

This document has been translated from the original document in Japanese. In the event of any discrepancy between this English translation and the original document in Japanese, the original document in Japanese shall prevail.

[Delivery Document]
Sanshin Electronics Co., Ltd.
Stock Code: 8150

Business Report on the 74th Term

From April 1, 2024 to March 31, 2025

Contents

Business Report	2
Consolidated Financial Statements	29
Non-Consolidated Financial Statements	33
Audit Report.....	37

We explore new possibilities of technology and contribute to the enrichment of people's lives and the development of society.

The Sanshin Electronics Group is committed to “honing its people, technology, and wisdom to become the best partner for solving customers’ problems.” To achieve this goal, we are engaged in two main businesses: the device business, which handles a broad range of electronic devices such as semiconductors and electronic components from both domestic and international manufacturers, and the solution business, which centers primarily on ICT-based solutions. Through these two core businesses, the Group strives to support comfortable and enriched lifestyles by protecting people's safety and security and to fulfill our responsibility of connecting a sustainable global environment to the future by promoting environmentally conscious initiatives.

The Group is also committed to a company where all employees can work with pride and satisfaction and experience growth and happiness. Through such measures, we will deepen mutual understanding with a wide range of stakeholders and develop together with them, thereby leading to sustainable enhancement of corporate value.

At the same time, we continue to uphold and share within the Group the corporate code that has guided us since our founding—Trust, Principles, and Sincerity—as we strive to be a company that earns the trust of society.

Trust	Principles	Sincerity
-------	------------	-----------

Business cannot succeed without trust. It begins and ends with trust.	Do not just pursue profit. But act based on principles, which can be realized through self-discipline.	Always act sincerely. Rise to the challenge head-on.
--	--	---

Business Report (From April 1, 2024 to March 31, 2025)

I. Matters Concerning the Current Status of the Corporate Group

(1) Business Progress and Results

In the consolidated fiscal year under review, when looking at the global economy, the future outlook remained uncertain due to strong concern for an economic slowdown. Factors included continued geopolitical risk and prolonged stagnation of the Chinese economy, as well as reciprocal tariff policies following the start of the Trump administration in the second half of the fiscal year under review. In the electronics industry, which is the Group's domain of operations, demand for next-generation technologies such as AI continued to drive growth in the semiconductor market. The ICT industry in Japan enjoyed favorable conditions in the IT services market, supported by trends such as updating of existing systems, cloud migration, and the promotion of digital transformation (DX) within companies.

Against this background, the Group is fully committed to tackling the key challenges outlined in the long-term vision announced on May 10, 2024. As the first phase of implementing this vision, we have formulated the V76 Medium-Term Management Plan, whose final year is the fiscal year ending March 31, 2027 (the 76th term). Under this plan, to build an operating structure that can consistently achieve ROE of 8% or better, the Group is targeting ordinary profit of ¥5,000 million and net profit of ¥3,500 million or more by the final year of V76. We are focusing on initiatives to drive sustainable business growth, improve capital efficiency, and promote sustainability efforts.

As a result of these efforts, business performance in the consolidated fiscal year under review was as follows: Net sales were ¥157,342 million (up 12.2% year-on-year), operating profit was ¥5,791 million (up 0.7% year-on-year), and ordinary profit was ¥4,934 million (up 26.2% year-on-year). Net profit attributable to shareholders of parent company was ¥3,522 million (up 28.5% year-on-year) and ROE was 8.9% (up from 7.6% in the previous fiscal year).

In regard to internal transactions of revenues and expenses between consolidated companies, the parent company's transactions are converted at the exchange rate at the time of the transaction or at the forward exchange rate, and the overseas subsidiary's transactions are converted at the average rate during the period and offset. During the consolidated fiscal year under review, due to the weaker yen, operating profit increased because the offsetting expenses greatly exceeded the corresponding revenues. However, the same amount has been adjusted as a foreign exchange loss in non-operating expenses. Hence, there is no impact on the ordinary profit.

Device Segment

In the device business segment, our leading products are semiconductors (including system LSIs, microcomputers, power semiconductors, LCD driver ICs and memory) and electronic components (including connectors, capacitors, LCD panels and modules). These products are sold mainly to electronics manufacturers. We also provide technical support such as software development and module development.

In the current consolidated fiscal year, net sales were ¥139,269 million (up 11.5% year-on-year) due to the launch of new businesses that boosted sales of vehicle systems, and to continued depreciation of the yen compared to the previous fiscal year. Segment profit was ¥2,773 (up 31.9% year-on-year) due to increased revenue and a decrease in interest and other non-operating expenses, despite an increase in SG&A expenses compared to the previous fiscal year.

Note: Segment profit is based on ordinary profit.

Solution Segment

In the solution business segment, we provide one-stop services spanning from design and construction to operation and maintenance of network devices and security products that utilize ICT in accordance with our customers' environments. In addition, we provide Line-of-Business systems such as sales and production management, and applications such as personnel, payroll, and accounting in various formats ranging from on premise to the cloud.

In the current consolidated fiscal year, net sales were ¥18,072 million (up 18.2% year-on-year) due to continued ongoing strong demand for DX implementation, which led to strong business performance, particularly in business related to corporate network systems and to fire and disaster prevention. Segment profit was ¥2,161 (up 19.6% year-on-year) due to increased revenue, despite an increase in SG&A expenses compared to the previous fiscal year.

Note: Segment profit is based on ordinary profit.

(2) Capital Investment Activities

For the consolidated fiscal year under review, a total of ¥3,759 million in investments was conducted for purposes such as purchase of land adjacent to the headquarters building.

(3) Financing Activities

For the consolidated fiscal year under review, outside financing was mainly ordinary borrowing from financial institutions. Furthermore, the Company has entered into commitment line contracts totaling ¥6,000 million with four correspondent financial institutions with the aim of securing a flexible and stable funding framework. There is no balance of borrowing based on these contracts at the end of the consolidated fiscal year under review.

(4) Future Challenges

(Basic management policies)

The Group believes that mutual understanding among a wide range of stakeholders and growing together will lead to sustainable growth in corporate value. For this reason, the Group has formulated a long-term corporate vision and identified key issues to tackle in order to achieve that vision. We are grappling with each of these issues with great determination.

1) Long-term corporate vision

Mission

We contribute to fulfilling lives for people and the development of society by exploring new possibilities in technology.

Vision

Be a corporate Group that constantly improves its people, technology and wisdom so customers will choose us as their best solution partner

Be a corporate Group that protects people's safety and security and supports comfortable and affluent modern living

Be a corporate Group that is working toward a future with a sustainable global environment

Be a corporate Group that all employees can work with pride, a sense of purpose a real feeling of growth and happiness

Values

Corporate code (trust, principles, sincerity), Code of Conduct

2) Key issues for fulfilling the long-term corporate vision

I. Issues for improving sustainable business growth and capital efficiency

- i) Shifting resources and upgrading organizations and systems to optimize business structure long-term
- ii) Streamlining of clerical and administrative work in existing businesses and expanding sales and revenues through sales-force automation
- iii) Entering growth businesses by applying solutions using digital technology
- iv) Continuous improvement of capital efficiency

II. Issues related to sustainability

- i) Advancement of management of human capital

- ii) Advancement of environmental management in supply chains
- iii) Contribution to solutions to social issues through business
- iv) Strengthening of supervisory functions through improved effectiveness of meeting structures

(Target business indicators)

By establishing the return on equity (ROE) and ordinary profit as the Company's important business indicators, we will endeavor to improve earnings.

(Basic policies for profit distribution)

The Company considers profit returns to its shareholders as one of the most important management issues. The Company's basic policy is to determine dividends by comprehensively considering the need to maintain a balance between rewarding of shareholders, investment to gain opportunities for growth, attainment of sufficient retained earnings to enable sustainable growth, and improvement in capital efficiency. Under this policy, the Company has set a target for its dividend payout ratio of around 50% on a consolidated basis.

(Medium-term business strategy and future challenges)

Although the Sanshin Electric Group expects cost of shareholders' equity of only 8%, its operating profitability, stability and growth rate are low compared to competitors. Accordingly the Group needs to upgrade its profit-earning and financial bases in order to raise return on equity (ROE) consistently above 8%. Expanding the equity spread (raising ROE while paring cost of shareholders' equity) is another issue vital for the purpose of boosting corporate value.

To grapple with these issues, the Group formulated the V76 Medium-Term Management Plan, whose final fiscal period is FY2026 (the fiscal year ending March 31, 2027). To build an operating structure that can consistently achieve ROE of 8% or better, the Group is targeting ordinary profit of ¥5,000 million and net profit of ¥3,500 million or more by the final year of V76. To these ends, the Group is putting the following initiatives into practice.

1) Measures to achieve sustainable business growth and improve capital efficiency

I. Business strategies to improve profitability, stability and growth

Device business

- i) Improving profitability by intensifying and raising efficiency
- ii) Improving stability by shifting resources into growth markets and boosting competitiveness through enhanced technological capability and product uniqueness
- iii) Creating new strategic businesses necessary to bolster growth

Solution business

- i) Increasing profitability in the application and platform businesses
- ii) Improving stability by sustaining and expanding the network system-related business and imaging business
- iii) Improving growth by expanding the geographical range of the firefighting and disaster preparedness businesses and creating new businesses using approaches such as DX and AI

II. Financial strategy

- i) Optimization of capital structure for both efficiency and safety
- ii) Improving capital efficiency to improve profitability and create cash
- iii) Appropriate resource allocation based on capital profitability

III. Policy on return of earnings to shareholders

Continuing distribution of dividends aiming for 50% payout ratio

2) Efforts in sustainability

I. Advancement of human-capital management

- i) Support for career formation by leveraging the individual talents of a diverse workforce
- ii) Proactive investment in hiring and training personnel to acquire strategic capabilities
- iii) Improving labor productivity through advancement of DX and expanding creative activities

II. Advancing environmental management

Provision of disclosure in accordance with the TCFD* Declaration and reduction of greenhouse-gas emissions

* TCFD stands for Task Force on Climate-related Financial Disclosures, a body established by the Financial Stability Board, an international consultative body.

