These documents have been translated from the Japanese originals for reference purposes only.
In the event of any discrepancy between these translated documents and the Japanese originals,
the originals shall prevail. The Company assumes no responsibility for this translation or for direct,
indirect or any other forms of damages arising from the translations.

Dear Shareholders,

I would like to express my appreciation for your continued support and patronage.

I am pleased to present to you this Notice of Convocation of the 28th Annual General Meeting of Shareholders.

At the EF-ON Group we are developing our business to help achieve a sustainable society through forest management, forestry, power generation, and materials development, with the aim of making effective use of forestry resources.

In the fiscal year ended June 30, 2024, a combination of various factors, including rising fuel wood prices and increased distribution of wood with high moisture content, resulted in higher fuel consumption, which strained profits and created severe circumstances. We will continue to focus on expanding felling operations in the forestry business and, as per the medium-term management plan released in April 2024, we are committed to making progress in new businesses in line with the plan.

I would like to conclude this message by asking all shareholders for their further understanding and support.

Tomotada Shimazaki
President and Representative Director
EF-ON INC.

(Translation)

Securities Code: 9514
September 6, 2024

Tomotada Shimazaki
President and Representative Director
EF-ON INC.
1-9-2, Marunouchi, Chiyoda-ku,
Tokyo, Japan

NOTICE OF CONVOCATION OF THE 28TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We are pleased to announce the 28th Annual General Meeting of Shareholders of EF-ON INC. (the "Company"). The meeting will be held for the purposes as described below.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information that constitutes the content of Reference Documents for the General Meeting of Shareholders, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format, and has posted the information on each of the following websites. Please access either of the websites to view the information.

The Company's website:
https://www.ef-on.co.jp/ir/library/meeting/ (in Japanese)
(To refer to these materials, access to the above-mentioned website, select "IR information" from the menu, then "IR library," then "Materials for the general meeting of shareholders.")

TSE website (Listed Company Search):
https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show (in Japanese)
(Access the TSE website by using the internet address shown above, enter "EF-ON" in "Issue name (company name)" or the Company's securities code "9514" in "Code," and click "Search." Then, click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].")

If you are unable to attend the meeting, you can exercise your voting rights via the Internet, etc. or in writing (by mail). Please review the Reference Documents for the General Meeting of Shareholders, and cast your vote by 5:30 p.m. Japan time on Thursday, September 26, 2024.

[Exercising voting rights via the Internet, etc.]
Access the designated website for the exercise of voting rights (https://www.web54.net (in Japanese)), use the voting rights exercise code and password displayed on the Voting Rights Exercise Form that was sent with this Notice, then follow the on-screen instructions to indicate your vote for or against the proposal. Please complete the procedure by the deadline for voting given above.
When exercising voting rights via the Internet, etc., please first refer to the "Guide to Exercise of Voting Rights Via the Internet, etc."

[Exercising voting rights in writing (by mail)]
Please indicate your vote for or against the proposal on the Voting Rights Exercise Form, and return it so that we receive it by the deadline for voting given above.

1. **Date and Time:** Friday, September 27, 2024 at 10 a.m. Japan time (The venue opens at 9:30 a.m.)

2. **Place:** Tokyo Convention Hall in Tokyo Square Garden, 5F,
3-1-1 Kyobashi, Chuo-ku, Tokyo, Japan

3. **Meeting Agenda:**
Matters to be reported:
1. The Business Report, Consolidated Financial Statements for the Company's 28th Fiscal Year (July 1, 2023 – June 30, 2024) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
2. Non-Consolidated Financial Statements for the Company's 28th Fiscal Year (July 1, 2023 – June 30, 2024)

Proposals to be resolved:
Proposal Election of Nine (9) Directors

4. **Other Matters related to Exercise of Voting Rights**
If exercising voting rights by proxy, the proxy must be another shareholder with voting rights.

1. If you attend the meeting in person, please submit the Voting Rights Exercise Form at the reception desk.
2. If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on the aforementioned websites.
3. For this General Meeting of Shareholders, paper-based documents stating items subject to measures for electronic provision are sent simultaneously to all shareholders, regardless of whether there was a request for delivery of paper-based documents or not. However, those documents do not include the following items in accordance with the provisions of laws and regulations and Article 13 of the Company's Articles of Incorporation.
Among the items subject to measures for electronic provision, in accordance with the provisions of laws and regulations and Article 13 of the Articles of Incorporation of the Company, the following items are not provided in the paper-based documents delivered.
   1. "Notes to Consolidated Financial Statements"
   2. "Notes to Non-Consolidated Financial Statements"
Accordingly, Consolidated Financial Statements and Non-Consolidated Financial Statements stated in the above-mentioned documents constitute part of the documents that were audited by the Accounting Auditor when preparing its accounting audit report and by Audit & Supervisory Board Members when preparing their audit report.
4. If neither approval nor disapproval of the proposal is indicated on the returned voting form, the Company will deem that you indicated your approval of the proposal.
5. Except in special circumstances, only shareholders may enter the venue. No waiting room will be set up for the meeting.
6. If you are a shareholder who requires assistance with a wheelchair or guidance to seats or restrooms when attending the event, please contact us in advance (03-4500-6450).

