2023)	1,359.15

(Million yen, unless otherwise specified)

Category	11th fiscal year (ended March 31, 2020)	12th fiscal year (ended March 31, 2021)	13th fiscal year (ended March 31, 2022)	14th fiscal year (ended March 31, 2023) (Fiscal year under review)
Operating revenue	6,536	21,963	4,322	6,579
Profit	2,525	7,760	(569)	(917)
Earnings per share (yen)	83.98	258.10	(18.93)	(30.51)
Total assets	96,813	97,528	121,044	127,582
Net assets	42,234	47,998	44,493	40,867
Net assets per share (yen)	1,404.60	1,596.30	1,479.75	1,359.15

- Notes: 1. Earnings per share are calculated based on the average number of shares during the period. The average number of shares is calculated after deducting treasury shares.
2. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and others have been applied from the beginning of the 13th fiscal year, and the key management indicators, etc. for the 13th fiscal year onward are those after the application of the said accounting standard and others.

**(3) Important Information about the Parent Company and its Subsidiaries**

## 1) Parent Company

Not applicable.

## 2) Significant Subsidiary Companies

Company name	Capital	Company's voting rights ratio	Primary business
Restar Electronics Corporation	310 million yen	100.0%	Device sales, LSI design development and support, reliability testing
CU TECH CORPORATION	8,828 million won	69.4%	Contract manufacturing service for electronic devices (EMS)
Restar Supply Chain Solution Corporation	308 million yen	80.0%	Procurement trading services
Restar Communications Corporation	400 million yen	100.0%	Sale, design, construction, and maintenance of electronic components
CARDSERVICE Inc.	301 million yen	67.3%	Manufacturing, sale, and application development of payment terminals and manufacturing and sale of access control devices and facial recognition devices
Vitec Enesta Co., Ltd.	50 million yen	100.0%	Power generation using renewable sources
V-Power Co., Ltd.	40 million yen	82.5%	Brokering the supply and sale of electricity, consulting services
Vitec Vegetable Factory Co., Ltd.	2,520 million yen	74.8%	Fully closed plant factory

## 3) Specified Wholly Owned Subsidiaries at the End of the Fiscal Year Under Review

Not applicable.

#### (4) Issues to Be Addressed

Based on the Group's mission, "we help society evolve by leveraging information and technology to create and deliver new value and services," we are aiming to become an "Electronics Value Platformer" by promoting inter-business synergies and active cooperation with external partners, developing diverse businesses, growing our technological domain, and expanding the sustainable scale of our business. Our focus initiatives for the fiscal year under review are described below.

Business division	Business	Key challenges
Semiconductors and Electronic Components Business	Devices	<ul style="list-style-type: none"><li>• Expand business in EV, IoT and AI-related fields</li><li>• Accelerate initiatives for global expansion</li></ul>
	EMS	<ul style="list-style-type: none"><li>• Rationalize production lines / concentration and selection</li><li>• Expand new businesses such as on-board equipment</li></ul>
Procurement Business	Procurement	<ul style="list-style-type: none"><li>• Expand business by providing new services and added value based on SCM</li></ul>
Electronic Equipment Business	Electronic Equipment	<ul style="list-style-type: none"><li>• Increase market share by anticipating customer needs and creating added value</li></ul>
	System Equipment	<ul style="list-style-type: none"><li>• Improve profitability by improving the product model mix</li></ul>
Environmental Energy Business	Energy	<ul style="list-style-type: none"><li>• Continuously expand the renewable energy business</li><li>• Realize new business areas</li></ul>
	Power Producer and Supplier	<ul style="list-style-type: none"><li>• Promote and expand locally produced, locally consumed power supply business</li></ul>
	Vegetable Factory	<ul style="list-style-type: none"><li>• Increase production efficiency and expand sales with profit</li></ul>

**(5) Principal Business (As of March 31, 2023)**

The Group's reportable segments are based on business categorizations that facilitate the allocation of management resources and evaluation of corporate performance. We have four reportable segments that suit our expanding business: Semiconductors and Electronic Components Business; Procurement Business; Electronic Equipment Business; and Environmental Energy Business.

Reportable segment	Business	Main business activities
Semiconductors and Electronic Components Business	Devices	Selling of semiconductors, electronic components, and other related products in Japan and overseas, proposing systems that utilize a combination of various line cards, providing high value-added solutions and superior technical support for liquid crystal systems and overseas products, designing and manufacturing by commissioning, offering LSI design development and support and reliability testing consignment services
	EMS	Providing contract manufacturing services for electronic components and modules that boast cutting-edge installation technology in own factories, as well as procurement, production management, and quality assurance services
Procurement Business	Procurement	Proposing and operating optimal supply chain management using global procurement and trading for electronics and entrustment services for related operations
Electronic Equipment Business	Electronic Equipment	Providing solutions for video, sound, telecommunications, and measurement in a wide range of fields, including broadcasting, businesses, education, medical and life sciences, public facilities, factory automation, security, and electronic measuring instruments, etc. as well as design, construction, and maintenance engineering
	System Equipment	Developing and manufacturing cashless payment terminals that combine core technologies such as basic digital communication technologies with near-field communication (NFC) technology, selling overseas terminals, developing applications, and developing, manufacturing and selling products related to personal authentication for my-number cards
Environmental Energy Business	Energy	Offering local operation and management services to encourage the introduction and spread of renewable energy through own solar power plants (inside and outside Japan) and wind power plants, etc.
	Power Producer and Supplier	Supplying electricity centered on renewable energy to public institutions and private companies, brokering energy purchases, and providing electric power consulting services on local power generation for local consumption schemes designed to promote regional revitalization
	Vegetable Factory	Producing and selling vegetables grown in completely closed vegetable factories for commercial customers, such as convenience stores, supermarkets, restaurant chains, etc., and the retail market as well as system consulting services

**(6) Principal Business Locations (As of March 31, 2023)**

Restar Holdings Corporation	Head Office (Shinagawa-ku, Tokyo)
Restar Electronics Corporation	Head Office (Minato-ku, Tokyo), Osaka Office (Osaka City, Osaka), Tohoku Sales Office (Osaki City, Miyagi), Iwaki Sales Office (Iwaki City, Fukushima), Nishi-Tokyo Sales Office (Tachikawa City, Tokyo), Matsumoto Sales Office (Matsumoto City, Nagano), Chubu Sales Office (Nagoya City, Aichi), Fukuoka Office (Fukuoka City, Fukuoka), Atsugi Office (Atsugi City, Kanagawa), Oita Office (Kunisaki City, Oita), Kumamoto Office (Kikuchi-gun, Kumamoto), Kagoshima Office (Kirishima City, Kagoshima)
CU TECH CORPORATION	Head Office (Pyeongtaek City, Gyeonggi-Do, South Korea)
Restar Supply Chain Solution Corporation	Head Office (Minato-ku, Tokyo), Osaka Sales Office (Suita City, Osaka)
Restar Communications Corporation	Head Office (Shinagawa-ku, Tokyo), Tohoku Office (Sendai City, Miyagi), Shinetsu Office (Matsumoto City, Nagano), Tokai Office (Nagoya City, Aichi), Kinki Office (Osaka City, Osaka), Kyushu Office (Fukuoka City, Fukuoka), Akasaka Technical Center (Chiyoda-ku, Tokyo)
CARDSERVICE Inc.	Head Office (Chuo-ku, Tokyo), Horidomecho Office (Chuo-ku, Tokyo), Shinyokohama Office (Yokohama City, Kanagawa)
Vitec Enesta Co., Ltd.	Head Office (Shinagawa-ku, Tokyo)
V-Power Co., Ltd.	Head Office (Shinagawa-ku, Tokyo), Nishi-Nihon Sales Office (Osaka City, Osaka)
Vitec Vegetable Factory Co., Ltd.	Head Office (Shinagawa-ku, Tokyo)

**(7) Employees (As of March 31, 2023)**

## 1) Corporate Group Employees

Business division	Employees (persons)		YoY Change (persons)	
Semiconductor and electronics components business	1,920	[335]	(261)	[60]
Procurement business	162	[33]	0	[0]
Electronic equipment business	309	[11]	12	[7]
Environment energy business	94	[112]	(2)	[(8)]
Companywide	116	[15]	21	[0]
Total	2,601	[506]	(230)	[59]

Notes: 1. The number of employees represents the number of full-time employees. Temporary workers are displayed separately in square brackets.

2. The number of employees displayed under the companywide category represents employees who cannot be classified under a specific category and who are registered under the Restar Holdings Group management division.

## 2) Company Employees

Employees (persons)	YoY change (persons)	Average age (years)	Average years of service (years)
116 [15]	21 [0]	44.1	9.0

Notes: The number of employees represents the number of full-time employees. Temporary workers are displayed separately in square brackets.

**(8) Major Lenders (As of March 31, 2023)**

Lender	Amount borrowed (million yen)
MUFG Bank, Ltd.	19,242
Sumitomo Mitsui Banking Corporation	25,799
Mizuho Bank, Ltd.	22,152

**(9) Other Important Matters Relating to the Current State of the Corporate Group**

Not applicable.



## 2. Company Information

### (1) Status of Shares (As of March 31, 2023)

1) Total number of shares authorized to be issued **57,000,000 shares**

2) Total number of shares issued **30,072,643 shares**

(Note) This includes 4,568 treasury shares.

3) Number of shareholders **8,488 persons**

#### 4) Major shareholders (Top ten)

Shareholder name	Number of shares held (Thousand shares)	Percentage of shares held (%)
KMF Corporation	6,026	20.04
S-GRANT.CO., LTD.	2,897	9.63
The Master Trust Bank of Japan, Ltd. (Trust account)	2,462	8.19
Retirement Benefit Trust (SONY Group 003) of Mizuho Trust & Banking Co., Ltd., Trustee: Custody Bank of Japan, Ltd.	2,234	7.43
MUFG Bank, Ltd.	818	2.72
Custody Bank of Japan, Ltd. (Trust account)	722	2.40
Retirement Benefit Trust (SONY Group 008) of Mizuho Trust & Banking Co., Ltd. Trustee: Custody Bank of Japan, Ltd.	717	2.38
CITY INDEX ELEVENTH CO., Ltd.	704	2.34
Mizuho Bank, Ltd.	692	2.30
Restar Holdings Employee Shareowners Association	605	2.01

Notes: 1. The percentage of shares held is calculated after deducting 4,568 treasury shares.

2. Regarding the 2,234 thousand shares owned by the Retirement Benefit Trust (SONY Group 003) of Mizuho Trust & Banking Co., Ltd., Trustee: Custody Bank of Japan, Ltd., the Company receives notice from Mizuho Trust & Banking Co., Ltd. about any decisions by Sony Group Corporation to exercise voting rights through the securities trust agreement.

3. Regarding the 717 thousand shares owned by the Retirement Benefit Trust (SONY Group 008) of Mizuho Trust & Banking Co., Ltd., Trustee: Custody Bank of Japan, Ltd., the Company receives notice from Mizuho Trust & Banking Co., Ltd. About any decisions by Sony Group Corporation to exercise voting rights through the securities trust agreement.

#### 5) Other Important Stock-related Matters

Not applicable.

**(2) Matters Relating to Share Acquisition Rights, Etc.**

- 1) Share Acquisition Rights Held by Company Officers on the Final Day of the Fiscal Year Under Review Granted as Compensation for the Execution of Duties  
Not applicable.
- 2) Share Acquisition Rights Granted to Employees, etc. During the Fiscal Year Under Review in Recognition of the Execution of Duties  
Not applicable.

**(3) Company Officers**

1) Directors (As of March 31, 2023)

Position in the Company	Name	Responsibilities, significant concurrent positions
Representative Director and CEO	Kunihiro Konno	
Representative Director	Tadahito Takahashi	
Representative Director	Tomoharu Asaka	
Director (Full-time Audit and Supervisory Committee Member)	Tatsuichi Naruse	
Director (Audit and Supervisory Committee Member)	Seno Tezuka	Certified Public Accountant Outside Auditor, Yakult Honsha Co., Ltd.
Director (Audit and Supervisory Committee Member)	Kiyoshi Togawa	Representative, VISTOM Marketing Outside Director, SWCC SHOWA HOLDINGS CO., LTD.
Director (Audit and Supervisory Committee Member)	Reiko Date	
Director (Audit and Supervisory Committee Member)	Miki Suzuki	Partner, KOHWA SOHGOH LAW OFFICES Outside Director (Audit and Supervisory Committee Member), Tenox Co., Ltd. Part-time Lecturer, Keio University Law School

- Notes:
1. Directors (Audit and Supervisory Committee Members) Mr. Seno Tezuka, Mr. Kiyoshi Togawa, Ms. Reiko Date and Ms. Miki Suzuki are Outside Directors.
  2. Audit and Supervisory Committee Member Mr. Seno Tezuka is a qualified certified public accountant with considerable knowledge of finance and accounting.
  3. The Company has notified the Tokyo Stock Exchange that Mr. Seno Tezuka, Mr. Kiyoshi Togawa, Ms. Reiko Date and Ms. Miki Suzuki have been designated as Independent Directors according to the stock exchange rules.
  4. Mr. Tatsuichi Naruse has been selected as a full-time Audit and Supervisory Committee Member in order to improve the effectiveness of audits and strengthen audit and supervisory functions by enhancing information gathering and ensuring sufficient cooperation with the Company's internal audit division.
  5. Director who retired during the fiscal year under review:

Name	Date of retirement	Reason for retirement	Position, responsibilities and significant concurrent positions at the time of retirement
Rintaro Miyoshi	September 30, 2022	Resignation	Director (Audit and Supervisory Committee Member)

2) Summary of Agreement on Limitation of Liability

The Company and each of its Directors (excluding executive directors) have signed a contract limiting liability for damages under Article 423 Paragraph 1 of the Companies Act according to the provisions under Article 427 Paragraph 1 of the same act. Under the contract, the maximum liability for any damages is set at the minimum liability stipulated in Article 425 Paragraph 1 of the Companies Act.