III. Strengthening of supervisory functions through the Audit & Supervisory Committee and Nominations & Remuneration Committee

(5) Trends in Assets and Operating Results of the Company

	71st Term (From April 1, 2021 to March 31, 2022)	72nd Term (From April 1, 2022 to March 31, 2023)	73rd Term (From April 1, 2023 to March 31, 2024)	74th Term (From April 1, 2024 to March 31, 2025)
Net Sales (million yen)	123,583	161,107	140,197	157,342
Operating Profit (million yen)	4,209	6,847	5,748	5,791
Ordinary Profit (million yen)	3,560	5,511	3,908	4,934
Net Profit Attributable to Shareholders of Parent Company (million yen)	2,524	3,832	2,740	3,522
Net Profit Per Share (yen)	171.12	314.43	224.66	288.20
Total Assets (million yen)	72,809	78,601	78,884	84,049
Net Assets (million yen)	30,683	34,252	38,373	40,551
Net Assets Per Share (yen)	2,514.04	2,803.65	3,138.10	3,310.15
Return on Equity (ROE) (%)	6.8	11.8	7.6	8.9

(6) Status of Parent Company and Principal Subsidiaries

1) Parent company

Not applicable.

2) Principal subsidiaries (as of March 31, 2025)

Company Name	Address	Main Business	Capital	Voting Rights Ownership Ratio
SANSHIN ELECTRONICS (HONG KONG) CO., LTD.	Hong Kong	Sales and import/export of semiconductors, electronic components and equipment	12,820,000 US Dollar	100.00%
SANSHIN ELECTRONICS SINGAPORE (PTE) LTD.	Singapore	Sales and import/export of semiconductors, electronic components and equipment	1,939,000 US Dollar	100.00%
TAIWAN SANSHIN ELECTRONICS CO., LTD.	Taipei, Taiwan	Sales and import/export of semiconductors, electronic components and equipment	160,000,000 Taiwan New Dollar	100.00%
SANSHIN ELECTRONICS CORPORATION	Michigan, U.S.A.	Sales and import/export of semiconductors, electronic components and equipment	3,000,000 US Dollar	100.00%
SANSHIN ELECTRONICS KOREA CO., LTD.	Seoul, South Korea	Sales and import/export of semiconductors, electronic components and equipment	5,000,000,000 Korean Won	100.00%
SANSHIN ELECTRONICS (THAILAND) CO., LTD.	Bangkok, Thailand	Sales and import/export of semiconductors, electronic components and equipment	100,000,000 Thai Baht	*100.00%
SANSHIN ELECTRONICS (SHANGHAI) CO., LTD.	Shanghai, China	Sales and import/export of semiconductors, electronic components and equipment	31,000,000 Chinese Yuan	*100.00%
TAKUMI CORPORATION	Tokyo, Japan	1. Development and sales of electronic equipment 2. Development of computer software 3. Acquisition, transfer, assistance in license acquisition, and management of intellectual property rights	45,000,000 Japanese Yen	74.38%

Notes: 1. The percentages marked with an asterisk (*) include indirect holdings.

2. The Group has no specified wholly-owned subsidiary.

3. SANSHIN NETWORK SERVICE CO., LTD., formerly a consolidated subsidiary of the Company, was dissolved through an absorption merger with the Company as the surviving entity on April 1, 2024. Therefore, the dissolved company has been excluded from the list of principal subsidiaries.

(7) Principal Businesses (as of March 31, 2025)

The Group is developing the device business and solution business. A description of each segment is provided in the overview of results per business segment in “(1) Business Progress and Results.”

(8) Principal Offices (as of March 31, 2025)

Domestic	
SANSHIN ELECTRONICS CO., LTD.	Headquarters: 4-12, Shiba 4-chome, Minato-ku, Tokyo Branches: Osaka Branch, Shizuoka Branch, Nagoya Branch, Takamatsu Branch, Utsunomiya Branch, Nagano Branch, Nagaoka Branch, Kochi Liaison Office Other Business Place: Distribution Center
AXIS DEVICE TECHNOLOGY CO., LTD.	Headquarters: Tokyo
SANSHIN SYSTEM DESIGN CO., LTD.	Headquarters: Tokyo
TAKUMI CORPORATION	Headquarters: Tokyo

Note: On April 1, 2024 the Company conducted an absorption merger of SANSHIN NETWORK SERVICE CO., LTD. and SANSHIN MEDIA SOLUTIONS CO., LTD.

Overseas	
SANSHIN ELECTRONICS (HONG KONG) CO., LTD.	Headquarters: Hong Kong
SANSHIN ELECTRONICS (SHANGHAI) CO., LTD.	Headquarters: Shanghai, China
SANSHIN ELECTRONICS (SHENZHEN) CO., LTD.	Headquarters: Shenzhen, China
SANSHIN ELECTRONICS KOREA CO., LTD.	Headquarters: Seoul, South Korea
SANSHIN ELECTRONICS SINGAPORE (PTE) LTD.	Headquarters: Singapore
SAN SHIN ELECTRONICS (MALAYSIA) SDN. BHD.	Headquarters: Kuala Lumpur, Malaysia
SANSHIN ELECTRONICS (THAILAND) CO., LTD.	Headquarters: Bangkok, Thailand
TAIWAN SANSHIN ELECTRONICS CO., LTD.	Headquarters: Taipei, Taiwan
SANSHIN ELECTRONICS CORPORATION	Headquarters: Michigan, U.S.A.

(9) Employees (as of March 31, 2025)

Business Segment	Number of Employees	Change from the End of the Previous Term
Device business	322 (28)	No change (up 2)
Solution business	227 (12)	Up 14 (up 1)
Corporate (common)	67 (16)	Up 18 (down 3)
Total	616 (56)	Up 32 (no change)

Notes: 1. The number of employees represents the number of those actually at work.

2. The number of employees in the “Corporate (common)” row includes personnel in administrative departments, such as General Affairs Department, Accounting Department, distribution centers, etc.

3. The annual average number of temporary employees (part-time and entrusted workers) is enclosed in ().

(10) Principal Lenders (as of March 31, 2025)

Lender	Outstanding Loan Amount
	(Million yen)
Sumitomo Mitsui Banking Corporation	14,938
MUFJ Bank, Ltd.	5,584
Sumitomo Mitsui Trust Bank, Limited.	1,900
Mizuho Bank, Ltd.	1,200
San ju San Bank, Ltd.	500

Note: The outstanding loan amount from banks listed above includes the outstanding loan amount from overseas subsidiaries of each bank.

(11) Other Significant Matters Concerning the Current Status of Corporate Group

Based on the resolution at the 73rd Ordinary General Meeting of Shareholders held on June 21, 2024, the Company transitioned from a Company with Audit & Supervisory Board to a Company with Audit & Supervisory Committee as of the same date.

II. Shares of the Company (as of March 31, 2025)

(1) Number of Shares Authorized to Be Issued: 76,171,000 shares

(2) Number of Shares Issued: 16,281,373 shares

(3) Number of Shareholders: 10,408

(4) Major Shareholders (Top ten shareholders)

Name of Shareholder	Number of Shares Held (Thousands of shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,175	9.52
Shinko Shoji Co., Ltd.	802	6.50
Custody Bank of Japan, Ltd. (Trust Account)	395	3.20
Sumitomo Mitsui Banking Corporation	307	2.49
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS MILM	266	2.16
Meiji Yasuda Life Insurance Company	266	2.16
Sumitomo Life Insurance Company	265	2.14
King Jim Co., Ltd.	239	1.93
MUFG Bank, Ltd.	227	1.84
BNYM AS AGT/CLTS NON TREATY JASDEC	199	1.61

Notes: 1. The number of shares held by Custody Bank of Japan, Ltd. (trust account) includes 123,000 shares of the Company which are trust property of the trust in relation to the performance-based stock compensation plan for Directors (excluding Directors who are Audit & Supervisory Committee members and External Directors).

2. The Company has 3,926,882 shares of treasury stock, but is excluded from the major shareholders above.

3. Shareholding ratio is calculated with treasury stock excluded.

(5) Shares Issued As Compensation for Execution of Duties in the Consolidated Fiscal Year Under Review

	No. of Shares	No. of Persons Issued Shares
Directors (excluding Directors who are Audit & Supervisory Committee members and External Directors)	27,400	2

III. Stock Acquisition Rights, etc.

Not applicable.

IV. Corporate Officers

(1) Status of Directors (as of March 31, 2025)

Position	Name	Responsibility Within the Company	Important Concurrent Roles, etc.
Director, Chairman of the Board	Mitsumasa Matsunaga		
Representative Director, CEO	Toshiro Suzuki	In charge of Auditing Office	
Director, Senior Operating Officer	Koji Sakamoto	Senior General Manager of Administration Division	
Director, Senior Operating Officer	Hiroshi Harada	Deputy Senior General Manager of Solution Marketing & Sales Division	
Director, Operating Officer	Jun-ichi Murakami	Senior General Manager of Finance & Accounting Division	
Director, Operating Officer	Hitoshi Iwakami	Manager of Electronic Component Sales Promotion Unit, Director of International Operations Unit	
Director	Minoru Nishino		
Director	Akihiro Fujioka		
Director (Full-time Audit & Supervisory Committee member)	Akio Misono		
Director (Full-time Audit & Supervisory Committee member)	Shin-ichi Miura		
Director (Audit & Supervisory Committee member)	Shohei Yamamoto		Lawyer of Marunouchi-Chuo Law Office, External Director of Narasaki Sangyo Co., Ltd., Audit & Supervisory Board member of MegaHouse Corporation, External Audit & Supervisory Board member of Bandai Co., Ltd., External Audit & Supervisory Board member of Toin Corporation
Director (Audit & Supervisory Committee member)	Kuniharu Kezuka		Certified public accountant and tax accountant of Kezuka Accounting Office
Director (Audit & Supervisory Committee member)	Minako Adachi		Audit & Supervisory Board member of Hochiki Corporation, External Director of Sinko Industries Ltd.