Guide to Exercise of Voting Rights

Exercise of voting rights at the Company's General Meeting of Shareholders is shareholders' important right. Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights.
There are three methods to exercise your voting rights as indicated below.

Attending the meeting in person	**Exercising voting rights in writing (by mail)**	**Exercising voting rights via the Internet, etc.**
If you attend the meeting in person, please submit the Voting Rights Exercise Form that was sent with this Notice at the reception desk. Date and time of the General Meeting of Shareholders:	Please indicate your vote for or against the proposal on the Voting Rights Exercise Form that was sent with this Notice, and return it to us. Deadline for voting:	Deadline for voting:
Friday, September 27, 2024 at 10 a.m.	No later than 5:30 p.m. on Thursday, September 26, 2024	No later than 5:30 p.m. on Thursday, September 26, 2024

If voting rights are exercised both in writing (by mail) and via the Internet, etc., votes arriving later shall be considered valid; if both arrive on the same day, voting rights exercised via the Internet, etc. shall be considered valid. Additionally, if voting rights are exercised more than once via the Internet, etc., only the most recent vote shall be deemed valid.

For inquiries on how to use the personal computer or smart phone in relation to the exercise of voting rights via the Internet, etc., please contact:	Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Web Support Dedicated Hotline Telephone: 0120 (652) 031 (toll free, available only in Japan) (Business Hours: 9 a.m. ~ 9 p.m. (Japan time))

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

Reference Documents for the General Meeting of Shareholders

Proposal: Election of Nine (9) Directors

The terms of office of all eight (8) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of nine (9) Directors is proposed.

The candidates for Directors are as follows.

Candidate No.	Name		Current position at the Company
1	**Tomotada Shimazaki**	Reelection	President and Representative Director
2	**Makoto Nagasawa**	Reelection	Senior Managing Director
3	**Hisahito Koike**	Reelection	Managing Director
4	**Koutaro Fujii**	Reelection	Director
5	**Hiroshi Suto**	Reelection	Director
6	**Yasuyuki Matsuo**	Reelection	Director
7	**Maiko Sako**	Reelection Outside Independent	Outside Director
8	**Eiko Matsumura**	New election Outside Independent	—
9	**Sou Aoki**	New election Outside Independent	—

<Reference> Areas of expertise and experience of candidates for Director (Skill Matrix)

* Not every area of expertise and experience possessed by each candidate is presented.

No.	Name	Corporate management	Finance and accounting	Compliance and risk management	Long-term outlook & strategic thinking	Sustainability management thinking	The Company's business management	Personnel management
1	**Tomotada Shimazaki**	○	○	○	○	○	○	
2	**Makoto Nagasawa**	○		○	○	○	○	○
3	**Hisahito Koike**	○	○	○	○	○		○
4	**Koutaro Fujii**	○		○	○	○	○	○
5	**Hiroshi Suto**			○	○	○	○	
6	**Yasuyuki Matsuo**			○	○	○	○	
7	**Maiko Sako**	○		○	○	○		
8	**Eiko Matsumura**	○		○	○	○		○
9	**Sou Aoki**	○	○	○	○	○		

Candidate No. 1 Reelection	**Tomotada Shimazaki** (Date of Birth: August 27, 1962) Number of shares of the Company held: 24,000 shares	Past experience, positions and responsibilities at the Company, and significant concurrent positions September 2002 Deputy General Manager, Mitsubishi Securities Co., Ltd. June 2005 Corporate Planning Department, the Company September 2006 Director May 2008 President and Representative Director (to present) **Reasons for selection as a candidate** The Company has selected Mr. Tomotada Shimazaki as a candidate for Director because he has abundant experience and achievements from his duties as Representative Director in overseeing management as a whole and is well-versed in business management. The Company has judged that he will be able to continue utilizing his abundant experience and expertise in the management of the Company.
Candidate No. 2 Reelection	**Makoto Nagasawa** (Date of Birth: January 9, 1969) Number of shares of the Company held: 0 shares	Past experience, positions and responsibilities at the Company, and significant concurrent positions April 1992 Joined TAISEI SETSUBI CO., LTD. October 2011 Technology & Development Department, the Company May 2013 General Manager, Technology & Development Department September 2015 Director and General Manager, Technology & Development Department October 2016 Director, Head of Business Division, General Manager, Technology & Development Department, and General Manager, Energy Saving Support Department September 2019 Executive Officer, Head of Business Division, General Manager, Technology & Development Department, and General Manager, Energy Saving Support Department September 2020 Managing Director, General Manager, Technology & Development Department, and General Manager, Energy Saving Support Department September 2021 Senior Managing Director, General Manager, Technology & Development Department, and General Manager, Energy Saving Support Department (to present) **Reasons for selection as a candidate** The Company has selected Mr. Makoto Nagasawa as a candidate for Director because he has abundant experience and achievements in power plant development, which is the foundation of the Company's businesses. The Company has judged that he will be able to continue utilizing his operational experience and expertise in the management of the Company.