### 3) Summary of the Directors and Officers Liability Insurance Policy

The Company has concluded a directors and officer liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers Directors and Executive Officers of the Company and its subsidiaries. The insured persons do not bear the insurance premiums. The insurance contract covers any costs relating to disputes or compensation damages incurred by the insured persons in relation to corporate lawsuits, third-party lawsuits, or shareholder representative lawsuits, etc.

However, any damages incurred as a result of criminal acts, etc. committed by insured persons are not eligible for compensation in order to ensure that the appropriateness of the insured persons' execution of duties is not compromised.

### 4) Remuneration, etc. of Directors

#### i. Policy for Determining Remuneration Amounts for Individual Directors or Calculation Method

Regarding the Company's policy for determining the amount of remuneration for Directors and how that remuneration is calculated, remuneration is determined following deliberation in the Group Nomination and Remuneration Committee based on the roles and responsibilities of each officer, their achievements to date, and the scale of the markets they manage. The remuneration of Directors who are responsible for business execution consists of a fixed and a variable remuneration component. Fixed remuneration is determined separately according to a job position. Variable remuneration is based on the business results that a person achieved in a single fiscal year (performance-linked remuneration). The performance-linked remuneration for a single fiscal year is designed to fluctuate at a payment rate defined by the degree of achievement of business targets of the entire Group, the degree of achievement of business fields controlled by officers in charge, and the degree of achievement of specific individual targets. The amount to be paid is deliberated and decided at the Group Nomination and Remuneration Committee. On the other hand, Directors who are Audit and Supervisory Committee Members independent of business execution duties as well as Outside Directors only receive fixed remuneration given the fact that offering a variable remuneration component would not be appropriate. To ensure transparency and objectivity in determining the amount of remuneration for each Director, the Group Nomination and Remuneration Committee, which is delegated by the Board of Directors, deliberates and determines the remuneration for each Director responsible for business execution, excluding Directors who are Audit and Supervisory Committee Members. The Group Nomination and Remuneration Committee is chaired by Ms. Reiko Date, Director (Outside) who is an Audit and Supervisory Committee Member, and its members are Mr. Kiyoshi Togawa, Director (Outside) who is an Audit and Supervisory Committee Member, and Mr. Kunihiro Konno, Representative Director and CEO. The Board of Directors judges that the content of Director remuneration is being determined in line with its decision policy because the deliberations and decisions of the remuneration are entrusted to the Group Nomination and Remuneration Committee, over two-thirds of which consists of Directors (Outside) who are Audit and Supervisory Committee Members independent of business execution duties. The amount of remuneration for Directors who are Audit and Supervisory Committee Members is determined by the Audit and Supervisory Committee.

#### ii. Matters Concerning Resolutions by the Ordinary General Meeting of Shareholders Relating to the Remuneration, etc. of Company Officers

Regarding remuneration amounts for Directors, the Company determined that the total amount of remuneration for Directors responsible for business execution should be capped at 500 million yen per annum at an Extraordinary General Meeting of Shareholders held on November 27, 2018 and determined that the total amount of remuneration for Directors who are Audit and Supervisory Committee Members should be capped at 100 million yen at the Ordinary General Meeting of Shareholders held on June 26, 2018. The Company has nine Directors who are responsible for business execution and eight Directors who are Audit and Supervisory Committee Members, all of whom are eligible for remuneration payments, etc. based on these payment quotas.

#### iii. Matters Pertaining to the Delegation of Authority for Determining the Content of Remuneration, etc. for Individual Directors

Regarding the determination of remuneration amounts for individual officers, in order to ensure the transparency and objectivity of remuneration decisions, the remuneration for individual directors responsible for business execution, excluding directors who serve as Audit and Supervisory Committee

members, is deliberated and determined by the Group Nomination and Remuneration Committee under delegation of the Board of Directors. The Group Nomination and Remuneration Committee is chaired by Ms. Reiko Date, Director (Outside) who is an Audit and Supervisory Committee Member, and its members are Mr. Kiyoshi Togawa, Director (Outside) who is an Audit and Supervisory Committee Member, and Mr. Kunihiro Konno, Representative Director and CEO. The Board of Directors judges that the content of Director remuneration is being determined in line with its decision policy because the deliberations and decisions of the remuneration are entrusted to the Group Nomination and Remuneration Committee, over two-thirds of which consists of Directors (Outside) who are Audit and Supervisory Committee Members independent of business execution duties.

The amount of remuneration for Directors who are Audit and Supervisory Committee Members is determined by the Audit and Supervisory Committee.

iv. Remuneration, etc. of Company Officers and Outside Officers for the Fiscal Year Under Review

Type of officer	Total remuneration (Million yen)	Total amount by type of remuneration (Million yen)			Number of eligible officers (persons)
		Fixed remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Directors excluding Audit and Supervisory Committee Members [of which, amount for Outside Directors]	234 [0]	194 [0]	40 [0]	-	8 [0]
Directors who are Audit and Supervisory Committee Members [of which, amount for Outside Directors]	39 [17]	39 [17]	-	-	8 [5]
Total [of which, amount for Outside Directors]	273 [17]	233 [17]	40	-	16 [5]

5) Matters Pertaining to Outside Officers

i. Significant Concurrent Positions in Other Companies and the Company's Relationship with Those Organizations

- Outside Director (Audit and Supervisory Committee Member) Mr. Seno Tezuka is a Certified Public Accountant and an Outside Auditor at Yakult Honsha Co., Ltd. The Company has no special relationship with this company.
- Outside Director (Audit and Supervisory Committee Member) Mr. Kiyoshi Togawa is the Representative of VISTOM Marketing and serves as an Outside Director at SWCC SHOWA HOLDINGS CO., LTD. The Company has no special relationship with either of these companies.
- Outside Director (Audit and Supervisory Committee Member) Ms. Reiko Date has no significant concurrent positions.
- Outside Director (Audit and Supervisory Committee Member) Ms. Miki Suzuki is a Partner of KOHWA SOHGOH LAW OFFICES, Outside Director (Audit and Supervisory Committee Member) of Tenox Co., Ltd. and Part-time Lecturer, Keio University Law School. The Company has no special relationship with any of these companies.

ii. Principal Activities in the Fiscal Year Under Review

a. Attendance at the Board of Directors and Audit and Supervisory Committee Meetings

	Board of Directors Meetings (held 23 times)		Audit and Supervisory Committee Meetings (held 18 times)	
	Number of attendances	Attendance rate	Number of attendances	Attendance rate
Director (Audit and Supervisory Committee Member) Seno Tezuka	23/23	100%	18/18	100%
Director (Audit and Supervisory Committee Member) Kiyoshi Togawa	23/23	100%	18/18	100%
Director (Audit and Supervisory Committee Member) Reiko Date	23/23	100%	18/18	100%
Director (Audit and Supervisory Committee Member) Miki Suzuki	23/23	100%	18/18	100%

b. Summary of remarks made in Board of Directors and Audit and Supervisory Committee Meetings and summary of duties executed in relation to expected roles

- Outside Director (Audit and Supervisory Committee Member) Mr. Seno Tezuka has contributed appropriate and necessary comments at Board of Directors and Audit and Supervisory Committee meetings from an objective standpoint based on his expertise and experience as a certified public accountant. He has served as an accurate advisor to the management of the Company.
- Outside Director (Audit and Supervisory Committee Member) Mr. Kiyoshi Togawa has contributed support for the Company's business management related to sales strategies. He has served as an accurate advisor to the management of the Company and a member of the Group Nomination and Remuneration Committee based on his extensive experience and outstanding insight as a sales manager for a functional materials and leading cutting-edge parts and systems manufacturer.
- Outside Director (Audit and Supervisory Committee Member) Ms. Reiko Date has contributed appropriate and necessary comments at Board of Directors and Audit and Supervisory Committee meetings and as a chair of the Group Nomination and Remuneration Committee based on the experience and insight gained through her involvement in practical activities and management in management and marketing consulting and manufacturing industries. She has served as an accurate advisor to the management of the Company.
- Outside Director (Audit and Supervisory Committee Member) Ms. Miki Suzuki has contributed appropriate and necessary comments at the Board of Directors and Audit and Supervisory Committee meetings based on a high level of her expertise and extensive insights as a lawyer. She has served as an accurate advisor to the management of the Company.

#### (4) Accounting Auditor

##### 1) Accounting Auditor's Name

Deloitte Touche Tohmatsu LLC

##### 2) Accounting Auditor's Remuneration, etc.

Category	Remuneration based on audit services (million yen)	Remuneration based on non-audit services (million yen)
The Company	191	-
Consolidated subsidiaries	61	-
Total	252	-

Notes: 1. Given that the amount of accounting auditor remuneration in the contract between the Company and the accounting auditor is not categorized into auditing based on the Companies Act and auditing based on the Financial Instruments and Exchange Act, it cannot be substantially classified, so we have displayed a total amount for these activities in the remuneration as the accounting auditor for the fiscal year under review.

2. The Audit and Supervisory Committee agreed on the amount of remuneration for the accounting auditor after conducting necessary verifications regarding the content of the accounting auditor's audit plans, the performance of duties relating to accounting audits, and whether the basis for calculating remuneration estimates, etc. were appropriate.

3. Of the Company's significant subsidiaries, some subsidiaries located outside of Japan are audited by auditing firms other than the Company's accounting auditor (including persons or entities with similar qualifications in the relevant foreign country).

##### 3) Policy on Determination of Dismissal or Non-reappointment of Accounting Auditor

The Audit and Supervisory Committee will prepare a proposal for submission to the Ordinary General Meeting of Shareholders for the dismissal or non-reappointment of the Company's accounting auditor if the committee judges that the said auditor has been seriously hindered in the performance of its duties or there is no prospect for improvement, such as when the accounting auditor is suspended from performing accounting by the supervisory authority.

In addition, if the Audit and Supervisory Committee judges that the accounting auditor falls under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act and that there is no prospect of improvement, it will dismiss the accounting auditor based on the consent of all Directors who are Audit and Supervisory Committee Members.

#### (5) Overview of Systems to Ensure the Appropriateness of Business Affairs and the Operational Status of Those Systems (As of March 31, 2023)

Based on legal and regulatory requirements, the Articles of Incorporation, and the Code of Conduct, the Company has established a basic policy for building an internal control system as explained below to ensure the appropriateness of business operation and continue to update and operate that system.

##### 1) System to Ensure Business Execution by Directors and Employees Complies with Laws and Regulations and the Articles of Incorporation

1. We shall establish the Restar Group Code of Conduct to ensure all Directors and employees act in compliance with laws, regulations, the Company's Articles of Incorporation, rules, and corporate ethics and ensure that all Directors and employees comply thoroughly with these rules.
2. We shall establish the Compliance Committee as a system for ensuring compliance with the Restar Group Code of Conduct, and strive to respond appropriately.
3. We shall seek to quickly grasp any violations of the Restar Group Code of Conduct by establishing and operating an internal reporting system, and to build a framework that enables us to resolve problems promptly.
4. We shall sever any relationships with antisocial forces and build systems to enable us to respond resolutely to any unreasonable demands, etc.

##### [Overview of operational status]

- The Company positions the Restar Group Code of Conduct as the basis for the Group's officers and employees to determine how to engage in corporate activity. The Code of Conduct also

stipulates the blocking of all relationships with antisocial forces. The Company aims to ensure that it is thoroughly understood throughout the Group by posting it on the official website and intranet, as well as implementing training and other initiatives.

- In accordance with the Group Compliance Regulations, which sets forth fundamental matters concerning compliance in the Group, the Company holds regular meetings of the Compliance Committee to deliberate and decide on various measures to promote compliance in the Group.
- In accordance with the Group Whistleblowing System Operation Regulations, the Company has established a whistleblowing consultation point and created a framework to accept a broad range of inquiries and reports from employees and trading partners.

2) System for Storing and Managing Information Pertaining to the Execution of Duties by Directors  
Information pertaining to the execution of duties by Directors shall be appropriately stored and managed in accordance with the Company's Information and Document Management Regulations.