Notes: 1. Based on the resolution at the 73rd Ordinary General Meeting of Shareholders held on June 21, 2024, the Company transitioned to a Company with Audit & Supervisory Committee as of the same date.

2. Minoru Nishino and Akihiro Fujioka (Directors) and Shohei Yamamoto, Kuniharu Kezuka and Minako Adachi (Directors who are Audit & Supervisory Committee members) serve as External Directors. Also, the Company has designated all five of them as Independent Directors as per the provisions of the Tokyo Stock Exchange, and has given notice to this effect to the Stock Exchange.

3. The Company has appointed Akio Misono and Shin-ichi Miura as full-time Audit & Supervisory Committee members. This was done to enhance information gathering, strengthen collaboration with internal audit departments, and improve the effectiveness of audits and oversight functions.
4. Kuniharu Kezuka (Director who is an Audit & Supervisory Committee member) is qualified as a certified public accountant and certified tax accountant, and has a considerable degree of knowledge about financial and accounting matters.
5. The Company has no special relationships with the entities listed above in which the External Directors hold important concurrent positions.
6. In regard to changes in positions and responsibilities of Directors and Audit & Supervisory Board members during the fiscal year under review, in conjunction with the transition to a Company with Audit & Supervisory Committee, Akio Misono, Shin-ichi Miura, Shohei Yamamoto, Kuniharu Kezuka, and Minako Adachi were appointed as Directors who are Audit & Supervisory Committee members on June 21, 2024.
7. The following table shows information on officers who retired during this consolidated fiscal year.

Name	Date of retirement	Retirement reason	Title, duties and important concurrent roles, etc., at the time of retirement
Fumihide Kitamura	June 21, 2024	End of term	Director, Senior Operating Officer
Yuji Mori	June 21, 2024	End of term	Director, Senior Operating Officer
Takeshi Uchimura	June 21, 2024	End of term	Director

(2) Overview of Limited Liability Contract

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company entered into an agreement respectively with Minoru Nishino, Akihiro Fujioka (Directors) and Akio Misono, Shin-ichi Miura, Shohei Yamamoto and Kuniharu Kezuka (Directors who are Audit & Supervisory Committee members), which limits their liability for damages prescribed in Article 423, Paragraph 1 of the same Act. The limit on their liability for damages under the agreement coincides with the legally stipulated amounts.

(3) Overview of Liability Insurance Contract for Officers, etc.

Pursuant to Article 430, Paragraph 3, Item 1 of the Companies Act, the Company has entered into a liability insurance contract for Directors (including Directors who are Audit & Supervisory Committee members), Audit & Supervisory Board members, Operating Officers, employees in management positions, and persons dispatched to another company as officers. The Company pays the full amount of the insurance premiums.

The overview of the insurance contract is that the insurance company will pay compensation for damages that may occur when an insured individual is held responsible for the execution of his/her duties or is subject to a charge of liability for pursuing those responsibilities. The contract will be renewed every year.

Damages caused when an insured individual violates laws or regulations are exempt from the insurance contract. Furthermore, we are taking measures to ensure that insured persons can execute their duties properly; for example,

setting a limit on the amount to be covered.

We plan to renew the insurance contract with the same contents at the next renewal period.

(4) Compensation to Be Paid to Directors and Audit & Supervisory Board Members

1) Total compensation for this fiscal year

Post	Total amount of compensation, etc.	Total amount of compensation, etc., by type			Number of applicable officers
		Basic compensation	Performance-based allowance for bonuses to employees	Performance-based allowance for stock compensation	
Directors (excluding Directors who are Audit & Supervisory Committee members)	¥190 million	¥111 million	¥53 million	¥25 million	12
(External Directors)	(¥17 million)	(¥17 million)	(—)	(—)	(4)
Directors who are Audit & Supervisory Committee members	¥41 million	¥41 million	—	—	5
(External Directors)	(¥15 million)	(¥15 million)	(—)	(—)	(3)
Audit & Supervisory Board members	¥11 million	¥11 million	—	—	4
(External Audit & Supervisory Board members)	(¥3 million)	(¥3 million)	(—)	(—)	(2)
Total	¥243 million	¥164 million	¥53 million	¥25 million	16

Notes: 1. Based on the resolution at the 73rd Ordinary General Meeting of Shareholders held on June 21, 2024, the Company transitioned to a Company with Audit & Supervisory Committee as of the same date.

2. The Directors listed above (excluding Directors who are Audit & Supervisory Committee members) include three Directors (one of whom was an External Director) who retired at the conclusion of the 73rd Ordinary General Meeting of Shareholders held on June 21, 2024, as well as one Director (an External Director) who, upon expiration of their term on June 21, 2024, retired as a Director and was newly appointed as a Director serving as an Audit & Supervisory Committee member. Additionally, four Audit & Supervisory Board members also retired at the conclusion of this General Meeting of Shareholders and were appointed as Directors serving as Audit & Supervisory Committee members. Accordingly, the amounts paid to the four Audit & Supervisory Board members relate to the period prior to June 21, 2024, while the amounts paid to the five Directors who are Audit & Supervisory Committee members relate to the period thereafter. Please note that the total number of applicable officers shows the actual headcount.

3. The amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee members) does not include the salaries of Directors who concurrently serve as employees.

4. The amount of compensation for Directors prior to the transition to a Company with Audit & Supervisory Committee was approved at the 56th Ordinary General Meeting of Shareholders held on June 22, 2007, to be within ¥420 million per year (excluding the employee salaries). The number of Directors at the conclusion of this General Meeting of Shareholders was 12 (including 0 External Directors).

The amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee members) following the transition to a Company with Audit & Supervisory Committee was approved at the 73rd Ordinary General Meeting of Shareholders held on June 21, 2024, to be within ¥300 million per year (of which the portion for External Directors is within ¥30 million). However, this amount excludes the employee salaries for Directors who concurrently serve as employees. As of the conclusion of this General Meeting of Shareholders, the number of Directors (excluding Directors who are Audit & Supervisory Committee members) was 8 (including 2 External Directors).

5. Prior to the transition to a Company with Audit & Supervisory Committee, a stock compensation plan separate from monetary compensation was established based on the resolution passed at the 66th Ordinary General Meeting of Shareholders held on June 23, 2017. Under this plan, a share settlement trust was set up for Directors (excluding External Directors) with a total limit of 50,000 points (1 point = 1 share of the Company's ordinary shares). The period of the trust is 5 years from August 2017 to August 2022, and the maximum contribution amount is ¥200 million (equivalent to ¥40 million per year). If the trust period is extended, this General Meeting of Shareholders also made a decision on contribution to the trust up to a maximum amount calculated by multiplying the number of years of the extension by ¥40 million, and on continuing the maximum number of points granted per year. (At the Board of Directors meeting held on June 15, 2022, the Company resolved to extend the trust period until August 31, 2027 and to continue the system.) The number of Directors at the conclusion of this General Meeting of Shareholders was 9 (excluding 3 External Directors who are not eligible for stock compensation).

Following the transition to a company with an Audit and Supervisory Committee, a stock compensation plan separate from monetary compensation was established based on the resolution at the 73rd Ordinary General Meeting of Shareholders held on June 21, 2024. Under this plan, a share settlement trust was set up for Directors (excluding Directors who are Audit & Supervisory Committee members and External Directors), with a total limit of 50,000 points (1 point = 1 share of the Company's ordinary shares). The period of the trust is 5 years from September 2022 to August 2027, and the maximum contribution amount is ¥200 million (equivalent to ¥40 million per year). If the trust period is extended, this General Meeting of Shareholders also made a decision on contribution to the trust up to a maximum amount calculated by multiplying the number of years of the extension by ¥40 million, and on continuing the maximum number of points granted per year. The number of Directors at the conclusion of this General Meeting of Shareholders was 6 (excluding Directors who are Audit & Supervisory Committee members and External Directors who are not eligible for stock compensation).

6. The upper limit on the total amount of compensation to be paid to Audit & Supervisory Committee members was set at ¥70 million per year at the 73rd Ordinary General Meeting of Shareholders held on June 21, 2024. The number of Audit & Supervisory Committee members at the conclusion of this General Meeting of Shareholders

was 5.

7. The upper limit on the total amount of compensation to be paid to Audit & Supervisory Board members was set at ¥50 million per year at the 42nd Ordinary General Meeting of Shareholders held on December 21, 1993. The number of Audit & Supervisory Board members at the conclusion of this General Meeting of Shareholders was 2. The Company abolished the bonus system for Audit & Supervisory Board members in the 54th term.
8. The Company establishes ordinary profit as the indicator for performance-based bonuses and ROE as the indicator for performance-based stock compensation. Changes for results of these indicators are shown in “I. Matters Concerning the Current Status of the Corporate Group” — “(5) Trends in Assets and Operating Results of the Company.”

2) Retirement benefits paid to retired Directors and Audit & Supervisory Board members for this fiscal year

At the 55th Ordinary General Meeting of Shareholders, which was held on June 23, 2006, approval was given for discontinuing payments in line with abolishing the retirement benefit system for Directors and Audit & Supervisory Board members. Following the resolution, there has been no retirement benefit paid for this fiscal year.

(5) Policies, etc., Related to the Determination of Contents for Compensation, etc., of Officers

At the Board of Directors meeting held on June 24, 2016, the Company resolved policies for determining the content of compensation, etc., for individual Directors. When making a resolution to the Board of Directors, we consult in advance with the Nominations & Remuneration Committee, for which half of members are Independent Directors/Auditors, and receive reports on the contents of said consultation. Furthermore, the system in the Director Compensation Rules is designed so that the contents of individual compensation, etc., for Directors are calculated based on those policies, so the Board of Directors judges that the contents of compensation, etc., for individual Directors in the consolidated fiscal year under review are in accordance with those policies. The Board of Directors shall consult with the Nominations & Remuneration Committee every year regarding the validity of the Director Compensation Rules, and shall deliberate and decide on necessary measures based on reports from the Committee.

Furthermore, based on the resolution at the 73rd Ordinary General Meeting of Shareholders held on June 21, 2024, the Company transitioned from a Company with Audit & Supervisory Board to a Company with Audit & Supervisory Committee. At the Board of Directors meeting held on June 21, 2024, relevant policies were revised to reflect the structure after transition.

The details of the revised policies are as follows.

1) Basic policy

[Before transition to a Company with Audit & Supervisory Committee]

After receiving a recommendation from the Nominations & Remuneration Committee, compensation for Directors shall be determined by the Board of Directors based on the following policies. Compensation for Audit & Supervisory Board members shall be determined by deliberation by the Audit & Supervisory Board members.

- Compensation for Directors shall be appropriate, and shall be sufficient for attracting and retaining diverse, talented personnel.

- Compensation for Directors shall enable Directors to continuously improve corporate value and share interests with the Company's shareholders.
- Measures shall be taken to ensure that the process of determining compensation for Directors is fair and transparent.
- Compensation for Directors shall consist of basic compensation, which is fixed compensation as payment for role and execution of duties, and performance-based compensation, which is linked to business performance. However, performance-based compensation is not appropriate for non-executive Directors, including External Directors who are independent of business execution; therefore, only basic compensation is used for non-executive Directors.

[After transition to a Company with Audit & Supervisory Committee]

After receiving a recommendation from the Nominations & Remuneration Committee, compensation for Directors shall be determined by the Board of Directors based on the following policies. Compensation for Directors who are Audit & Supervisory Committee members shall be determined by deliberation by the Directors who are Audit & Supervisory Committee members.

- Compensation for Directors shall be appropriate, and shall be sufficient for attracting and retaining diverse, talented personnel.
- Compensation for Directors shall enable Directors to continuously improve corporate value and share interests with the Company's shareholders.
- Measures shall be taken to ensure that the process of determining compensation for Directors is fair and transparent.
- Compensation for Directors shall consist of basic compensation, which is fixed compensation as payment for role and execution of duties, and performance-based compensation, which is linked to business performance. However, performance-based compensation is not appropriate for Directors who are Audit & Supervisory Committee members and are independent of business execution and non-executive Directors from among Directors who are not Audit & Supervisory Committee members; therefore, only basic compensation is used.

2) Policy regarding basic compensation

[Before transition to a Company with Audit & Supervisory Committee]

Basic compensation for Directors of the Company shall be a fixed monthly compensation. The amount of compensation shall be set within the range for each position stipulated in the Director Compensation Rules, taking into consideration the appropriate level.

[After transition to a Company with Audit & Supervisory Committee]

Basic compensation for Directors of the Company shall be a fixed monthly compensation. The amount of compensation shall be set within the range for each position stipulated in the Director Compensation Rules, taking into consideration the appropriate level.

Note: 1. There is no change from before transition to a Company with Audit & Supervisory Committee.

3) Policy regarding performance-based compensation, etc., and non-monetary compensation, etc.

[Before transition to a Company with Audit & Supervisory Committee]

- The Company establishes the return on equity (ROE) and ordinary profit as the Company’s important business indicators, and strives to improve these indicators. Therefore, the Company also uses these indicators for performance-based compensation, etc., and non-monetary compensation, etc., for executive Directors.
- Business indicators related to bonuses as short-term incentives shall be the consolidated ordinary profit and business profit (loss) by business segment for the applicable fiscal year. The amount of individual bonuses is calculated by multiplying the basic compensation amount of each Director by the factor stipulated in the Director Compensation Rules according to the results of each business index and the individual contribution evaluation. After being determined, the amount is paid after the Ordinary General Meeting of Shareholders for that fiscal year.
- The business indicator for stock-based compensation as a medium- to long-term incentive shall be the return on equity (ROE) for the fiscal year in which the compensation is issued. The number of shares to be individually issued is assigned after converting the basic compensation amount for each Director and the ROE performance in each fiscal year into points by using the methods specified in the Share Issuance Regulations, and the number of shares of the Company are issued at the time of leaving the position based on the cumulative number of points earned during time spent serving in that position.
- For these two indicators, a lower limit (no payment) and an upper limit are set. Director compensation is paid according to performance, within the upper and lower limits.

[After transition to a Company with Audit & Supervisory Committee]

- The Company establishes the return on equity (ROE) and ordinary profit as the Company’s important business indicators, and strives to improve these indicators. Therefore, the Company also uses these indicators for performance-based compensation, etc., and non-monetary compensation, etc., for executive Directors.
- Business indicators related to bonuses as short-term incentives shall be the consolidated ordinary profit and business profit (loss) by business segment for the applicable fiscal year. The amount of individual bonuses is calculated and determined by multiplying the basic compensation amount of each Director by the factor stipulated in the Director Compensation Rules according to the results of each business index and the individual contribution evaluation.
- The business indicator for stock-based compensation as a medium- to long-term incentive shall be the return on equity (ROE) for the fiscal year in which the compensation is issued. The number of shares to be individually issued is assigned after converting the basic compensation amount for each Director and the ROE performance in each fiscal year into points by using the methods specified in the Share Issuance Regulations, and the number of shares of the Company are issued at the time of leaving the position based on the cumulative number of points earned during time spent serving in that position.
- For these two indicators, a lower limit (no payment) and an upper limit are set. Director compensation is paid according to performance, within the upper and lower limits.

Note: 1. There is no change from before transition to a Company with Audit & Supervisory Committee.

4) Policy for ratio of compensation, etc.

[Before transition to a Company with Audit & Supervisory Committee]

The ratio of performance-based compensation, etc., and non-monetary compensation, etc., is designed to be about 30%

of the total compensation for Directors at the upper limit of the current system.

[After transition to a Company with Audit & Supervisory Committee]

The ratio of performance-based compensation, etc., and non-monetary compensation, etc., is designed to be about 30%

Note: 1. There is no change from before transition to a Company with Audit & Supervisory Committee.

5) Items related to determination of compensation, etc.

[Before transition to a Company with Audit & Supervisory Committee]

Pursuant to the Director Compensation Rules, the Board of Directors delegates the determination of the basic compensation amount, etc., for each Director to the Representative Directors.

[After transition to a Company with Audit & Supervisory Committee]

The amount of compensation for each Director (including the granting of points under the stock compensation plan) is determined pursuant to the amounts and calculation methods specified in the Director Compensation Rules.

(6) Items Related to Delegating the Determination of Compensation, etc., for Officers

Prior to the transition to a Company with Audit & Supervisory Committee, pursuant to the Director Compensation Rules prior to revision, the determination of the individual basic compensation amount for each Director was delegated to Representative Director & CEO Mitsumasa Matsunaga and Representative Director & COO Toshiro Suzuki (both titles as of that time). When deciding the contents of delegation, the Nominations & Remuneration Committee confirms that the contents comply with the Director Compensation Rules.

Following the transition to a Company with Audit & Supervisory Committee, no delegation has been made for authority regarding the determination of officer compensation.

(7) Matters Concerning External Officers

1) State of significant posts held concurrently at other corporations, and relations between the Company and such other corporations

Please see the above “(1) Status of Directors” section.

2) Major activities in the fiscal year under review

Post	Name	Status of attendance	Overview of duties performed in relation to the expected role of External Directors
Director	Minoru Nishino	Board of Directors meetings (13 times / 13 meetings)	Minoru Nishino provides a wide range of valuable comments and advice in terms of corporate governance, risk analysis and evaluation in the course of business operation, and overall management based on his abundant experience and achievements in corporate management at other listed companies. Furthermore, as a member of the Nominations & Remuneration Committee, he fulfills an important role in strengthening the independence, objectivity, and accountability of functions of the Board of Directors as expected by the Company; for example, he is involved in reporting to the Board of Directors in regards to the nomination of candidates for Directors and in regards to the determination of Director compensation.
Director	Akihiro Fujioka	Board of Directors meetings (13 times / 13 meetings)	Akihiro Fujioka provides a wide range of valuable comments and advice in terms of corporate governance, risk analysis and evaluation in the course of business operation, and overall management based on his abundant experience and achievements in finance. Furthermore, as a member of the Nominations & Remuneration Committee, he fulfills an important role in strengthening the independence, objectivity, and accountability of functions of the Board of Directors as expected by the Company; for example, he is involved in reporting to the Board of Directors in regards to the nomination of candidates for Directors and in regards to the determination of Director compensation.
Director (Audit & Supervisory Committee member)	Shohei Yamamoto	Board of Directors meetings (13 times / 13 meetings) Audit & Supervisory Committee meetings (11 times / 11 meetings) Audit & Supervisory Board meetings (3 times / 3 meetings)	Shohei Yamamoto provides valuable and essential comments and advice to ensure compliance by the Company in the course of business; for example, providing opinions based on his high-level expertise as a lawyer and his experience as an external officer at other listed companies.