[Overview of operational status]

We have established the Information and Document Management Regulations and set the required period for storing documents to store and manage them. The minutes from the Ordinary General Meeting of Shareholders and Board of Directors meetings are properly created, stored, and provided.

3) Regulations and Other Systems for Managing Loss Risk

In accordance with the Risk Management Regulations, the Company and its subsidiaries identify, evaluate, and respond to risks in each division, and hold various committees and meetings to monitor those risks. We have also established a system for reporting to the Board of Directors, etc. of the parent company according to the degree of importance.

[Overview of operational status]

- We have positioned risk management as part of our internal control activities and any serious risks are regularly reported by internal control committees in each company at the meetings of the Internal Control Committee of the parent company and, where necessary, those of the Board of Directors.

4) System to Ensure Directors Perform Their Duties Efficiently

1. Regularly and, when necessary, special meetings of the Board of Directors of each company shall be held as a way of ensuring Directors of the Company and its subsidiaries perform their duties efficiently. We will also ensure the efficiency of the execution of duties by deliberating important matters in various committees in advance before raising them to the decision-making body.
2. With regard to business execution based on decisions made in the Board of Directors, the immediate managers will execute that business within the scope of their authority according to the Division of Organizational and Business Affairs Regulations and the Administrative Authority Regulations.

[Overview of operational status]

- Various specialist committees (human resources, financial affairs, investment, etc.) have been established under the Board of Directors to conduct preliminary deliberations and seek to improve efficiency. We seek to improve efficiency by delegating authority to each specialist committee to serve as the resolution body on some items.
- We have established the Board of Directors Regulations for the Company and its significant subsidiaries, and the Company's Administration Department and Group Audit and Supervisory Committee Member Liaison Committee confirms that Board of Directors meetings take place on a regular basis.
- We have the Division of Organizational and Business Affairs Regulations and Administrative Authority Regulations, and execute business based on these rules.

5) System for Ensuring the Appropriateness of Operations in the Corporate Group Consisting of the Company and its Subsidiaries

In order to ensure the appropriateness of operations at the Company and its subsidiaries, in addition to submitting decisions for approval and reporting to the Company in accordance with the Group Regulations for the Management of Subsidiary Companies, resolutions made by the Board of Directors at significant subsidiary companies and important reports shall be reported to the Company's Board of Directors on a monthly basis. In addition, the Internal Audit Office shall conduct internal audits of subsidiaries to ensure the appropriateness of business operations at subsidiary companies.

[Overview of operational status]

- The Company has created Regulations for the Management of Group Companies and Regulations on Administrative Authority, and any important matters relating to the management of subsidiary companies are subject to prior approval by the Company or are required to be reported to the Company. Any decisions made by the Board of Directors at significant subsidiaries, or any other items that require reporting, are reported to the Company's Board of Directors.
  - The Audit and Supervisory Committee, the Internal Audit Office, and the accounting auditor work together and conduct audits of the Company and its subsidiaries based on mutual audit plans.
- 6) System Concerning Employees Assigned to Assist with Audit and Supervisory Committee Duties, Ensuring the Independence of Those Persons from Other Directors, and Ensuring the Effectiveness of Directions Given to Those Employees
1. The Company, in consultation with the Audit and Supervisory Committee, shall assign employees to assist with Audit and Supervisory Committee duties. In addition, the Audit and Supervisory Committee may submit request for investigations to the Internal Audit Office as necessary.
  2. When requesting an investigation, as long as the investigation is within the scope of assisting with Audit and Supervisory Committee duties, the Audit and Supervisory Committee shall have the authority to command and order the Internal Audit Office to perform the investigation, while directors and other employees shall not have such authority.
  3. We shall determine how the Internal Audit Office will cooperate with the Audit and Supervisory Committee in the Internal Audit Office Regulations.
    - The Internal Audit Office shall thoroughly consult with the Audit and Supervisory Committee in advance when formulating audit plans.
    - The results of audits shall be reported to the representative director in charge and to the Audit and Supervisory Committee and the Internal Control Committee.
- [Overview of operational status]
- Employees are assigned to assist and conduct work based on resolutions of the Audit and Supervisory Committee.
  - The relationship between the Internal Audit Office and the Audit and Supervisory Committee is stipulated in the Internal Audit Office Regulations. The Internal Audit Office has been reporting directly to the Audit and Supervisory Committee as a way of enhancing the mobility and efficiency of its operations.
  - The way the Internal Audit Office communicates and coordinates with the Audit and Supervisory Committee and reports audits are stipulated in the Internal Audit Office Regulations. The Internal Audit Office and Audit and Supervisory Committee exchange information at their regular monthly meetings.
- 7) System for Directors and Employees to Report to the Audit and Supervisory Committee
- Directors, executive officers, and employees of the Company and directors, executive officers, employees, and auditors of subsidiary companies should report to the Audit and Supervisory Committee if they discover any of the following items:
- Matters resolved or reported by the Board of Directors of subsidiary companies.
  - Facts that cause or could cause significant damage to the Company
  - Acts that violate or could violate laws, regulations, or the Company's Articles of Incorporation, etc. and that cause or may cause considerable damage to the Company.
  - Other important matters that affect the Company's business performance.
  - Matters where the Audit and Supervisory Committee requested the submission of reports and materials.
- [Overview of operational status]
- Audit and Supervisory Committee members are also members of the Board of Directors so they obtain important information by attending Board of Directors meetings. They also gain a firm grasp of different situations through regular meetings with representative directors and regular interviews with directors.
  - The Audit and Supervisory Committee is one of the reporting destinations under the Whistleblowing System Operation Regulations.
- 8) System to Ensure Any Person Who Has Submitted a Report to the Audit and Supervisory Committee Is Not Treated Disadvantageously as a Result
- The Company and its subsidiaries shall establish systems to ensure that persons who report to the Audit and Supervisory Committee are not treated unfavorably as a result of having submitted such reports.



[Overview of operational status]

The Whistleblowing System Operation Regulations have been established to protect whistleblowers. No reports have to been submitted suggesting that the whistleblower has not been protected.

- 9) Matters Regarding the Prepayment or Reimbursement of Expenses Incurred During the Execution of Duties by Audit or Supervisory Committee Members (Limited to Those Related to the Execution of Audit and Supervisory Committee Duties), or Policy on Processing Expenses or Debts Incurred During the Execution of Other Such Duties

The Company shall establish a system regarding the procedure for prepayment of expenses that will be incurred during the execution of duties by Audit and Supervisory Committee members or for the reimbursement of costs already incurred as well as the processing of other expenses or debt incurred during the execution of those duties, and a system for ensuring the swift payment of those expenses when a request is submitted by an Audit and Supervisory Committee member.

[Overview of operational status]

The Audit and Supervisory Committee Regulations stipulate that any expenses incurred by Audit and Supervisory Committee members in the execution of their duties shall be borne by the Company.

- 10) Other Systems for Ensuring the Effective Conducting of Audits by the Audit and Supervisory Committee

In order to ensure that the audits conducted by the Audit and Supervisory Committee are conducted effectively, the Audit and Supervisory Committee shall work closely with the accounting auditor and meet with directors and executive officers of the Company and directors and other officers at subsidiary companies, when necessary, in order to confirm management policies and exchange opinions on risks and issues surrounding the Company.

[Overview of operational status]

The Audit and Supervisory Committee formulates and implements an annual communication plan based on its auditing plans, etc. The committee exchanges opinions after receiving reports from the accounting auditor, such as Audit Plans, Quarterly Reviews, and Response to Key Audit Matters (KAM).

- 11) System for Ensuring the Reliability of Financial Reporting and Other Appropriate Internal Controls
- In order to ensure the reliability of financial reporting and to effectively and appropriately disclose the Internal Control Report, the Company shall commit to continuously develop, operate, and evaluate internal controls related to financial reporting and take corrective action if any deficiencies are detected. In addition, the Internal Control Committee shall be established and operated to ensure the execution of business affairs for the other three purposes mentioned in the Four Internal Control Objectives (the effectiveness and efficiency of business operations, compliance with applicable laws and regulations, and the safeguarding of assets), and to actively strengthen Group governance systems.

[Overview of operational status]

- Based on the Basic Internal Control Regulations and the Internal Control Management Regulations, the Company and its eight significant subsidiaries have established Internal Control Committees to implement self-cleaning and improvement activities. The Internal Control Committee meetings are held at the parent company and the committee reports to the Company on a regular basis.
- In order to ensure the reliability of financial reporting, we have stipulated the scope of evaluations, evaluation methods, correction of deficiencies, and reporting requirements in the above-mentioned regulations based on the internal control reporting system (J-SOX). The Internal Control Office conducts evaluations, provides feedback on any uncovered deficiencies, and guides their correction.

**(6) Basic Policy Relating to the Control of the Company**

Not applicable.

**(7) Policy on Determining Dividend Payments, etc. from Surplus Funds**

The Company focuses on ensuring financial stability based on its consolidated earnings forecasts for the current fiscal year and also strives to improve returns to shareholders by paying dividends and considering acquiring treasury stock, etc. In addition to pursuing aggressive strategic investment and rationalization investment to promote future growth, we continuously review the appropriate allocation of capital to promote shareholder returns and strive to further enhance corporate value by expanding

profits and improving capital efficiencies.

The Articles of Incorporation stipulate that each item in Article 459, Paragraph 1 of the Companies Act concerning dividend payments, etc. from surplus funds shall be determined by resolution of the Board of Directors not by resolution of the Ordinary General Meeting of Shareholders, unless otherwise provided for by existing laws or regulations. The purpose of these provisions is to return profits to shareholders in a flexible manner by giving the Board of Directors authority regarding dividends of surplus, etc.

## Consolidated Financial Statements

### Consolidated Balance Sheet (As of March 31, 2023)

(Million yen)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>210,816</b>	<b>Current liabilities</b>	<b>162,439</b>
Cash and deposits	32,987	Notes and accounts payable - trade	53,921
Notes receivable - trade	387	Short-term borrowings	85,409
Accounts receivable - trade	79,450	Current portion of long-term borrowings	3,652
Electronically recorded monetary claims - operating	8,235	Lease liabilities	1,354
Contract assets	58	Income taxes payable	1,393
Merchandise and finished goods	73,062	Contract liabilities	69
Work in process	883	Provision for bonuses	1,281
Raw materials and supplies	1,263	Provision for bonuses for directors (and other officers)	40
Other	14,791	Other	15,316
Allowance for doubtful accounts	(303)	<b>Non-current liabilities</b>	<b>21,892</b>
<b>Non-current assets</b>	<b>58,611</b>	Long-term borrowings	9,036
<b>Property, plant and equipment</b>	<b>27,717</b>	Lease liabilities	7,314
Buildings and structures	2,229	Deferred tax liabilities	1,971
Machinery, equipment and vehicles	9,336	Retirement benefit liability	515
Tools, furniture and fixtures	687	Other	3,054
Leased assets	8,278	<b>Total liabilities</b>	<b>184,331</b>
Land	2,712	<b>(Net assets)</b>	
Construction in progress	4,473	<b>Shareholders' equity</b>	<b>78,446</b>
<b>Intangible assets</b>	<b>10,669</b>	Share capital	4,383
Goodwill	6,165	Capital surplus	36,095
Other	4,503	Retained earnings	37,976
<b>Investments and other assets</b>	<b>20,224</b>	Treasury shares	(8)
Investment securities	5,779	<b>Accumulated other comprehensive income</b>	<b>2,325</b>
Deferred tax assets	1,510	Valuation difference on available-for-sale securities	631
Bad debts	12,310	Deferred gains or losses on hedges	1
Long-term prepaid expenses	8,580	Foreign currency translation adjustment	1,721
Other	4,023	Remeasurements of defined benefit plans	(28)
Allowance for doubtful accounts	(11,979)	<b>Share acquisition rights</b>	<b>113</b>
		<b>Non-controlling interests</b>	<b>4,210</b>
		<b>Total net assets</b>	<b>85,095</b>
<b>Total assets</b>	<b>269,427</b>	<b>Total liabilities and net assets</b>	<b>269,427</b>

## Consolidated Statement of Income (April 1, 2022–March 31, 2023)

(Million yen)

Description	Amount
<b>Net sales</b>	<b>487,129</b>
<b>Cost of sales</b>	<b>446,644</b>
<b>Gross profit</b>	<b>40,484</b>
<b>Selling, general and administrative expenses</b>	<b>26,061</b>
<b>Operating profit</b>	<b>14,423</b>
<b>Non-operating income</b>	<b>1,523</b>
Interest income	119
Dividend income	49
Insurance claim income	289
Gain on valuation of investment securities	294
Share of profit of entities accounted for using equity method	118
Gain on investments in silent partnerships	192
Other	460
<b>Non-operating expenses</b>	<b>3,903</b>
Interest expenses	1,795
Loss on sale of receivables	476
Foreign exchange losses	1,129
Commission for syndicated loans	211
Other	290
<b>Ordinary profit</b>	<b>12,043</b>
<b>Extraordinary income</b>	<b>258</b>
Surrender value of insurance policies	64
Gain on sale of investment securities	194
<b>Extraordinary losses</b>	<b>1,876</b>
Loss on valuation of investment securities	370
Impairment losses	892
Special survey costs, etc.	423
Other	189
<b>Profit before income taxes</b>	<b>10,425</b>
Income taxes - current	3,208
Income taxes - deferred	(246)
<b>Profit</b>	<b>7,463</b>
Profit attributable to non-controlling interests	377
<b>Profit attributable to owners of parent</b>	<b>7,085</b>