Director (Audit & Supervisory Committee member)	Kuniharu Kezuka	Board of Directors meetings (13 times / 13 meetings) Audit & Supervisory Committee meetings (11 times / 11 meetings) Audit & Supervisory Board meetings (3 times / 3 meetings)	Kuniharu Kezuka provides valuable and essential comments and advice to ensure compliance by the Company in the course of business; for example, providing opinions based on his high-level expertise as a CPA and tax accountant, and his experience as an audit officer at other listed companies.
Director (Audit & Supervisory Committee member)	Minako Adachi	Board of Directors meetings (13 times / 13 meetings) Audit & Supervisory Committee meetings (11 times / 11 meetings)	Minako Adachi provides valuable and essential comments and advice to ensure compliance by the Company in the course of business; for example, providing opinions on promoting the active engagement of women in the workplace and on growth strategies for overseas businesses, based on her abundant management experience at other listed companies.

Notes:

1. Based on the resolution at the 73rd Ordinary General Meeting of Shareholders held on June 21, 2024, the Company transitioned to a Company with Audit & Supervisory Committee as of the same date.
2. Based on the number of meetings of the Board of Directors in the table above, and on Article 370 of the Companies Act and the Company's Articles of Incorporation, there have been three recorded resolutions recognized to be resolutions of the Board of Directors.

V. Status of Accounting Auditor

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC.

(2) Amount of Compensation

	Amount to Be Paid
Compensation to be paid to Accounting Auditors for the fiscal year under review	¥51 million
Total of cash and other assets to be paid by the Company and subsidiaries to Accounting Auditors	¥59 million

Notes: 1. Among principal subsidiaries of the Company, overseas subsidiaries were subject to audits by a person other than the Accounting Auditor who audits the Company (overseas certified public accountant or person equivalent to the qualification of auditing firm) (limited to an audit subject to a foreign law equivalent to the Companies Act or the Financial Instruments and Exchange Act of Japan).

2. The auditing contract between the Company and the Accounting Auditors makes no distinction between auditing services based on the Corporate Law and auditing services based on the Financial Instruments and Exchange Law. Since no real distinction can be made in practice, the amount paid represents the total amount.

3. As prescribed in “Practical Guidelines Concerning Cooperation with Accounting Auditors” released by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Committee of the Company has evaluated the status of execution of duties by Accounting Auditors and their audit plan, and after considering the Company’s business results in the previous fiscal year, has agreed with the provisions of Article 399, Paragraph 1 of the Companies Act on matters such as the compensation to be paid to Accounting Auditors.

(3) Non-Audit Work

The Company entrusts the Accounting Auditor with “proposal of responses to revised standards on internal controls,” which is a service other than services as provided in Article 2, Paragraph 1 of the Certified Public Accountants Law (non-audit work), and paid compensation for such services to the Accounting Auditor.

(4) Policy Concerning Decisions to Dismiss or Not to Reappoint Accounting Auditors

When there is any difficulty in execution of duties by the Accounting Auditor and their fulfillment is deemed necessary, the Audit & Supervisory Committee shall determine the content of the proposal regarding whether to dismiss or not reappoint the Accounting Auditor to be submitted to the General Meeting of Shareholders. Furthermore, if the Accounting Auditor is deemed to fall under any of the items prescribed in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Committee shall dismiss the Accounting Auditor based on consent of all Audit & Supervisory Committee members. In this case, the Audit & Supervisory Committee member designated by the Audit & Supervisory Committee shall report on the dismissal of the Accounting Auditor and the reason thereof at the first General Meeting of Shareholders following the dismissal.

VI. System for Securing Appropriateness of Business Operations and the Status of Its Operation

(1) System for Securing Appropriateness of Business Operations

At the Meeting of the Board of Directors, the Company resolved the following system for securing compliance of Directors' execution of duties in line with laws and regulations as well as with the Articles of Incorporation, but also for securing the appropriateness of the business operations of the Company.

On June 21, 2024, the Company transitioned from a Company with Audit & Supervisory Board to a Company with Audit & Supervisory Committee. In conjunction with this transition, at the Board of Directors meeting held on June 21, 2024, we revised the Basic Policy on Internal Control System. The revised content is as follows.

1) System for Securing Compliance of Execution of Duties by Directors and Employees with Laws and Regulations and Articles of Incorporation

- The Company shall set the code of conduct in line with the corporate code and philosophy where its officers and employees are required to comply with, and ensure that each and every officer and employee is thoroughly informed of this code.
- The Company shall set compliance rules and establish a framework for compliance, including an internal reporting (whistle-blower) system.
- When detecting serious legal violation or other important matters concerning compliance, Directors shall immediately notify Audit & Supervisory Committee members and report it at a meeting of the Board of Directors or a corporate management meeting without any delay.
- The Company shall set up an internal audit department that is independent from operational divisions and responsible for auditing the operational processes thereof in order to prevent and detect illegal acts and improve the processes.
- Directors who are Audit & Supervisory Committee members (hereinafter "Audit & Supervisory Committee members") shall be allowed not only to attend meetings of the Board of Directors on a permanent basis but also to participate in other important meetings and committee meetings as necessary. In addition, Audit & Supervisory Committee members shall regularly hold meetings to seek the opinions of Accounting Auditors.
- The Company shall stipulate explicitly the obligation to break off relations with antisocial forces in the code of conduct. Furthermore, it shall establish a department to handle such antisocial forces and take all necessary measures such as formulating a communication framework to contact the police and lawyers in the case of emergency, collecting and managing information, preparing regulations and manuals, and so on.

2) System for Storage and Management of Information Concerning Directors' Execution of Duties

- Directors shall store and manage documents and other information materials concerning their execution of duties appropriately in accordance with the rules set by the Company.
- Directors and employees at the internal audit department may access such information at any times.

3) Rules Concerning Risk Management

- The Company has established risk management regulations, and clearly states the risks that it faces.
- Under the directions of its General Risk Committee, which is headed by the company president, the Company

manages risk for the entire Group.

- As well as clarifying the supervisory department for each risk, the General Risk Committee sets up individual committees as required, and prepares systems for enabling swift and effective responses to be made when risks arise.
- The General Risk Committee makes reports to the Board of Directors, as necessary, on the state of responses being made for risks that have arisen.
- Regarding potential risks requiring response, after assessing these, the General Risk Committee reviews the effectiveness of the risk policies and associated management systems, and then reports on their findings to the Board of Directors.

4) System for Securing Efficiency of Execution of Duties by the Group's Directors

- The Company shall hold a regular meeting of the Board of Directors every month and hold an extraordinary meeting of the Board of Directors as necessary.
- In addition, the Company shall regularly hold a corporate management meeting with the participation of Executive Directors, Full-time Audit & Supervisory Committee members and others, for which sufficient deliberations shall be conducted in advance on particularly important matters to be determined by the Board of Directors.
- With regard to the execution of operations based on decisions made at a meeting of the Board of Directors, the divisions and officials in charge thereof as well as the execution procedures shall be determined based on the rules concerning the allocation of operational responsibilities and authorities. Furthermore, by similarly maintaining necessary regulations and providing execution proceedings for each subsidiary, the Company aims to streamline execution of duties by each subsidiary's corresponding Director.

5) System for Securing Appropriateness of Operations of the Group

- All companies belonging to the Sanshin Electronics Group shall be required to comply with the Group corporate vision (including the corporate code and code of conduct) and the compliance rules, and the Company shall ensure that officers and all employees of its subsidiaries are thoroughly informed. Each subsidiary shall maintain necessary regulations for itself based on the above rules.
- The Sanshin Electronics Group as a whole, including subsidiaries, shall implement measures to cope with the serious risks. Each subsidiary shall maintain necessary regulations for itself based on the above rules.
- Subsidiaries are required to obtain prior approval from and submit reports to the Company with regard to important matters as specified in the rules concerning the supervision of subsidiaries and affiliated companies.
- The Company shall regularly provide Directors and employees of subsidiaries with opportunities to have the Company's Directors and Audit & Supervisory Committee members reporting on the execution of their respective duties.
- Audit & Supervisory Committee members shall conduct necessary audits with regard to subsidiaries, too.

6) Systems for Ensuring the Reliability of Financial Reporting

- To ensure the reliability of the Group's financial reporting and the effective and appropriate submission of the internal control reports, the Company shall set the Internal Control Management Regulations and introduce the

framework to evaluate the effectiveness of the internal control system on a regular basis and to correct inadequacies, if any.

7) System for Accommodating Audit & Supervisory Committee Members' Requests for Assistant Employees and Independence of Said Employees from Directors (Excluding Directors who are Audit & Supervisory Committee Members)

- Audit & Supervisory Committee members shall be given the authority to issue instructions to the internal audit division with regard to matters necessary for their auditing activities.
- Concerning instructions received from Audit & Supervisory Committee members with regard to matters necessary for their auditing activities, employees at the internal audit department shall not be bound by the chain of command leading down from Directors (excluding Directors who are Audit & Supervisory Committee members).
- The Company shall respect the Audit & Supervisory Committee members' opinions with regard to matters related to the appointment, transfer, evaluation, disciplinary actions and so forth, of the employees at the internal audit department.

8) Systems for Reporting by Directors, Audit & Supervisory Board Members and Employees to Audit & Supervisory Committee Members and for Securing Effective Audits by Audit & Supervisory Committee Members

- Audit & Supervisory Committee members shall be given the authority to request necessary reports from Directors, Audit & Supervisory Board members of subsidiaries and employees at any time.
- The Representative Directors shall provide the Audit & Supervisory Committee members with opportunities to exchange opinions with them regularly.
- The internal audit department shall make sure to submit reports to Audit & Supervisory Committee members after conducting audits of operations, etc.
- The Company shall establish an appropriate system for the reporting of matters concerning compliance, such as legal violation, to Audit & Supervisory Committee members by setting compliance rules.
- Any disadvantageous treatment given to Directors and Employees who contribute through reports to audits by Audit & Supervisory Committee members, or to Directors, Audit & Supervisory Board members and Employees of subsidiaries is prohibited.
- When Audit & Supervisory Committee members request to the Company the payment in advance for the expenses related to the execution of their auditing duties (limited to the execution of duties related to the Audit & Supervisory Committee), the Company shall pay such costs or amortize the liability immediately. Moreover, in order to pay the expenses incurred in the execution of duties (limited to the execution of duties related to the Audit & Supervisory Committee) by Audit & Supervisory Committee members, the Company shall allocate a certain amount of budget each year.

(2) Outline of the Status of Operation of the System for Securing Appropriateness of Business Operations

The status of operation of the system for securing appropriateness of business operations is shown as below.

- The Company has set a code of conduct its officers and employees of the Group are required to comply with, and is currently taking thorough measures to make this code known by everyone at the training for new employees, as well as through periodic publications in the Company’s newsletter, postings within offices, or by distributing cards internally. Furthermore, in order to assess the implementation status of this code of conduct, the Company regularly conducts an employee questionnaire. The results of the questionnaire are reported to the Board of Directors and the degree of awareness toward the code of conduct is confirmed.
- The Company has established internal reporting regulations which define items including confidentiality of whistle-blowers, prohibition of disadvantageous treatment of whistle-blowers, and prohibition of handling of reported incidents by individuals who are personally involved in said incidents. The Company operates an internal control system. Furthermore, in order to strengthen independence from management, the Company includes all Directors who are Audit & Supervisory Committee members in the reporting contact point.
- The Company has established an Auditing Office as its internal auditing department. Currently, three dedicated staffs are stationed at the Auditing Office as of the date of creation for this business report. After conducting an operational audit, the Auditing Office submits an auditing report to the Representative Directors and to Directors who are Audit & Supervisory Committee members (Audit & Supervisory Board members prior to the transition to a Company with Audit & Supervisory Committee; the term “Audit & Supervisory Committee members” is used in the same way hereinafter). Furthermore, the Audit & Supervisory Committee members and Auditing Office hold meetings as necessary. Audit & Supervisory Committee members gather information from the Auditing Office; for example, requesting reports on the status of the internal control system and related auditing results. Audit & Supervisory Committee members also provide instruction and recommendations to the Auditing Office.
- Audit & Supervisory Committee members shall attend the meetings of the Board of Directors. Furthermore, Full-time Audit & Supervisory Committee members shall attend management and executive committee meetings, management strategy meetings and other important gatherings on a permanent basis. In addition to holding deliberation with Accounting Auditors at the beginning of the fiscal year under review in order to formulate an audit plan, Audit & Supervisory Committee members meet periodically and as necessary, and are present during the performance of accounting audits as necessary.
- The General Risk Committee makes reports to the Board of Directors, as necessary, on the state of responses being made for risks that have arisen. Also, regarding new risks requiring response, after assessing these, the General Risk Committee reports on the effectiveness of the risk policies and associated management systems to the Board of Directors.
- During the period, ordinary meetings of the Board of Directors were held 13 times, and there were 3 separate recorded resolutions.
- The scope of matters to be resolved by the Board of Directors was limited to legal matters and fundamental matters of the Company (disposal of important assets such as investments, corporate code of conduct, corporate philosophy, code of conduct, establishment/revision of basic management policies and management plans, items related to corporate governance, etc.). Other matters shall be delegated to corporate management meetings and executive directors, and action shall be taken in accordance with rules. In regards to the executions of said actions, executive directors shall report to the Board of Directors as necessary. Through these reports, the Board of Directors shall supervise the decision-making and business operation of executive directors.
- Audit & Supervisory Committee members visit subsidiaries for periodic audits.

- In accordance with the Internal Control Management Regulations, the Internal Control Committee meets three times during the period. In order to evaluate the effectiveness of internal controls at the Company, the Internal Control Committee considers the self-assessment results of self-inspection and the results of independent evaluation by the Auditing Office. Results are reported to the CEO.
- Representative Directors meet periodically with Audit & Supervisory Committee members and External Directors in order to exchange opinions. Furthermore, separate meetings are held between Audit & Supervisory Committee members and External Directors in order to exchange opinions.

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

Sanshin Electronics Co., Ltd.

As of March 31, 2025

	Millions of yen
ASSETS	
Current assets:	
Cash and deposits	9,361
Notes and accounts receivable–trade, and contract assets	38,533
Electronically recorded monetary claims	2,095
Merchandise inventories	19,750
Partly-finished work	5
Accrued income	112
Consumption taxes receivable	4,047
Others	1,000
Allowance for doubtful accounts	(29)
Total current assets	74,878
Non-current assets:	
Property and equipment	
Buildings and structures	1,109
Land	4,760
Leased assets	129
Others	67
Total property and equipment	6,067
Intangible assets:	247
Investments and other assets:	
Investment securities	2,242
Deferred tax assets	85
Assets related to retirement benefits	353
Others	184
Allowance for doubtful accounts	(10)
Total investments and other assets	2,854
Total non-current assets	9,170
TOTAL	84,049

Note: Figures are rounded down to the nearest million yen.

CONSOLIDATED BALANCE SHEET

Sanshin Electronics Co., Ltd.

As of March 31, 2025

	Millions of yen
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
Current liabilities:	
Notes and accounts payable–trade	15,558
Short-term loans payable	24,121
Lease obligations	63
Accrued corporate tax, etc.	846
Allowance for bonuses to employees	622
Allowance for bonuses to officers	53
Others	1,503
Total current liabilities	42,768
Non-current liabilities:	
Lease obligations	72
Deferred tax liabilities	420
Allowance for stock compensation	130
Others	106
Total non-current liabilities	729
Total liabilities	43,497
NET ASSETS:	
Shareholders' equity:	
Capital stock	14,811
Capital surplus	16
Retained earnings	28,553
Treasury stock	(8,712)
Total shareholders' equity	34,668
Accumulated other comprehensive income:	
Valuation difference on available-for-sale securities	1,038
Deferred hedge gains (losses)	26
Foreign currency translation adjustments	4,536
Remeasurements of defined benefit plans	215
Total accumulated other comprehensive income	5,816
Non-controlling interests	65
Total net assets	40,551
TOTAL	84,049

Note: Figures are rounded down to the nearest million yen.

CONSOLIDATED PROFIT AND LOSS STATEMENT

Sanshin Electronics Co., Ltd.

For the year ended March 31, 2025

	Millions of yen	
Net sales		157,342
Cost of sales:		140,795
Gross profit on sales		16,546
Selling, general and administrative expenses:		10,755
Operating profit		5,791
Non-operating profit:		
Interest income	160	
Dividend income	41	
Others	119	322
Non-operating expenses:		
Interest expenses	604	
Foreign exchange losses	516	
Others	58	1,179
Ordinary profit		4,934
Extraordinary profits:		
Gain on sales of non-current assets	0	
Gain on sales of investment securities	73	
Gain on sales of stocks of subsidiaries and affiliates	2	
Gain on extinguishment of tie-in shares	8	85
Extraordinary losses:		
Loss on sales of investment securities	70	
Loss on valuation of investment securities	18	89
Net profit before tax and other adjustments		4,930
Corporate, resident and enterprise taxes	1,346	
Adjustment for corporate tax, etc.	73	1,420
Net profit		3,510
Net profit attributable to non-controlling interests		(12)
Net profit attributable to shareholders of parent company		3,522

Note: Figures are rounded down to the nearest million yen.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Sanshin Electronics Co., Ltd.

For the year ended March 31, 2025

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2024	14,811	16	26,266	(8,758)	32,335
Changes during the term					
Dividends of surplus			(1,235)		(1,235)
Net profit attributable to shareholders of parent company			3,522		3,522
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock				46	46
Net changes of items other than shareholders' equity					
Total changes during the term	—	—	2,286	46	2,333
Balance as of March 31, 2025	14,811	16	28,553	(8,712)	34,668

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred hedge gains (losses)	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2024	1,014	(63)	4,933	74	5,959	77	38,373
Changes during the term							
Dividends of surplus							(1,235)
Net profit attributable to shareholders of parent company							3,522
Purchase of treasury stock							(0)
Disposal of treasury stock							46
Net changes of items other than shareholders' equity	24	89	(397)	140	(143)	(12)	(155)
Total changes during the term	24	89	(397)	140	(143)	(12)	2,178
Balance as of March 31, 2025	1,038	26	4,536	215	5,816	65	40,551

Note: Figures are rounded down to the nearest million yen.

Non-Consolidated Financial Statements

NON-CONSOLIDATED BALANCE SHEET

Sanshin Electronics Co., Ltd.

As of March 31, 2025

	Millions of yen
ASSETS	
Current assets:	
Cash and deposits	2,674
Trade notes	17
Electronically recorded monetary claims	2,095
Accounts receivable–trade and contract assets	24,882
Merchandise inventories	11,363
Partly-finished work	5
Advance payment	295
Prepaid expenses	178
Short-term loans receivable from subsidiaries and associates	373
Accrued income	192
Consumption taxes receivable	4,045
Others	68
Allowance for doubtful accounts	(0)
Total current assets	46,193
Non-current assets:	
Property and equipment:	
Buildings	1,105
Structures	2
Tools and fixtures	52
Land	4,760
Leased assets	90
Total property and equipment	6,012
Intangible assets:	
Software	140
Others	79
Total intangible assets	219
Investments and other assets:	
Investment securities	2,150
Stocks of subsidiaries and affiliates	3,517
Guarantee money deposit	85
Prepaid pension costs	153
Others	28
Allowance for doubtful accounts	(8)
Total investments and other assets	5,927
Total non-current assets	12,158
TOTAL	58,352

Note: Figures are rounded down to the nearest million yen.