## Consolidated Statements of Changes in Shareholders' Equity

(April 1, 2022–March 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance (April 1, 2022)	4,383	36,651	33,747	(8)	74,773
Changes during period					
Dividends of surplus			(2,856)		(2,856)
Profit attributable to owners of parent			7,085		7,085
Purchase of treasury shares				(0)	(0)
Changes in ownership interest of subsidiaries		(555)			(555)
Net changes in items other than shareholders' equity					
Total changes during period	—	(555)	4,228	(0)	3,672
Balance (March 31, 2023)	4,383	36,095	37,976	(8)	78,446

	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 (April 1, 2022)	371	192	2,278	(30)	2,812	65	4,005	81,657
Changes during period								
Dividends of surplus								(2,856)
Profit attributable to owners of parent								7,085
Purchase of treasury shares								(0)
Changes in ownership interest of subsidiaries								(555)
Net changes in items other than shareholders' equity	259	(190)	(557)	1	(486)	47	204	(233)
Total changes during period	259	(190)	(557)	1	(486)	47	204	3,438
Balance (March 31, 2023)	631	1	1,721	(28)	2,325	113	4,210	85,095

## Notes to Consolidated Financial Statements

### I. Significant Matters as the Basis for Preparation of Consolidated Financial Statements

#### (1) Scope of consolidation

##### 1) Number and names of consolidated subsidiaries

- Number of consolidated subsidiaries: 45
- Names of major consolidated subsidiaries:
  - Restar Electronics Corporation
  - CU TECH CORPORATION
  - Restar Supply Chain Solution Corporation
  - Restar Communications Corporation
  - CARDSERVICE Inc.
  - Vitec Enesta Co., Ltd.
  - V-Power Co., Ltd.
  - Vitec Vegetable Factory Co., Ltd.
- Increase and decrease in consolidated subsidiaries during the fiscal year under review are as follows:
  - (Increase)
    - Due to acquisition of shares:
      - Lavinics Co., Ltd.
  - (Decrease)
    - Due to absorption-type merger where a consolidated subsidiary is a surviving company:
      - Restar Castec Corporation
      - VITEC ELECTRONICS (SINGAPORE) PTE. LTD.

##### 2) Names of major non-consolidated subsidiaries, etc.

- Names of major non-consolidated subsidiaries:
  - RESTAR ELECTRONICS VIETNAM CO., LTD.
  - Kyoshin Communications Shikoku Co., LTD.
  - TAC SYSTEM, INC.
- Reason for exclusion from the scope of consolidation:
  - All of these non-consolidated subsidiaries are small in scale, and their combined total assets, net sales, profit (loss) (amount corresponding to equity interest), and retained earnings (amount corresponding to equity interest) do not have a material impact on the consolidated financial statements.

#### (2) Application of the equity method

##### 1) Number and names of associates accounted for using equity method

- Number of associates accounted for using equity method: 2
- Names of major associates:
  - Privatech Inc.

##### 2) Names of non-consolidated subsidiaries and associates not accounted for using equity method

- Names of major companies, etc.:
  - (Non-consolidated subsidiaries)
    - RESTAR ELECTRONICS VIETNAM CO., LTD.
    - Kyoshin Communications Shikoku Co., LTD.
    - TAC SYSTEM, INC.
- Reason for not applying equity method
  - The exclusion from the scope of equity method accounting of these non-consolidated subsidiaries and associates not accounted for using equity method has a negligible impact on the consolidated financial statements in terms of profit (loss) (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest), etc. and they are also not significant in total.

(3) Matters relating to accounting policies

1) Basis and method for valuation of significant assets

(a) Securities

Available-for-sale securities

- Securities other than shares and other securities without a market price  
Securities other than shares and other securities without a market price are stated at fair value (valuation differences are recognized directly in net assets, and the cost of such securities sold is calculated using the moving average method).
- Shares and other securities without a market price  
Shares and other securities without a market price are stated at cost using the moving average method. Meanwhile, investments in investment partnerships, etc. are stated at the net amount equivalent to equity interests based on the most recent financial statements of the partnership.

(b) Derivatives

Derivatives are stated at fair value.

(c) Inventories

- Merchandise and finished goods  
Merchandise and finished goods are mainly stated at cost using the moving average method (in which the carrying amount is written down in case of a decline in profitability).
- Work in process  
Consignment products  
Consignment products are stated at cost using the specific identification method (in which the carrying amount is written down in case of a decline in profitability).
- Other manufactured products  
Other manufactured products are stated at cost using the moving average method (in which the carrying amount is written down in case of a decline in profitability).
- Raw materials and supplies  
Raw materials and supplies are mainly stated at cost using the moving average method (in which the carrying amount is written down in case of a decline in profitability).

2) Depreciation/amortization methods for significant depreciable/amortizable assets

(a) Property, plant and equipment (excluding leased assets)

At the Company and its consolidated subsidiaries in Japan, items of property, plant and equipment (excluding leased assets) are depreciated using the declining balance method. Meanwhile, at foreign subsidiaries, such items are mainly depreciated using the straight-line basis. However, buildings (excluding accompanying facilities) acquired by the Company and its consolidated subsidiaries in Japan on and after April 1, 1998 and accompanying facilities and structures acquired by them on or after April 1, 2016 are depreciated on a straight-line basis.

(b) Intangible assets (excluding goodwill)

Intangible assets (excluding goodwill) are amortized on a straight-line basis.

Software for internal use by the Company and its consolidated subsidiaries in Japan is amortized on a straight-line basis over the period available for internal use (five years).

(c) Leased assets

Leased assets arising from finance lease transactions that transfer ownership

- Leased assets arising from finance lease transactions that transfer ownership are depreciated by the same depreciation method applied to non-current assets owned by the Group.

Leased assets arising from finance lease transactions that do not transfer ownership

- Leased assets arising from finance lease transactions that do not transfer ownership are depreciated using the straight-line method over the lease term with no residual value (or the guaranteed residual value if it is specified in the lease contract).

3) Standard for significant provisions

(a) Allowance for doubtful accounts

To provide for potential credit losses on trade receivables, the Company and its consolidated subsidiaries in Japan record allowance for doubtful accounts at an estimated unrecoverable amount calculated based on the historical rate of credit loss for general receivables and determined in consideration of recoverability of individual receivables for doubtful accounts and certain other receivables. Foreign consolidated subsidiaries record allowance for doubtful accounts at an estimated unrecoverable amount mainly for specific receivables.

(b) Provision for bonuses

To provide for payment of bonuses to employees, provision for bonuses is recorded at an amount of estimated future bonus payments that is attributable to the fiscal year under review.

(c) Provision for bonuses for directors (and other officers)

To provide for payment of bonuses to directors and other officers, provision for bonuses for directors (and other officers) is recorded at an amount of estimated bonus payments for the fiscal year under review.

4) Standard for revenues and expenses

Revenue from sale of products or merchandise is mainly derived from wholesale sales or sales from manufacturing. The Group has a performance obligation to deliver product or merchandise under contracts with customers. The performance obligation is deemed to be satisfied at a point in time at which product or merchandise is delivered to the customer and the customer obtains control of the promised product or merchandise, and revenue is recognized upon the delivery of the product or merchandise. Meanwhile, the Group recognizes revenue upon shipment if the period from the time of shipment to the time when control of the product or merchandise is transferred to the customer is normal.

For transactions in which the Group acts as an agent in the sale of products to a customer, the Group recognizes revenue at the net amount calculated by deducting the amount paid to third parties from the gross amount of consideration.

Revenue from maintenance service is mainly derived from the maintenance of products or merchandise. The Group has a performance obligation to provide the maintenance service under maintenance contracts with customers. The maintenance contracts are transactions where the performance obligation is satisfied over time, and revenue is recognized based on progress toward complete satisfaction of the performance obligation.

The Group recognizes revenue from construction contracts as the Group satisfies the performance obligation over time, except for very-short-term construction contracts. In some circumstances, the Group may not be able to reasonably measure the progress of satisfaction of performance obligation, but the Group expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Group recognizes revenue using the cost recovery method. The Group recognizes revenue from very-short-term construction contracts when the performance obligation is completely satisfied.

5) Accounting procedures for retirement benefits

(a) Attribution method for projected retirement benefits

In calculating retirement benefit obligations, the benefit formula basis is used to attribute the projected amount of retirement benefits to periods up to the end of the fiscal year under review.

(b) Accounting procedures for actuarial gains and losses and prior service cost

To provide for payments of retirement benefits to employees, the Company records an amount based on projected retirement benefits at the end of the fiscal year.

Prior service cost is amortized using the straight-line method over a certain number of years (mainly 10 years) within the average remaining service years of employees at the time of recognition.

Actuarial gains and losses, except for the amount amortized in lump sum with respect to employees retired under the early retirement incentive program and others, are amortized on a pro-rata basis using the straight-line method over a certain number of years (mainly 10



years) within the average remaining service years of employees from the fiscal year following the respective fiscal year of recognition.

- (c) Accounting procedures for unrecognized actuarial gains and losses and unrecognized prior service cost

Unrecognized actuarial gains and losses and unrecognized prior service cost are recorded, after adjustment for tax effects, in remeasurements of defined benefit plans under accumulated other comprehensive income in net assets.

- (d) Application of the simplified method

Some consolidated subsidiaries that fall under the categories of smaller companies and others use the simplified method to calculate retirement benefit liability and retirement benefit expenses using the amount of retirement benefits required to be paid for voluntary retirement at the end of the fiscal year under review.

- 6) Other significant matters for preparation of consolidated financial statements

- (a) Matters concerning the fiscal years, etc. of consolidated subsidiaries

Consolidated subsidiaries whose fiscal year ends on December 31:

Restar-SBI Innovation Investment Limited Partnership

RESTAR ELECTRONICS (SHANGHAI) CO., LTD.

RESTAR ELECTRONICS (SHENZHEN) CO., LTD.

CU TECH CORPORATION

Dongguan CU Tech Electronics Corporation

CU TECH VIETNAM CO., LTD.

Lavinics Co., Ltd.

VGEL (SHENZHEN) CO., LTD.

VITEC WPG Limited

ViMOS Technologies GmbH

In preparing the consolidated financial statements, financial statements based on the provisional settlement of accounts as of the consolidated balance sheet date are used for nine consolidated subsidiaries out of those listed above. Meanwhile, for Restar-SBI Innovation Investment Limited Partnership, financial statements as of the balance sheet date of the company are used for consolidated accounting as the difference between the company's balance sheet date and the consolidated balance sheet date does not exceed three months.

In addition, necessary adjustments are made to reflect significant transactions occurred during the period from these balance sheet dates to the consolidated balance sheet date.

- (b) Accounting policy for translating significant foreign currency-denominated assets and liabilities into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate at the consolidated balance sheet date, and translation adjustments are recognized in profit or loss. Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the spot exchange rates at the foreign subsidiaries' balance sheet dates, and their revenues and expenses are translated into Japanese yen at the average exchange rates during the periods. Translation adjustments of foreign subsidiaries are included in foreign currency translation adjustment in net assets.

- (c) Significant hedge accounting methods

- Hedge accounting method

Hedging activities are principally accounted for under the deferral hedge accounting. The designation hedge accounting is applied to forward exchange contracts that fulfill the requirements for the designation method.

- Hedging instruments and hedged items

Hedging instruments: forward exchange contracts and currency swaps

Hedged items: receivables and payables denominated in foreign currencies

- Hedge policy

Forward exchange contracts and currency swaps are entered into to hedge the risks associated with fluctuations in exchange rates on transactions denominated in foreign currencies.

- Method for assessing the effectiveness of hedges  
Hedge effectiveness is not assessed for forward exchange contracts and currency swaps.
- (d) Amortization method and period of goodwill  
Goodwill is amortized by the straight-line method over a reasonable period not exceeding 20 years.
- (e) Application of the group tax sharing system  
The Group has applied the group tax sharing system.
- (f) Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system  
The Company and some of its consolidated subsidiaries in Japan transitioned from the consolidated taxation system to the group tax sharing system from the fiscal year under review, and therefore apply the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021; hereinafter referred to as “PITF 42”) regarding the accounting and disclosure treatment of corporate and local income taxes and tax effect accounting. The changes in accounting policies associated with the application of PITF 42 are deemed to have no effect, in accordance with Paragraph 32 (1) of PITF 42.
- (g) Unit of presentation  
Amounts presented herein are rounded down to the nearest million yen.

## II. Notes on Changes in Accounting Policies

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Group has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter the “Implementation Guidance on Fair Value Measurement Standard”) from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Implementation Guidance on Fair Value Measurement Standard, following the transitional treatment set forth in Paragraph 27-2 of the Implementation Guidance on Fair Value Measurement Standard. These changes have no impact on the consolidated financial statements.

## III. Notes on Changes in Presentation

(Consolidated Balance Sheet)

“Provision for bonuses for directors (and other officers),” which had been included in “Other provisions” under “Current liabilities” in the previous fiscal year, has been presented separately from the fiscal year under review due to its increased materiality.

(Consolidated Statement of Income)

“Insurance claim income,” which had been included in “Other” under “Non-operating income” in the previous fiscal year, has been presented separately from the fiscal year under review due to its increased materiality.

## IV. Notes on Accounting Estimates

(Valuation of goodwill in the System Equipment Business)

- (1) Amount recorded on the consolidated financial statements for the fiscal year under review

Goodwill: 711 million yen

This information was identified as a disclosure item in view of the risk of a material impact on the consolidated financial statements for the following fiscal year.

- (2) Information concerning the details of significant accounting estimates for the identified item

- 1) Calculation method

Goodwill arose at the time when the Company gained control over its consolidated subsidiaries. Goodwill arising from business combinations represents the expected future excess earnings power through business development of the acquired company at the time when the Company

gained control. It is recorded in an amount equal to the difference between acquisition cost and the fair value of the acquired company's identifiable assets and liabilities as of the date of the business combination, and is steadily amortized using the straight-line method over the effective period of this expected future excess earnings power.

As a general rule, goodwill is grouped by business unit, which is in line with the managerial accounting classifications on which profit and loss are continuously monitored. In the System Equipment Business, goodwill is grouped by the business units in existence at the time when the Company gained control.

In the case where there is an indication that goodwill may be impaired, we compare the undiscounted future cash flows based on business plans approved by management with the carrying amount. If it is determined that impairment losses should be recognized, the carrying amount is reduced to the recoverable amount, and the amount of the reduction is recognized as impairment losses under extraordinary losses.

In our System Equipment Business, as a result of comparing business plans at the time of acquisition with results, the Group identified an indication of impairment as the cash flows anticipated at the time of purchase had not been realized. However, no impairment losses were recognized because the total undiscounted future cash flows based on future business plans exceeded the carrying amount of the asset group, including goodwill.

2) Key assumptions

If we identify an indication that goodwill may be impaired, we determine whether to recognize impairment losses by estimating the total undiscounted future cash flows. We estimate the undiscounted future cash flows used to recognize impairment based on business plans approved by management.

The key assumptions of the business plans used in accounting estimates include factors such as estimated market growth and estimated sales to major customers.

3) Impact on the consolidated financial statements for the following fiscal year

Factors such as market growth and estimated sales to major customers, which are key assumptions of the business plans used in accounting estimates, are subject to change due to technological innovation, changing customer needs, the launch of new products, etc. Therefore, if the conditions or assumptions upon which cash flows were estimated change, we may need to recognize an impairment loss on goodwill.

## V. Additional Information

(Impact of the COVID-19 pandemic)

Many uncertain factors remain concerning the impact of COVID-19. If market conditions deteriorate further, the Group's financial position, business results and cash flow status may be materially affected due to the recording of loss on valuation of inventories, impairment losses, etc. associated with the real estate we hold.

## VI. Notes to Consolidated Balance Sheet

(1) Accumulated depreciation of plant, property and equipment: 16,985 million yen

(2) Loan commitment agreements

In order to finance working capital efficiently, the Company has entered into a loan commitment agreement with three banks. The balance of undrawn loan commitments under these agreements is as follows:

Total loan commitments	75,000 million yen
Drawn commitments	46,174 million yen
Undrawn commitments	28,825 million yen

- (3) Advanced depreciation of non-current assets due to acceptance of national subsidies  
The advanced depreciation of non-current assets due to acceptance of national subsidies totaled 90 million yen, which is deducted from the cost to calculate the consolidated balance sheet amount of the assets. This amount consisted of machinery and equipment of 90 million yen.

- (4) Assets pledged as collateral and secured liabilities  
(Assets pledged as capital)

	(Million yen)
Buildings and structures	0
Machinery, equipment and vehicles	0
Tools, furniture and fixtures	0
<u>Total</u>	<u>0</u>
(Collateral liabilities)	
Long-term borrowings	315

- (5) Guarantee obligations

The Company has guaranteed borrowings from financial institutions and accounts payable as follows:

TAC SYSTEM, INC. 50 million yen

- (6) Amounts of receivables and contract assets arising from contracts with customers

	(Million yen)
Notes receivable – trade	387
Accounts receivable – trade	79,272
Electronically recorded monetary claims - operating	8,235
<u>Contract assets</u>	<u>58</u>
<u>Total</u>	<u>87,953</u>

## VII. Notes to Consolidated Statement of Income

(Revenue from contracts with customers)

Net sales are not presented separately for revenue from contracts with customers and other revenue. The amount of revenue from contracts with customers are presented in “XI. Notes on Revenue Recognition, (1) Disaggregation of revenue from contracts with customers.”

(Special survey costs, etc.)

We have recorded survey costs, etc. from surveys by the Special Investigation Committee of the transactions violating compliance discovered at an overseas subsidiary of the Company.

(Impairment losses)

In the fiscal year under review, the Group recorded impairment losses of 892 million yen for the asset groups shown below. As a general rule, goodwill is grouped by business unit, which is in line with the managerial accounting classifications on which profit and loss are continuously monitored, and business assets are grouped by the smallest unit that generates cash flows, with assets for each company as the basic unit.

Location	Use	Class	Impairment losses (Million yen)
Incheon Metropolitan City, Republic of Korea	Other	Goodwill	59
Shinagawa-ku, Tokyo	Business assets	Software	19
		Tools, furniture and fixtures	2
		Subtotal	22
Nanao City, Ishikawa	Business assets	Buildings and structures	81
		Machinery, equipment and vehicles	124
		Tools, furniture and fixtures	8
		Subtotal	214
Nakanoto Town, Kashima District, Ishikawa	Business assets	Buildings and structures	85
		Machinery, equipment and vehicles	98
		Tools, furniture and fixtures	15
		Subtotal	198
Satsumasendai City, Kagoshima	Business assets	Buildings and structures	45
		Machinery, equipment and vehicles	81
		Tools, furniture and fixtures	17
		Subtotal	144
Kazuno City, Akita	Business assets	Buildings and structures	80
		Machinery, equipment and vehicles	150
		Tools, furniture and fixtures	22
		Subtotal	253
Total			892

In the fiscal year under review, given the negative cash flow generated from operating activities in some businesses, we have recognized impairments on larger units including goodwill and reduced the carrying amount to the recoverable amount. The higher of the value in use or the net realizable value has been taken as the recoverable amount.

The goodwill in the EMS business, which is part of the Device segment, was generated at the time of the business acquisition of an overseas subsidiary. As a result of implementing an impairment test based on the International Financial Reporting Standards for this overseas subsidiary, the goodwill was impaired to the recoverable amount, because the revenue anticipated at the time of the business acquisition could no longer be expected. The higher of value in use or fair value after deducting disposal costs is taken as the recoverable amount. The fair value after deducting disposal costs was evaluated to be zero, as sale or similar disposal was not effectively possible. Value in use was calculated by discounting future cash flows based on the business plan using a discount rate of 12.89%.

The business assets in the Vegetable Factory Business, which is part of the Environmental Energy segment, are grouped based on the entire Vegetable Factory Business as a single business unit, given the business characteristics of the Vegetable Factory Business, in which revenues and expenditures are considered for the business as a whole. Net realizable value in the Vegetable Factory Business was evaluated to be zero, as sale or similar disposal was not effectively possible, and value in use was evaluated with memorandum value, as no future cash flows could be expected.

## VIII. Notes to Consolidated Statements of Changes in Shareholders' Equity

### (1) Number of issued shares (shares)

Class of shares	Number of shares at the beginning of the fiscal year under review	Increase during the fiscal year under review	Decrease during the fiscal year under review	Number of shares at the end of the fiscal year under review
Common stock	30,072,643	–	–	30,072,643

### (2) Number of treasury shares (shares)

Class of shares	Number of shares at the beginning of the fiscal year under review	Increase during the fiscal year under review	Decrease during the fiscal year under review	Number of shares at the end of the fiscal year under review
Common stock	4,317	251	–	4,568

Note: The increase of 251 treasury shares was due to purchases of shares less than one unit.

### (3) Dividends

#### 1) Dividends paid

Dividend resolved at the Board of Directors meeting held on May 27, 2022

- Class of shares: common stock
- Total dividends: 1,653 million yen
- Dividend per share: 55.0 yen
- Record date: March 31, 2022
- Effective date: June 7, 2022

Dividend resolved at the Board of Directors meeting held on November 10, 2022

- Class of shares: common stock
- Total dividends: 1,202 million yen
- Dividend per share: 40.0 yen
- Record date: September 30, 2022
- Effective date: December 5, 2022

#### 2) Dividends for which the record date falls in the fiscal year under review, but the effective date falls in the following fiscal year

Dividend resolved at the Board of Directors meeting held on May 26, 2023

- Class of shares: common stock
- Source of dividends: capital surplus
- Total dividends: 2,255 million yen
- Dividend per share: 75.0 yen
- Record date: March 31, 2023
- Effective date: June 30, 2023

## IX. Notes on Financial Instruments

### (1) Status of financial instruments

#### 1) Policies on financial instruments

The Group raises necessary funds through securitization of receivables and bank borrowings. The Group's policy is to use derivatives to hedge against risks described below and not to enter into speculative transactions.

#### 2) Nature and risks of financial instruments

Notes receivable-trade, accounts receivable-trade, and electronically recorded monetary claims-operating, which are trade receivables, are exposed to business partners' credit risk. In addition, trade receivables denominated in foreign currencies arising from our global operations are exposed to the risk of exchange rate fluctuations. As a general rule, the Group uses forward exchange contracts to hedge the net position of trade payables denominated in foreign currencies. Investment securities are mainly composed of shares and other securities related to business and capital alliance, and shares are exposed to the risk of market price fluctuations.

Notes payable-trade and accounts payable-trade, which are trade payables, are due within one year. Certain trade payables denominated in foreign currencies are exposed to the risk of exchange rate fluctuations, but the risk is constantly within the balance of accounts receivable in the same currency. Lease liabilities under finance lease transactions are mainly intended to finance capital expenditures.

Derivatives entered into by the Group include forward exchange contracts and currency swaps, which are used to hedge against the risk of exchange rate fluctuations associated with trade receivables and payables denominated in foreign currencies. For more details on hedging accounting, including hedging instruments and hedged items, hedge policies, and methods for assessing the effectiveness of hedges, please refer to I. (3) Matters relating to accounting policies, 6) (c) Significant hedge accounting methods discussed above.

#### 3) Risk management system for financial instruments

At the Group's individual operating companies, the administration manager of a sales department manages paid-in amounts and outstanding balances of trade and other receivables from business partners, and in cooperation with a credit management department, works to early identify and mitigate concerns over collection arising from the deterioration in financial conditions of business partners and other reasons, in accordance with the credit management rules established by each operating company. Also, the credit management department monitors the financial conditions of individual business partners on a monthly basis, and, if there are any doubts about their credibility, requests each sales department to report about the business partners.

As a general rule, the Company uses forward exchange contracts and currency swaps to hedge against exchange rate risk, identified by currency on a monthly basis, associated with its trade receivables and payables denominated in foreign currencies.

(2) Fair value of financial instruments

The consolidated balance sheet amount and fair value of financial instruments as of March 31, 2023 and their differences are as follows:

(Million yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Investment securities (*2)	3,703	3,703	—
(2) Bad debts	12,310		
Allowance for doubtful accounts (*4)	(11,816)		
	493	493	—
(3) Investments and other assets	163		
Other (distressed receivables)			
Allowance for doubtful accounts (*4)	(163)		
	—	—	—
Total assets	4,196	4,196	—
(1) Long-term borrowings (*5)	12,689	12,488	(200)
(2) Lease liabilities (*5)	8,668	8,299	(369)
Total liabilities	21,357	20,788	(569)
Derivatives (*6)	(370)	(370)	—

(\*1) Notes on “Cash and deposits,” “Notes receivable-trade,” “Accounts receivable-trade,” “Electronically recorded monetary claims-operating,” “Notes and accounts payable-trade,” “Short-term borrowings,” and “Income taxes payable” are omitted because their fair value approximates the carrying amount as they are settled in cash and in a short period of time.

(\*2) Consolidated balance sheet amount of shares and other securities without a market price

Category	Consolidated balance sheet amount
Unlisted shares	2,022

They are not included in “(1) Investment securities.”