NON-CONSOLIDATED BALANCE SHEET

Sanshin Electronics Co., Ltd.

As of March 31, 2025

	Millions of yen
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
Current liabilities:	
Trade notes	756
Accounts payable	12,327
Short-term loans payable	20,458
Lease obligations	30
Accounts payable - other	230
Accrued expenses	208
Accrued corporate tax, etc.	556
Advance received	610
Allowance for bonuses to employees	622
Allowance for bonuses to officers	53
Others	128
Total current liabilities	35,981
Non-current liabilities:	
Lease obligations	60
Deferred tax liabilities	202
Allowance for stock compensation	130
Others	106
Total non-current liabilities	499
Total liabilities	36,481
NET ASSETS:	
Shareholders' equity:	
Capital stock	14,811
Capital surplus	16
Other capital surplus	16
Retained earnings	14,690
Retained surplus	518
Other retained earnings	14,171
Reserve for dividend payments	600
Retained earnings brought forward	13,571
Treasury stock	(8,712)
Total shareholders' equity	20,805
Valuation and translation adjustments:	
Valuation difference on available-for-sale securities	1,038
Deferred hedge gains (losses)	26
Total valuation and translation adjustments	1,065
Total net assets	21,870
TOTAL	58,352

Note: Figures are rounded down to the nearest million yen.

NON-CONSOLIDATED PROFIT AND LOSS STATEMENT

Sanshin Electronics Co., Ltd.

For the year ended March 31, 2025

		Millions of yen
Net sales		113,427
Cost of sales:		103,241
Gross profit on sales		10,185
Selling, general and administrative expenses:		7,961
Operating profit		2,223
Non-operating profit:		
Interest and dividend income	1,460	
Foreign exchange gains	53	
Management consulting fees	210	
Others	56	1,780
Non-operating expenses:		
Interest expenses	395	
Others	36	431
Ordinary profit		3,572
Extraordinary profits:		
Gain on sales of investment securities	73	
Gain on sales of stocks of subsidiaries and affiliates	2	
Gain on extinguishment of tie-in shares	343	419
Extraordinary losses:		
Loss on sales of investment securities	70	
Loss on valuation of investment securities	18	89
Net profit before income taxes		3,901
Corporate, resident and enterprise taxes	762	
Adjustment for corporate tax, etc.	(5)	756
Net profit		3,145

Note: Figures are rounded down to the nearest million yen.

NON-CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 Sanshin Electronics Co., Ltd.
 For the year ended March 31, 2025

Millions of yen

	Shareholders' equity								
	Capital stock	Capital surplus		Retained earnings				Treasury stock	Total shareholders' equity
		Other capital surplus	Total capital surplus	Retained surplus	Other retained earnings		Total retained earnings		
					Reserve for dividend payments	Retained earnings brought forward			
Balance as of April 1, 2024	14,811	16	16	394	600	11,785	12,779	(8,758)	18,848
Changes during the term									
Dividends of surplus						(1,235)	(1,235)		(1,235)
Provision of retained surplus				123		(123)	—		—
Net profit						3,145	3,145		3,145
Purchase of treasury stock								(0)	(0)
Disposal of treasury stock								46	46
Net changes of items other than shareholders' equity									
Total changes during the term	—	—	—	123	—	1,786	1,910	46	1,956
Balance as of March 31, 2025	14,811	16	16	518	600	13,571	14,690	(8,712)	20,805

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred hedge gains (losses)	Total valuation and translation adjustments	
Balance as of April 1, 2024	1,014	(63)	951	19,800
Changes during the term				
Dividends of surplus				(1,235)
Provision of retained surplus				—
Net profit				3,145
Purchase of treasury stock				(0)
Disposal of treasury stock				46
Net changes of items other than shareholders' equity	24	89	113	113
Total changes during the term	24	89	113	2,070
Balance as of March 31, 2025	1,038	26	1,065	21,870

Note: Figures are rounded down to the nearest million yen.

Audit Report

Report of the audit of the consolidated accounts by Accounting Auditors

Independent Auditor's Report

May 12, 2025

To the Board of Directors of Sanshin Electronics Co., Ltd.:

Deloitte Touche Tohmatsu LLC, Tokyo Office

Hirotsugu Mizuno

Designated and Engagement Limited Partner

Certified Public Accountant

Akiko Fujiharu

Designated and Engagement Limited Partner

Certified Public Accountant

Auditors' opinions

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, which consist of the consolidated balance sheet, consolidated profit and loss statement, consolidated statement of changes in shareholders' equity and notes to consolidated financial statements, of Sanshin Electronics Co., Ltd., (the "Company") for the consolidated fiscal year from April 1, 2024 to March 31, 2025.

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 Company and its consolidated subsidiaries for the related consolidated fiscal year, and the consolidated results of their operations and their cash flows for the years then ended in conformity with corporate accounting standards generally accepted in Japan.

Basis for Auditors' opinions

We have carried out the audit in compliance with auditing standards generally recognized as fair and appropriate in Japan. Our responsibilities under these standards are stated in the "Responsibilities of Auditors in the auditing of consolidated financial statements." In accordance with applicable regulations related to occupational ethics in Japan, we are independent from the Company and its consolidated subsidiaries and fulfill all other ethical responsibilities as Auditors. We believe that the audit evidence we have obtained is sufficient and appropriate, and provides a reasonable basis for our opinions.

Other content

Other contents are the business report and its detailed statements. The Company's management is responsible for preparing and disclosing other content. Audit & Supervisory Committee members are responsible for monitoring the Directors' execution of their work operations concerning reporting process preparation and implementation for other content.

Other content is not included in the Auditors' opinion on the consolidated financial statements. We do not express an opinion on the other content.

The responsibility of us in the audit of consolidated financial statements is to read through other content and, during the process of reading through, to examine whether there are any significant differences between other content and the consolidated financial statements or the knowledge gained by us during the audit process, and to pay attention to any other signs of significant error in other content other than those significant differences.

Based on the work performed, if we judge that there are significant errors in other content, we are required to report on those facts.

There are no matters related to other content that require reporting by us.

Responsibilities of the Company's management and the Audit & Supervisory Committee for preparation of consolidated financial statements

The Company's management is responsible for preparing and fairly presenting these consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes designing and operating internal controls judged by management as necessary to prepare and fairly present consolidated financial statements that are free from material misstatements due to fraud or error.

In the course of drafting consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements based on the premise of a going concern and disclosing the applicable information for matters related to said going concern when necessary based on corporate accounting standards which are generally accepted in Japan.

The Audit & Supervisory Committee is responsible for monitoring the Directors' execution of their work operations concerning financial reporting process preparation and implementation.

Responsibilities of Auditors in the auditing of consolidated financial statements

For the audits they perform, Auditors are responsible for acquiring a reasonable guarantee based on the audits they performed that there is no fraud or error within the consolidated financial statements as a whole which results in material misstatements and expressing an opinion on the applicable consolidated financial statements from their independent perspective within their audit report. Misstatements can occur as a result of fraud or error, and when these misstatements can reasonably be considered to affect the decision-making of consolidated financial statement users either individually or in total, they are determined to be material.

Auditors carry out the following auditing process in compliance with auditing standards generally recognized as fair and appropriate in Japan, using their professional and specialist judgment and maintaining a sense of professional skepticism in their work.

- Auditors identify and evaluate the risk of material misstatements resulting from fraud or error. Auditors also propose and implement auditing procedures for handling risks of these material misstatements. Selection and application of auditing procedures are carried out at the discretion of the Auditor. In addition, Auditors acquire audit evidence that is both sufficient and appropriate as a basis for stating their opinions.
- Expressing an opinion on the effectiveness of internal controls is not the purpose of auditing consolidated financial statements. However, Auditors consider internal controls related to the audit as part of their risk evaluations in order to formulate appropriate auditing procedures to fit the circumstances.
- Auditors evaluate the appropriateness of the accounting policy chosen by the management and the methods for its application, as well as the reasonableness of accounting estimates carried out by management and the validity of related explanatory notes.
- Auditors evaluate whether it is appropriate for the management to draft consolidated financial statements on the premise of a going concern. They also come to a conclusion regarding whether major uncertainties can be recognized related to matters or circumstances giving rise to serious doubts concerning the premise of a going concern based on

evidence acquired through the auditing process. If major uncertainties concerning the premise of a going concern can be recognized, Auditors caution consolidated financial statement users on this point in their audit reports, calling for attention to the explanatory notes. In addition, if the explanatory notes in the consolidated financial statements related to the applicable major uncertainty are not appropriate, Auditors are expected to indicate an exception in their opinion statements on the consolidated financial statements. Although the conclusions of Auditors are based on the auditing evidence they acquire up until the date of their audit report, there is still a possibility that a company will be unable to continue its business as a going concern due to future events and circumstances.

- In addition to determining whether the indications and explanatory notes of the consolidated financial statements are in compliance with corporate accounting standards generally accepted in Japan, Auditors also evaluate whether the indications, structure, and content of consolidated financial statements and their related explanatory notes, as well as the transactions and accounting matters on which these statements are based, are presented fairly.
- Auditors plan and implement audits of the consolidated financial statements in order to acquire sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries as a basis for stating their opinions on the consolidated financial statements. Auditors are responsible for directions, supervision, and implementation operations related to the auditing of consolidated financial statements. Auditors are solely responsible for their audit opinions.