(\*3) Notes on investments in partnerships and other similar entities for which equity interests are recorded on a net basis on the consolidated balance sheet are omitted. The consolidated balance sheet amount of these investments was 53 million yen.

(\*4) The figures exclude the amount of allowance for doubtful accounts individually recorded in bad debts and other (distressed receivables) under investments and other assets.

(\*5) The figures include the amount of current portion of long-term borrowings and current portion of lease liabilities.

(\*6) Net receivables and payables arising from derivatives are presented on a net basis, and net payables are presented in parentheses. The above table only shows derivatives to which hedge accounting is not applied.



(3) Breakdown of financial instruments by each fair value level

The fair value of financial instruments is classified into the following three levels depending on the observability and significance of the inputs used for fair value measurement.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs

Level 3 fair value: Fair value measured using unobservable inputs

If multiple inputs that have a significant impact on fair value measurement are used, the fair value is classified as the level that is least significant to the fair value measurement from among the levels into which each of the inputs is classified.

1) Financial instruments recorded at fair value on the consolidated balance sheet

(Million yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	2,645	–	–	2,645
Debt instruments	–	–	1,058	1,058
Total assets	2,645	–	1,058	3,703
Derivatives				
Currency-related	–	(370)	–	(370)
Total liabilities	–	(370)	–	(370)

2) Financial instruments other than those recorded at fair value on the consolidated balance sheet

(Million yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Bad debts	–	–	493	493
Total assets	–	–	493	493
Long-term borrowings	–	12,488	–	12,488
Lease liabilities	–	8,299	–	8,299
Total liabilities	–	20,788	–	20,788

Note: Explanation of valuation techniques and inputs used for fair value measurement

Investment securities:

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1. As debt instruments are valued using significant unobservable inputs, their fair value is classified as Level 3.

Derivatives:

The fair value of currency swaps and forward exchange contracts are measured using the discounted cash flow method based on observable inputs, such as interest rates and exchange rates, and is classified as Level 2.

Bad debts:

The estimated doubtful accounts are calculated based on amounts expected to be collected through the disposal of collateral or execution of guarantees. Therefore, the fair value of bad debts approximates, and thus, defined as the consolidated balance sheet amount, less the estimated doubtful accounts, and is classified as Level 3.

Long-term borrowings and lease liabilities:

The fair value of these items is measured using the discounted cash flow method based on the sum of principal and interest, remaining maturities, and an interest rate reflecting credit risk, and is classified as Level 2.

#### X. Per Share Information

(1)	Net assets per share:	2,686.31 yen
(2)	Basic earnings per share:	235.64 yen
(3)	Diluted earnings per share:	234.73 yen

#### XI. Notes on Revenue Recognition

##### (1) Disaggregation of revenue from contracts with customers

(Million yen)

	Reporting segment					Total
	Semiconductor and electronic components	Procurement	Electronic equipment	Environment	Total	
Device	318,838				318,838	318,838
EMS	20,705				20,705	20,705
Procurement		108,632			108,632	108,632
Electronic equipment			18,997		18,997	18,997
System equipment			4,837		4,837	4,837
Energy				4,337	4,337	4,337
Power producer and supplier				9,437	9,437	9,437
Vegetable factory				1,163	1,163	1,163
Revenue from contracts with customers	339,544	108,632	23,835	14,939	486,950	486,950
Other revenue				178	178	178
Sales to external customers	339,544	108,632	23,835	15,117	487,129	487,129

##### (2) Information that provides a basis for understanding revenue from contracts with customers

Information that provides a basis for understanding revenue is as stated in “I. Significant Matters as the Basis for Preparation of Consolidated Financial Statements, (3) Matters relating to accounting policies, 4) Standard for revenues and expenses.”

## XII. Other Notes

(Business combinations)

On April 12, 2022 (the effective date of the business combination), the Company's subsidiary CU TECH CORPORATION acquired all the shares of Lavinics Co., Ltd.

- (1) Outline of the business combination
  - 1) Name of the acquired company and description of its business  
Name of the acquired company: Lavinics Co., Ltd.  
Description of business: Printed circuit board mounting and assembly of electronic components for consumer home appliances
  - 2) Main reason for the business combination  
Lavinics Co., Ltd. is engaged in the business of mounting electronic components for the rental home appliance market, which has continued to grow in recent years. It possesses excellent customer sales routes and relationships, as well as advanced mounting technologies. Meanwhile, the Company's subsidiary CU TECH CORPORATION pursues the EMS (electronics manufacturing services) business, including the installation of parts for smartphones and IT products, mainly for customers in South Korea. Since listing on the KOSDAQ in October 2021, it has sought new growth investments. With the acquisition of Lavinics Co., Ltd., which has a high affinity with the installation technologies developed over many years by CU TECH CORPORATION, as well as customers and a product lineup in a growth market, we aim to enhance corporate value in the EMS Business by generating technological synergies and expanding our business portfolio.
  - 3) Date of the business combination  
April 12, 2022 (effective date of the business combination)  
April 1, 2022 (deemed acquisition date)
  - 4) Legal form of the business combination  
Share acquisition in exchange for cash
  - 5) Name of company after the business combination  
Unchanged.
  - 6) Ratio of voting rights acquired  
100%
  - 7) Basis for determining the acquiring company  
CU TECH CORPORATION is the acquiring company because it acquired shares in exchange for cash.
- (2) Period of operating results of the acquired company included in the consolidated financial statements for the fiscal year under review  
From April 1, 2022 to March 31, 2023
- (3) Acquisition cost of the acquired company and its breakdown by type of consideration

<u>Consideration for the acquisition</u>	<u>Cash</u>	<u>567 million yen</u>
Acquisition cost		567 million yen
- (4) Description and amount of major acquisition-related expenses  
Advisory fees, etc.: 5 million yen

- (5) Amount of goodwill recognized, reason for recognition, and amortization method and period
- 1) Amount of goodwill recognized  
259 million yen  
Provisional accounting treatment had been used to allocate the acquisition cost, but the allocation of acquisition cost was confirmed at the end of the fiscal year under review. The amount of goodwill was reduced by 267 million yen when the provisional accounting treatment was confirmed.
  - 2) Reason for recognition  
Mainly due to expected excess earnings power arising from future business development.
  - 3) Amortization method and period  
The goodwill will be amortized evenly over a period of six years.

- (6) Amounts of assets acquired and liabilities assumed at the date of business combination and their main components

	(Million yen)
Current assets	1,125
<u>Non-current assets</u>	<u>1,206</u>
<u>Total assets</u>	<u>2,151</u>
Current liabilities	1,046
<u>Non-current liabilities</u>	<u>797</u>
<u>Total liabilities</u>	<u>1,843</u>

- (6) Amounts allocated to intangible assets apart from goodwill, their main components by asset class and weighted average amortization period

Main components by asset class	Amount	Weighted average amortization period
<u>Customer-related assets</u>	<u>245 million yen</u>	<u>6 years</u>

#### Confirmation of provisional accounting treatment concerning a business combination (CARDSERVICE Inc.)

The accounting treatment of the business combination of CARDSERVICE Inc. on February 16, 2022 was completed on a provisional basis in the previous fiscal year, but has been confirmed in the fiscal year under review.

The amount of goodwill calculated on a provisional basis was 812 million yen, and there has been no change to this amount due to the confirmation of the accounting treatment. As a result there has been no effect on the consolidated statement of income for the previous fiscal year.

### XIII. Significant Subsequent Events

#### Transfer of non-current assets

At the meeting of the Board of Directors held on May 12, 2023, the Company resolved to sell the head office buildings it holds.

- (1) Date of event  
May 12, 2023 (date of Board of Directors resolution)
- (2) Details of event
  - 1) Reason for transfer  
The current head office buildings in Higashi Shinagawa 3-chome, Shinagawa-ku, Tokyo will be sold pursuant to the integration of the Restar Group's business offices in the Tokyo

metropolitan area at Konan 2-chome, Minato-ku, Tokyo, to promote Group synergies and new business creation.

2) Details of assets to be transferred

Location: 6-5, Higashi Shinagawa 3-chome, Shinagawa-ku, Tokyo  
Building area and its carrying amount: 3,775.45 m<sup>2</sup>/ 566 million yen  
Land area and its carrying amount: 1,160.06 m<sup>2</sup>/ 1,595 million yen  
Current use: Head office buildings

3) Overview of purchaser

The Company has no special capital, personnel, business, or affiliated party relationships with the purchaser.

4) Transfer schedule

Board of Directors resolution: May 12, 2023  
Conclusion of sale contract: May 16, 2023  
Transfer of ownership: September 29, 2023 (planned)

# Non-Consolidated Financial Statements

## Non-Consolidated Balance Sheet (As of March 31, 2023)

(Million yen)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>83,526</b>	<b>Current liabilities</b>	<b>78,301</b>
Cash and deposits	10,520	Short-term borrowings	70,501
Accounts receivable - trade	312	Short-term borrowings from subsidiaries and associates	5,675
Short-term loans receivable from subsidiaries and associates	68,360	Current portion of long-term borrowings	576
Prepaid expenses	141	Accounts payable - other	1,042
Accounts receivable - other	4,418	Accrued expenses	42
Other	7	Income taxes payable	66
Allowance for doubtful accounts	(234)	Deposits received	20
		Provision for bonuses	175
<b>Non-current assets</b>	<b>44,056</b>	Provision for bonuses for directors (and other officers)	40
<b>Property, plant and equipment</b>	<b>3,301</b>	Other	161
Buildings	1,315	<b>Non-current liabilities</b>	<b>8,414</b>
Machinery and equipment	0	Long-term borrowings	4,665
Tools, furniture and fixtures	290	Deferred tax liabilities	128
Leased assets	17	Provision for loss on business of subsidiaries and associates	3,167
Land	1,677	Provision for retirement benefits	49
<b>Intangible assets</b>	<b>5,591</b>	Asset retirement obligations	396
Software	270	Other	6
Software in progress	22	<b>Total liabilities</b>	<b>86,715</b>
Goodwill	5,276	<b>(Net assets)</b>	
Other	20	<b>Shareholders' equity</b>	<b>40,181</b>
<b>Investments and other assets</b>	<b>35,163</b>	<b>Share capital</b>	<b>4,383</b>
Investment securities	2,867	<b>Capital surplus</b>	<b>35,770</b>
Shares of subsidiaries and associates	28,892	Legal capital surplus	1,383
Investments in capital of subsidiaries and associates	790	Other capital surplus	34,386
Long-term loans receivable from subsidiaries and associates	19,662	<b>Retained earnings</b>	<b>36</b>
Guarantee deposits	965	Other retained earnings	36
Other	27	Retained earnings brought forward	36
Allowance for doubtful accounts	(18,041)	<b>Treasury shares</b>	<b>(8)</b>
		<b>Valuation and translation adjustments</b>	<b>685</b>
		<b>Valuation difference on available-for-sale securities</b>	<b>685</b>
		<b>Total net assets</b>	<b>40,867</b>
<b>Total assets</b>	<b>127,582</b>	<b>Total liabilities and net assets</b>	<b>127,582</b>

## Non-Consolidated Statement of Income (April 1, 2022 - March 31, 2023)

(Million yen)

Description	Amount
<b>Operating revenue</b>	<b>6,579</b>
<b>Operating expenses</b>	<b>4,040</b>
<b>Operating profit</b>	<b>2,538</b>
<b>Non-operating income</b>	<b>1,025</b>
Interest income	808
Dividend income	45
Gain on investments in silent partnerships	106
Other	65
<b>Non-operating expenses</b>	<b>3,513</b>
Interest expenses	996
Foreign exchange losses	58
Commission for syndicated loans	211
Provision of allowance for doubtful accounts	981
Loss on investments in investment partnerships	205
Provision for loss on business of subsidiaries and associates	1,059
Other	0
<b>Ordinary profit</b>	<b>50</b>
<b>Extraordinary income</b>	<b>194</b>
Gain on sale of investment securities	194
<b>Extraordinary losses</b>	<b>2,515</b>
Loss on valuation of investment securities	269
Loss on valuation of shares of subsidiaries and associates	1,721
Special survey costs, etc.	423
Other	99
<b>Loss before income taxes</b>	<b>(2,270)</b>
Income taxes - current	(1,332)
Income taxes - deferred	(20)
<b>Loss</b>	<b>(917)</b>

## Non-Consolidated Statements of Changes in Shareholders' Equity

(April 1, 2022 - March 31, 2023)

(Million yen)

	Shareholders' equity						Total shareholder's equity
	Capital	Capital surplus			Retained earnings	Treasury shares	
		Legal capital surplus	Other capital surplus	Capital surplus	Other retained earnings Retained earnings brought forward		
Balance (April 1, 2022)	4,383	1,383	34,386	35,770	3,810	(7)	43,955
Changes during period							
Dividends of surplus					(2,856)		(2,856)
Loss					(917)		(917)
Purchase of treasury shares						(0)	(0)
Net changes in items other than shareholders' equity							
Total changes during the period	-	-	-	-	(3,773)	(0)	(3,773)
Balance (March 31, 2023)	4,383	1,383	34,386	35,770	36	(8)	40,181

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance (April 1, 2022)	380	157	537	44,493
Changes during period				
Dividends of surplus				(2,856)
Loss				(917)
Purchase of treasury shares				(0)
Net changes in items other than shareholders' equity	305	(157)	147	147
Total changes during the period	305	(157)	147	(3,626)
Balance (March 31, 2023)	685	-	685	40,867



## Notes to Non-Consolidated Financial Statements

### I. Matters Relating to Significant Accounting Policies

- (1) Basis and method for valuation of assets
  - 1) Securities
    - (a) Shares of subsidiaries and associates  
Shares of subsidiaries and associates are stated at cost using the moving average method.
    - (b) Investments in capital of subsidiaries and associates  
Investments in limited liability partnerships are stated at the net amount equivalent to equity interests based on the financial statements specified in the respective partnership agreements.
    - (c) Available-for-sale securities
      - Securities other than shares and other securities without a market price  
Securities other than shares and other securities without a market price are stated at fair value (valuation differences are recognized directly in net assets, and the cost of such securities sold is calculated using the moving average method).
      - Shares and other securities without a market price  
Shares and other securities without a market price are stated at cost using the moving average method. Meanwhile, investments in investment partnerships, etc. are stated at the net amount equivalent to equity interests based on the most recent financial statements of the partnership.
  - 2) Derivatives  
Derivatives are stated at fair value.
- (2) Depreciation/amortization methods for non-current assets
  - 1) Property, plant and equipment (excluding leased assets)  
Items of property, plant and equipment (excluding leased assets) are depreciated using the declining balance method.  
However, accompanying facilities and structures acquired on or after April 1, 2016 are depreciated on a straight-line basis.
  - 2) Intangible assets  
Intangible assets are amortized on a straight-line basis. Software for internal use is amortized on a straight-line basis over the period available for internal use (five years).
  - 3) Leased assets  
Leased assets are depreciated using the straight-line method over the lease term with no residual value.
- (3) Standard for provisions
  - 1) Allowance for doubtful accounts  
To provide for potential credit losses on trade receivables, the Company records allowance for doubtful accounts at an estimated unrecoverable amount calculated based on the historical rate of credit loss for general receivables and determined in consideration of recoverability of individual receivables for doubtful accounts and certain other receivables.
  - 2) Provision for bonuses  
To provide for payment of bonuses to employees, provision for bonuses is recorded at an amount of estimated future bonus payments that is attributable to the fiscal year under review.
  - 3) Provision for bonuses for directors (and other officers)  
To provide for payment of bonuses to directors and other officers, provision for bonuses for directors (and other officers) is recorded at an amount of estimated bonus payments for the fiscal year under review.
  - 4) Provision for retirement benefits  
To provide for payments of retirement benefits to employees, the Company records an amount based on projected retirement benefits at the end of the fiscal year under review.  
Prior service cost is amortized using the straight-line method over a certain number of years (10 years) within the average remaining service years of employees at the time of recognition.

Actuarial gains and losses are amortized on a pro-rata basis using the straight-line method over a certain number of years (10 years) within the average remaining service years of employees from the fiscal year following the respective fiscal year of recognition.

5) Provision for loss on business of subsidiaries and associates

To provide for losses expected to be incurred by subsidiaries and associates, provision for loss on business of subsidiaries and associates is recorded at an amount of estimated loss to be borne by the Company.

(4) Standard for revenues and expenses

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and the “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021), and recognizes revenue when control of the promised goods or services is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company’s revenue consists of consulting fee income and dividend income from its subsidiaries. With regard to consulting fee income, the Company’s performance obligation is to provide entrusted services to its subsidiaries based on contract details. As the Company’s performance obligation is satisfied when the services are provided, revenue and expenses are recognized at that time. The Company recognizes revenue from dividend income on the effective date of dividend.

(5) Other accounting policies for preparation of non-consolidated financial statements

1) Accounting procedures for retirement benefits

Accounting procedures for unrecognized actuarial gains and losses and unrecognized prior service cost related to retirement benefits are different from those adopted for the consolidated financial statements.

2) Standards for translating foreign currency-denominated assets and liabilities into Japanese yen  
Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate at the fiscal year-end, and exchange differences are recognized in profit or loss.

3) Hedge accounting

- Hedge accounting method

Hedging activities are principally accounted for under the deferral hedge accounting. The designation hedge accounting is applied to forward exchange contracts that fulfill the requirements for the designation method.

- Hedging instruments and hedged items

Hedging instruments:	forward exchange contracts and currency swaps
Hedged items:	receivables and payables denominated in foreign currencies

- Hedge policy

Forward exchange contracts and currency swaps are entered into to hedge the risks associated with fluctuations in exchange rates on transactions denominated in foreign currencies.

- Method for assessing the effectiveness of hedges

Hedge effectiveness is not assessed for forward exchange contracts and currency swaps.

4) Amortization method and period of goodwill

Goodwill is amortized by the straight-line method over a reasonable period not exceeding 20 years.

5) Application of the group tax sharing system

The Company has applied the group tax sharing system.

6) Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

The Company transitioned from the consolidated taxation system to the group tax sharing system from the fiscal year under review, and therefore applies the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021;

hereinafter referred to as “PITF 42”) regarding the accounting treatment and disclosure of corporate and local income taxes and tax effect accounting. The changes in accounting policies associated with the application of PITF 42 is deemed to have no effect, in accordance with Paragraph 32 (1) of PITF 42.

7) Unit of presentation

Amounts presented herein are rounded down to the nearest million yen.

## II. Notes on Changes in Accounting Policies

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Group has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter the “Implementation Guidance on Fair Value Measurement Standard”) from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated in the Implementation Guidance on Fair Value Measurement Standard, following the transitional treatment set forth in Paragraph 27-2 of the Implementation Guidance on Fair Value Measurement Standard. These changes have no impact on the non-consolidated financial statements for the fiscal year under review.

## III. Notes on Accounting Estimates

(Valuation of shares of CARDSERVICE Inc.)

(1) Amount recorded on the non-consolidated financial statements for the fiscal year under review

Shares of CARDSERVICE Inc. included in shares of subsidiaries and associates: 2,626 million yen

This information was identified as a disclosure item in view of the risk of a material impact on the non-consolidated financial statements for the following fiscal year.

(2) Information concerning the details of significant accounting estimates for identified items

These shares of subsidiaries and associates are shares without a market price, and are carried on the non-consolidated balance sheet at acquisition cost. Where the actual value is deemed to have declined materially due to a deterioration in financial position, the carrying amount is reduced accordingly and the valuation difference is treated as a loss in the relevant fiscal year. However, where there is sufficient evidence of the recoverability of the actual value of the shares of the relevant subsidiary or associate based on the future business plan, the carrying amount is not reduced accordingly at the end of the fiscal year. As the relevant shares were purchased for a substantially higher price than the value of net assets per share, reflecting excess earnings power, they will be impaired to the actual value if excess earnings power could no longer be expected.

Although the carrying amount for these shares of subsidiaries and associates is higher than the value of net assets per share, reflecting excess earnings power, the actual value is not considered to have declined materially from acquisition cost, and therefore no reduction has been recognized.

Factors such as market growth and estimated sales to major customers, which are key assumptions of the business plans used in accounting estimates, are subject to change due to technological innovation, changing customer needs, the launch of new products, etc. Therefore, if the conditions or assumptions on which the estimated value is based change, we may reduce the estimated value accordingly, and treat the valuation difference as a loss in the next fiscal year.

#### IV. Notes to Non-Consolidated Balance Sheet

(1) Accumulated depreciation of plant, property and equipment: 1,316 million yen

(2) Guarantee obligations

The Company has guaranteed borrowings from financial institutions and accounts payable as follows:

	(Million yen)
Restar Supply Chain Solution Corporation	31,611
Vitec Enesta Co., Ltd.	18,881
PALTEK Corporation	6,420
VITEC ENERGY TAIWAN CO., LTD	6,080
RESTAR ELECTRONICS SINGAPORE PTE. LTD.	5,162
Restar Electronics Corporation	5,103
RESTAR ELECTRONICS HONG KONG CO., LTD.	3,792
Restar Supply Chain Solution (Taiwan) Company Limited	2,500
RESTAR ELECTRONICS (SHANGHAI) CO., LTD.	1,665
Restar Supply Chain Solution (Hong Kong) Company Limited	1,154
CU TECH CORPORATION	724
VITEC ENESTA TAIWAN CO., LTD	288
Restar Device Corporation	221
Vitec Farm Kazuno Co., Ltd.	176
RESTAR ELECTRONICS KOREA CORPORATION	6
Vitec Vegetable Factory Co., Ltd.	0

(3) Monetary receivables from and payables to subsidiaries and associates

1) Short-term monetary receivables:	3,228 million yen
2) Short-term monetary payables:	72 million yen

(4) Loan commitment agreements

In order to finance working capital efficiently, the Company has entered into a loan commitment agreement with three banks. The balance of undrawn loan commitments under these agreements is as follows:

Total loan commitments	75,000 million yen
Drawn commitments	46,174 million yen
Undrawn commitments	28,825 million yen

## V. Notes to Non-Consolidated Statement of Income

### (1) Transactions with subsidiaries and associates

	(Million yen)
1) Operating transactions	
Operating revenue:	6,577
Operating expenses:	0
2) Non-operating transactions	
Interest income:	808
Miscellaneous income:	14
Interest expenses:	98

### (2) Extraordinary losses

We have recorded survey costs, etc. from surveys by the Special Investigation Committee of the transactions violating compliance discovered at an overseas subsidiary of the Company.

## VI. Notes to Non-Consolidated Statement of Changes in Net Assets

### Number of treasury shares (shares)

Class of shares	Number of shares at the beginning of the fiscal year under review	Increase during the fiscal year under review	Decrease during the fiscal year under review	Number of shares at the end of the fiscal year under review
Common stock	4,317	251	—	4,568

Note: The increase of 251 treasury shares was due to purchases of shares less than one unit.

## VII. Tax Effect Accounting

Significant components of deferred tax assets and liabilities

	(Million yen)
Deferred tax assets:	
Allowance for doubtful accounts	5,657
Adjustments to carrying amount of investments, etc.	2,494
Loss on valuation of shares of subsidiaries and associates	796
Loss on valuation of investment securities	182
Provision for loss on business of subsidiaries and associates	945
Loss on valuation of non-current assets	154
Provision for bonuses	53
Asset retirement obligations	144
Tax losses carried forward	395
Other	134
Subtotal of deferred tax assets	<u>10,960</u>
Valuation allowance	<u>(10,662)</u>
Total deferred tax assets	<u>297</u>
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	(302)
Other	(124)
Total deferred tax liabilities	<u>(426)</u>
Net deferred tax liabilities	<u>(128)</u>

## VIII. Notes on Related Party Transactions

### (1) Subsidiaries

(Million yen, unless otherwise stated)

Category	Company name	Share capital or investment in capital	Description of business or occupation	Ratio of voting rights holding (held) (%)	Relationship	Nature of transaction	Transaction amount	Account	Balance at end of period
Subsidiary	Restar Electronics Corporation	310	Sale of electronic components	(Holding) Direct 100	Entrusted business management Interlocking directorates	Lending of funds (Note 1)	26,650	Short-term loans receivable from subsidiaries and associates	25,483
						Receipt of interest (Note 2)	116	Accounts receivable-trade	195
						Borrowing of funds (Note 1)	3,327	Short-term borrowings from subsidiaries and associates	4,541
						Payment of interest (Note 2)	86	-	-
						Consulting fee income and outsourcing service income (Note 4)	1,552	-	-
						Lease revenue	52	-	-
Subsidiary	Restar Device Corporation	310	Sale of electronic components	(Holding) Direct 100	Entrusted business management	Lending of funds (Note 1)	4,445	Short-term loans receivable from subsidiaries and associates	1,848
						Receipt of interest (Note 2)	123	Accounts receivable-trade	4
						Debt guarantee (Note 3)	221	-	-
Subsidiary	PALTEK Corporation	310	Sale of semiconductors	(Holding) Direct 100	Entrusted business management Interlocking directorates	Lending of funds (Note 1)	16,741	Short-term loans receivable from subsidiaries and associates	11,500
						Receipt of interest (Note 2)	114	Accounts receivable-other	4
						Consulting fee income and outsourcing service income (Note 4)	212	Accounts receivable-trade	49
						Lease revenue	13	-	-
						Debt guarantee (Note 3)	6,420	-	-