Auditors will report the planned auditing scope, implementation period, important findings from the auditing process (including major deficiencies identified related to the internal controls), and other matters required by the auditing standards to the Company's Audit & Supervisory Committee.

Auditors will report on their adherence to independence as required by Japan's occupational ethics regulations, matters which could reasonably be considered to affect this independence, and the content of any safeguards measures implemented for the removal or mitigation of obstructing factors to the Company's Audit & Supervisory Committee.

Interest relationships

There are no interest relationships between the Company or consolidated subsidiaries and the auditing firm or between the Company or consolidated subsidiaries and the Designated and Engagement Limited Partners that are required to be reported according to the Certified Public Accountants Act.

Independent Auditor's Report

May 12, 2025

To the Board of Directors of Sanshin Electronics Co., Ltd.:

Deloitte Touche Tohmatsu LLC, Tokyo Office

Hirotsugu Mizuno

Designated and Engagement Limited Partner

Certified Public Accountant

Akiko Fujiharu

Designated and Engagement Limited Partner

Certified Public Accountant

Auditors' opinions

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements, which consist of the balance sheet, profit and loss statement, statement of changes in shareholders' equity, notes to non-consolidated financial statements, and detailed statements thereof ("financial statements"), of Sanshin Electronics Co., Ltd., (the "Company") for the 74th fiscal year from April 1, 2024 to March 31, 2025.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations for the related fiscal year in conformity with corporate accounting standards generally accepted in Japan.

Basis for Auditors' opinions

We have carried out the audit in compliance with auditing standards generally recognized as fair and appropriate in Japan. Our responsibilities under these standards are stated in the "Responsibilities of Auditors in the auditing of financial statements." In accordance with applicable regulations related to occupational ethics in Japan, we are independent from the Company and fulfill all other ethical responsibilities as Auditors. We believe that the audit evidence we have obtained is sufficient and appropriate, and provides a reasonable basis for our opinions.

Other content

Other contents are the business report and its detailed statements. The Company's management is responsible for preparing and disclosing other content. Audit & Supervisory Committee is responsible for monitoring the Directors' execution of their work operations concerning reporting process preparation and implementation for other content.

Other content is not included in the Auditors' opinion on the financial statements. We do not express an opinion on the other content.

The responsibility of us in the audit of financial statements is to read through other content and, during the process of reading through, to examine whether there are any significant differences between other content and the financial statements or the knowledge gained by us during the audit process, and to pay attention to any other signs of significant error in other content other than those significant differences.

Based on the work performed, if we judge that there are significant errors in other content, we are required to report on those facts.

There are no matters related to other content that require reporting by us.

Responsibilities of the Company's management and the Audit & Supervisory Committee for preparation of financial statements

The Company's management is responsible for preparing and fairly presenting these financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes designing and operating internal controls judged by management as necessary to prepare and fairly present financial statements that are free from material misstatements due to fraud or error.

In the course of drafting financial statements, management is responsible for assessing whether it is appropriate to prepare the financial statements based on the premise of a going concern and disclosing the applicable information for matters related to said going concern when necessary based on corporate accounting standards which are generally accepted in Japan.

The Audit & Supervisory Committee is responsible for monitoring the Directors' execution of their work operations concerning financial reporting process preparation and implementation.

Responsibilities of Auditors in the auditing of financial statements

For the audits they perform, Auditors are responsible for acquiring a reasonable guarantee based on the audits they performed that there is no fraud or error within the financial statements as a whole which results in material misstatements and expressing an opinion on the applicable financial statements from their independent perspective within their audit report. Misstatements can occur as a result of fraud or error, and when these misstatements can reasonably be considered to affect the decision-making of financial statement users either individually or in total, they are determined to be material.

Auditors carry out the following auditing process in compliance with auditing standards generally recognized as fair and appropriate in Japan, using their professional and specialist judgment and maintaining a sense of professional skepticism in their work.

- Auditors identify and evaluate the risk of material misstatements resulting from fraud or error. Auditors also propose and implement auditing procedures for handling risks of these material misstatements. Selection and application of auditing procedures are carried out at the discretion of the Auditor. In addition, Auditors acquire audit evidence that is both sufficient and appropriate as a basis for stating their opinions.
- Expressing an opinion on the effectiveness of internal controls is not the purpose of auditing financial statements. However, Auditors consider internal controls related to the audit as part of their risk evaluations in order to formulate appropriate auditing procedures to fit the circumstances.
- Auditors evaluate the appropriateness of the accounting policy chosen by the management and the methods for its application, as well as the reasonableness of accounting estimates carried out by management and the validity of related explanatory notes.
- Auditors evaluate whether it is appropriate for the management to draft financial statements on the premise of a going concern. They also come to a conclusion regarding whether major uncertainties can be recognized related to matters or circumstances giving rise to serious doubts concerning the premise of a going concern based on evidence acquired through the auditing process. If major uncertainties concerning the premise of a going concern can be recognized, Auditors caution financial statement users on this point in their audit reports, calling for attention to the explanatory notes. In addition, if the explanatory notes in the financial statements related to the applicable major uncertainty are not appropriate, Auditors are expected to indicate an exception in their opinion statements on the financial statements. Although the conclusions of Auditors are based on the auditing evidence they acquire up until the date of their audit report, there is still a possibility that a company will be unable to continue its business as a going concern due to

future events and circumstances.

- In addition to determining whether the indications and explanatory notes of the financial statements are in compliance with corporate accounting standards generally accepted in Japan, Auditors also evaluate whether the indications, structure, and content of financial statements and their related explanatory notes, as well as the transactions and accounting matters on which these statements are based, are presented fairly.

Auditors will report the planned auditing scope, implementation period, important findings from the auditing process (including major deficiencies identified related to the internal controls), and other matters required by the auditing standards to the Company's Audit & Supervisory Committee.

Auditors will report on their adherence to independence as required by Japan's occupational ethics regulations, matters which could reasonably be considered to affect this independence, and the content of any safeguards measures implemented for the removal or mitigation of obstructing factors to the Company's Audit & Supervisory Committee.

Interest relationships

There are no interest relationships between the Company and the auditing firm or between the Company and the Designated and Engagement Limited Partners that are required to be reported according to the Certified Public Accountants Act.

Audit & Supervisory Committee Members' Report

The Audit & Supervisory Committee (the "Committee") audited the performance of the duties of Directors for the 74th fiscal year from April 1, 2024 to March 31, 2025. The Committee hereby reports on the audit methods and findings as follows:

1. Method and Content of the Audit

Regarding the development and operation of the systems (internal control systems) established based on the resolutions of the Board of Directors concerning the matters stipulated in Article 399-13, paragraph 1, item (i), (b) and (c) of the Companies Act, the Committee members regularly received reports from Directors, employees, etc., requested explanations as necessary, expressed their opinions, and conducted an audit using the following methods.

- 1) In compliance with the audit and supervisory standards set by the Committee and based on the audit policy, assigned duties, etc., the Committee conducted its audits in coordination with the internal controls department and departments involved in internal controls. The Committee members attended important meetings, received reports from Directors and employees on the execution of their duties, requested explanations as necessary, reviewed key decision-making documents, and conducted inspections of business operations and assets at the headquarters and major offices. In addition, the Committee members also maintained appropriate communication and exchanged information with Directors and Auditors of subsidiaries, and received reports about operations from subsidiaries when necessary.
- 2) In addition, the Committee members monitored and verified whether the Accounting Auditors maintained their independence and implemented appropriate audits and received reports from the Accounting Auditors on the status of execution of their duties, and requested explanations as needed. In addition, the Committee members were informed by the Accounting Auditors that they were developing the "structure and system to ensure that their duties would be executed in a proper manner" (items prescribed in Article 131 of the Corporate Calculation Regulations) in accordance with "Quality Control Standards for Auditing" (Business Accounting Council), and requested explanations as needed.

Based on the aforementioned methods, the Committee members examined the Company's business report and its detailed statements, financial statements (non-consolidated balance sheets, non-consolidated profit and loss statement, non-consolidated statement of changes in shareholders' equity and notes to the non-consolidated financial statements), their detailed statements, and consolidated financial statements (consolidated balance sheets, consolidated profit and loss statement, consolidated statement of changes in shareholders' equity and notes to consolidated financial statements) for the fiscal year under review.

2. Results of the Audit

(1) Results of the audit of the business report and its detailed statements

- (a) The business report and its detailed statements present fairly the status of the Company in conformity with the relevant laws and Articles of Incorporation.
- (b) No misconduct or material fact running counter to the relevant laws or Articles of Incorporation has been found with respect to the execution of Directors' duties.
- (c) The content of the resolutions of the Board of Directors on the internal control system are fair and reasonable. No item worthy of special mention has been found with respect to the contents of the business report and the execution of Directors' duties concerning the relevant internal control system.

(2) Results of the audit of financial statements and their detailed statements

The audit methods adopted and the results of the audit conducted by Deloitte Touche Tohmatsu, Accounting

Auditors, are appropriate.

(3) Results of the audit of consolidated financial statements

The audit methods adopted and the results of the audit conducted by Deloitte Touche Tohmatsu, Accounting Auditors, are appropriate.

May 12, 2025

Audit & Supervisory Committee

Sanshin Electronics Co., Ltd.

Akio Misono, Director and Full-time Audit & Supervisory Committee member

Shin-ichi Miura, Director and Full-time Audit & Supervisory Committee member

Shohei Yamamoto, External Director and Audit & Supervisory Committee member

Kuniharu Kezuka, External Director and Audit & Supervisory Committee member

Minako Adachi, External Director and Audit & Supervisory Committee member