Category	Company name	Share capital or investment in capital	Description of business or occupation	Ratio of voting rights holding (held) (%)	Relationship	Nature of transaction	Transaction amount	Account	Balance at end of period
Subsidiary	Restar Supply Chain Solution Corporation	308	Sale of electronic equipment	(Holding) Direct 80	Entrusted business management	Lending of funds (Note 1)	1,513	Short-term loans receivable from subsidiaries and associates	667
						Receipt of interest (Note 2)	62	Accounts receivable-other	5
						Consulting fee income and outsourcing service income (Note 4)	70	Accounts receivable-trade	15
						Debt guarantee (Note 3)	31,611	-	-
Subsidiary	Restar Supply Chain Solution (Hong Kong) Co., Ltd.	USD 1,000 thousand	Sale of electronic components	(Holding) Indirect 100	Entrusted business management	Lending of funds (Note 1)	839	Short-term loans receivable from subsidiaries and associates	1,468
						Receipt of interest (Note 2)	23	Accounts receivable-other	3
						Debt guarantee (Note 3)	1,154	-	-
Subsidiary	Restar Communications Corporation	400	Sale of electronic equipment	(Holding) Direct 100	Entrusted business management	Lending of funds (Note 1)	3,383	Short-term loans receivable from subsidiaries and associates	3,400
						Receipt of interest (Note 2)	11	Accounts receivable-other	0
						-	-	Accounts receivable-trade	11
Subsidiary	RESTAR ELECTRONICS SINGAPORE PTE. LTD.	SGD 4,300 thousand	Sale of electronic components	(Holding) Direct 100	Entrusted business management	Lending of funds (Note 1)	7,449	Short-term loans receivable from subsidiaries and associates	7,277
						Receipt of interest (Note 2)	224	Accounts receivable-other	30
						Debt guarantee (Note 3)	5,162	Accounts receivable-trade	0
Subsidiary	UKC ELECTRONICS (H.K.) CO., LTD.	USD 25,262 thousand	Sale of electronic components	(Holding) Direct 100	Entrusted business management	Lending of funds (Note 1)	19,899	Long-term loans receivable from subsidiaries and associates	19,662
						Receipt of interest (Note 2)	1	Allowance for doubtful accounts	18,041
						Provision for allowance for doubtful accounts	981	-	-



Category	Company name	Share capital or investment in capital	Description of business or occupation	Ratio of voting rights holding (held) (%)	Relationship	Nature of transaction	Transaction amount	Account	Balance at end of period
Subsidiary	Vitec Enesta Co., Ltd.	50	Solar power generation business	(Holding) Direct 100	Entrusted business management	Lending of funds (Note 1)	10,222	Short-term loans receivable from subsidiaries and associates	11,075
						Receipt of interest (Note 2)	41	Accounts receivable-trade	6
						Consulting fee income and outsourcing service income (Note 4)	70	-	-
						Lease revenue	5	-	-
						Debt guarantee (Note 3)	18,881	-	-
Subsidiary	V-Power Co., Ltd.	40	Sale and purchase of electrical power	(Holding) Direct 82.5	Entrusted business management	Lending of funds (Note 1)	1,850	Short-term loans receivable from subsidiaries and associates	1,300
						Receipt of interest	6	Accounts receivable-other	0
						-	-	Accounts receivable-trade	1
Subsidiary	Restar Supply Chain Solution (Taiwan) Company Limited	TWD 13,500 thousand	Sale of electronic components	(Holding) Indirect 100	Entrusted business management	Debt guarantee (Note 3)	2,500	-	-
Subsidiary	RESTAR ELECTRONICS (SHANGHAI) CO., LTD.	USD 1,200 thousand	Sale of electronic components	(Holding) Direct 100	Entrusted business management	Debt guarantee (Note 3)	1,665	-	-
Subsidiary	RESTAR ELECTRONICS HONG KONG CO., LTD.	USD 6,058 thousand	Sale of electronic components	(Holding) Indirect 100	Entrusted business management	Debt guarantee (Note 3)	3,792	-	-
Subsidiary	VITEC ENERGY TAIWAN CO., LTD	TWD 100 million	Solar power generation business	(Holding) Indirect 100	Entrusted business management	Debt guarantee (Note 3)	6,080	-	-
Subsidiary	Vitec Farm Nanao Co., Ltd.	20	Vegetable factory business	(Holding) Indirect 23	Entrusted business management	Provision for loss on business of subsidiaries and associates	437	Provision for loss on business of subsidiaries and associates	1,395
Subsidiary	Vitec Farm Satsumasendai Co., Ltd.	20	Vegetable factory business	(Holding) Indirect 45	Entrusted business management	Provision for loss on business of subsidiaries and associates	140	Provision for loss on business of subsidiaries and associates	363
Subsidiary	Vitec Farm Kazuno Co., Ltd.	20	Vegetable factory business	(Holding) Indirect 43	Entrusted business management	Provision for loss on business of subsidiaries and associates	327	Provision for loss on business of subsidiaries and associates	972
						Debt guarantee (Note 3)	176	-	-
Subsidiary	Vitec Farm Odate Co., Ltd.	20	Vegetable factory business	(Holding) Indirect 47	Entrusted business management	Provision for loss on business of subsidiaries and associates	33	Provision for loss on business of subsidiaries and associates	314

The transaction amounts do not include consumption and other taxes.

Notes: Transaction terms and policy for determining transaction terms

1. The interest rates for lending and borrowing of funds are reasonably determined with reference to market interest rates. As these transactions are performed repetitively, their amounts shown above are the average balances during the period.
2. The interest rates for receipt and payment of interest are reasonably determined with reference to market interest rates, and their transaction amounts shown above are the annual cumulative amounts.
3. The debt guarantees have been provided for bank borrowings and other payables. The Company has received guarantee fees calculated based on the amount guaranteed.

4. The consulting fee income and outsourcing service income are reasonably determined by taking comprehensively into account, among other factors, the scale of business operations, business performance trends, and expenses incurred in rendering of services.

(2) Directors and major individual shareholders, etc.

(Million yen, unless otherwise stated)

Category	Company name	Share capital or investment in capital	Description of business or occupation	Ratio of voting rights holding (held) (%)	Relationship	Nature of transaction	Transaction amount	Account	Balance at end of period
Company whose majority of voting rights are held by directors and their close relatives	KMF Co., Ltd.	99	Property management	(Held) Direct 20	Acceptance of collateral	Acceptance of collateral (Note 1)	—	—	—

The transaction amounts do not include consumption and other taxes.

Notes: Transaction terms and policy for determining transaction terms

1. Regarding the acceptance of collateral, the above company provided the collateral jointly with the borrower to secure the Company's loan claims. The transaction amount shown above is the amount of lending as of the end of the fiscal year under review.
2. In connection with the above transaction, the Company has received a repayment of its loan claims (the transaction amount for the fiscal year under review was 31 million yen) from the Company's Representative Director and CEO Kunihiro Konno (0.01% of the voting rights are held directly) on behalf of the borrower.
3. KMF Co., Ltd. also falls under the category of other subsidiaries and associates, and the details of its transactions are as shown above.

#### IX. Per Share Information

- |     |                       |              |
|-----|-----------------------|--------------|
| (1) | Net assets per share: | 1,359.15 yen |
| (2) | Net loss per share:   | 30.51 yen    |

#### X. Notes on Revenue Recognition

Information that provides a basis for understanding revenue from contracts with customers  
Information that provides a basis for understanding revenue is as stated in "I. Matters Relating to Significant Accounting Policies, (4) Standard for revenues and expenses."

#### XI. Significant Subsequent Events

Transfer of non-current assets

The current head office buildings in Higashi Shinagawa 3-chome, Shinagawa-ku, Tokyo will be sold pursuant to the integration of the Restar Group's business offices in the Tokyo metropolitan area at Konan 2-chome, Minato-ku, Tokyo, to promote Group synergies and new business creation. Please refer to "XIII. Significant Subsequent Events" in the Notes to the Consolidated Financial Statements for details.

## Auditor's Report

Accounting Auditor's Audit Report on the Consolidated Financial Statements

### INDEPENDENT AUDITOR'S REPORT

(English Translation)

May 25, 2023

To the Board of Directors  
Restar Holdings Corporation:

Deloitte Touche Tohmatsu LLC  
Tokyo Office

Dedicated Engagement Partner,  
Certified Public Accountant: Fukuyuki Nishiwaka (Seal)  
Dedicated Engagement Partner,  
Certified Public Accountant: Yosuke Naganuma (Seal)  
Dedicated Engagement Partner,  
Certified Public Accountant: Kenji Uta (Seal)

#### Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, and the notes to the consolidated financial statements of Restar Holdings Corporation (the "Company") for the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Restar Holdings Group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

#### Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

#### Other Information

The other information comprises the information included in the business report and the supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the execution of duties by Directors in development and management of the reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements  
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal

control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

#### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

#### Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

## INDEPENDENT AUDITOR'S REPORT

(English Translation)

May 25, 2023

To the Board of Directors  
Restar Holdings Corporation:

Deloitte Touche Tohmatsu LLC  
Tokyo Office

Dedicated Engagement Partner,  
Certified Public Accountant: Fukuyuki Nishiwaka (Seal)  
Dedicated Engagement Partner,  
Certified Public Accountant: Yosuke Naganuma (Seal)  
Dedicated Engagement Partner,  
Certified Public Accountant: Kenji Uta (Seal)

### Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in shareholders' equity and the related notes, and the accompanying supplementary schedules of Restar Holdings Corporation (the "Company") for the 14th fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

### Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### Other Information

The other information comprises the information included in the business report and the supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the execution of duties by Directors in development and management of the reporting process of the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of Management and the Audit and Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and

operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

#### Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

#### Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

## **Audit Report** (English Translation)

The Audit and Supervisory Committee audited the performance of duties by the Directors for the 14th fiscal year from April 1, 2022 to March 31, 2023, and hereby submits the method and results of the audit.

### 1. Method and Contents of Audit

Regarding the content of resolutions taken by the Board of Directors on matters listed in Article 399-13, Paragraph 1, Items 1b and 1c of the Companies Act and the systems (internal control system) that have been established based on those resolutions, the Audit and Supervisory Committee received regular progress reports from Directors and employees on the establishment and operation of the system, asked for explanations when necessary, expressed opinions and conducted its audit using the methods described below.

- i. In accordance with the Audit and Supervisory Committee's auditing standards established by the Audit and Supervisory Committee, and in accordance with the audit policies, audit plans, and assignment of duties, etc., each Audit and Supervisory Committee member endeavored to cooperate with the Company's internal control division, attend important meetings, received reports on the performance of duties from Directors and other employees and requested explanations as necessary, examined important approval/decision, and inspected the corporate affairs and assets at the Company's head office and principal places of business. With respect to subsidiaries, each Audit and Supervisory Committee member endeavored to communicate and exchange information with the Directors and Audit and Supervisory Committee members of subsidiary companies, and received business reports from the subsidiaries when necessary.
- ii. The Audit and Supervisory Committee monitored and verified whether the accounting auditor maintained its independence and properly conducted its audit, received a report from the accounting auditor on the status of its performance of duties, and requested explanations, as necessary. In addition, the Audit and Supervisory Committee was notified by the accounting auditor that it had established a "system to ensure that the performance of the duties of the accounting auditor was properly conducted" (the matters listed in the items of Article 131 of the Ordinance on Accounting of Companies) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, November 16, 2021), etc. and requested explanations, as necessary.

Based on the above-described methods, the Audit and Supervisory Committee examined the business report and supplementary schedules and financial statements (balance sheet, statement of income, statement of changes in shareholders' equity, and the notes to the financial statements) and the supplementary schedules as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity, and the notes to the consolidated financial statements) for the fiscal year under review.

### 2. Results of Audit

#### (1) Results of Audit of Business Report, etc.

- i. We acknowledge that the business report and the supplementary schedules fairly present the status of the Company in conformity with the applicable laws, regulations, and the Articles of Incorporation.
- ii. We acknowledge that no misconduct or material fact constituting a violation of laws, regulations, or the Articles of Incorporation was found with respect to the Directors' performance of their duties.
- iii. We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter in the business report or the Directors' performance of their duties concerning the internal control systems that require mentioning.

#### (2) Results of Audit of Non-Consolidated Financial Statements and Supplementary Schedules

We acknowledge that the methods and results of audits performed by the accounting auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

#### (3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audits performed by the accounting auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

### 3. Subsequent Events

At the meeting of the Board of Directors held on May 26, 2023, the Company determined a basic policy to transition from a pure holding company to a business company through an absorption-type merger of its wholly owned subsidiaries in Japan, including Restar Electronics Corporation, Restar Communications Corporation,

Vitec Enesta Co., Ltd., and others, with the Company as the surviving company.  
This matter does not affect the opinion of the Audit and Supervisory Committee.

May 26, 2023

Audit and Supervisory Committee, Restar Holdings Corporation

Full-Time Audit and Supervisory Committee Member	Tatsuichi Naruse	(Seal)
Audit and Supervisory Committee Member	Seno Tezuka	(Seal)
Audit and Supervisory Committee Member	Kiyoshi Togawa	(Seal)
Audit and Supervisory Committee Member	Reiko Date	(Seal)
Audit and Supervisory Committee Member	Miki Suzuki	(Seal)

Note: Audit and Supervisory Committee members Mr. Seno Tezuka, Mr. Kiyoshi Togawa, Ms. Reiko Date and Ms. Miki Suzuki are Outside Directors as stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.