<table>
<tr><td>Candidate No. 3
Reelection</td><td>Hisahito Koike
(Date of Birth:
May 18, 1961)

Number of shares of the Company held:
51,000 shares</td><td>Past experience, positions and responsibilities at the Company, and significant concurrent positions
May 2003 Deputy General Manager, Group Management Department, Administrative Division, and General Manager, KMG Accounting Center, Kyoritsu Maintenance Co., Ltd.
October 2006 General Manager, Accounting Department, the Company
September 2009 Director and General Manager, Finance and Accounting Department
March 2011 Director and General Manager, Administrative Division
September 2011 Managing Director and General Manager, Administrative Division
October 2013 Managing Director and Head of Administrative Division
(to present)
Reasons for selection as a candidate
The Company has selected Mr. Hisahito Koike as a candidate for Director because he has abundant experience and achievements in the administrative division of the Company as a Director. The Company has judged that he will be able to continue utilizing his operational experience and expertise in the management of the Company.</td></tr>
</table>

Candidate No. 4 Reelection		Past experience, positions and responsibilities at the Company, and significant concurrent positions	
	Koutaro Fujii (Date of Birth: March 26, 1964) Number of shares of the Company held: 4,800 shares	April 1997	South Kanto Manager, Sales Division, Copal Electronics Co., Ltd.
		April 2005	General Manager, Electric Power Business Department, the Company
		April 2007	General Manager, ESCO Business Division
		October 2007	Managing Director, VEGLIALaboratories Inc.
		September 2013	Director and Vice President
		May 2016	Technology & Development Department, the Company Seconded to EF-BIOS INC., General Manager, Bungo-Ono Office
		September 2016	Director, the Company General Manager, Bungo-Ono Office, EF-BIOS INC.
		July 2017	Director, the Company General Manager, Hita Office, EF-BIOS INC.
		September 2019	Director, the Company Executive Officer and General Manager, Preparatory Office, Mibu Power Plant, EF-BIOS INC.
		January 2020	Director, the Company Executive Officer and General Manager, Mibu Office, EF-BIOS INC.
		June 2020	Director, the Company General Manager, Electricity Business Planning Department
		July 2020	Director and General Manager, Electric Power Project Department
		June 2022	Director and General Manager, Electric Power Project Department, and General Manager, Sustainability Promotion Preparatory Office
		December 2022	Director and General Manager, Electric Power Project Department (to present)
		Reasons for selection as a candidate The Company has selected Mr. Koutaro Fujii as a candidate for Director because he is well-versed in the energy saving business and the electric power business, and has abundant experience and achievements in these areas. The Company has judged that he will be able to continue utilizing his operational experience and expertise in the management of the Company.	

<table>
<tr><td>Candidate No. 5
Reelection</td><td>Hiroshi Suto
(Date of Birth:
August 26, 1974)

Number of shares of the Company held:
300 shares</td><td>Past experience, positions and responsibilities at the Company, and significant concurrent positions
September 2013 Deputy General Manager, Forestry Department, Kyowa Mokuzai Co., Ltd.
November 2016 Deputy General Manager, Tokyo Sales Office
September 2017 Joined EF-BIOS INC.
October 2017 Deputy Manager, Forestry Section, Forestry Department
October 2019 General Manager, Forestry Business Department
July 2020 Executive Officer and General Manager, Forestry Business Department
September 2021 Director, the Company
Executive Officer and General Manager, Forestry Business Department, EF-BIOS INC.
September 2023 Director, the Company
Director and General Manager, Forestry Business Department, EF-BIOS INC. (to present)

Reasons for selection as a candidate
The Company has selected Mr. Hiroshi Suto as a candidate for Director because he is well-versed in forestry business and has abundant experience and achievements as Executive Officer and General Manager of Forestry Business Department of EF-BIOS INC., which is the Company’s consolidated subsidiary. The Company has judged that he will be able to continue utilizing his operational experience and expertise in the management of the Company.</td></tr>
<tr><td>Candidate No. 6
Reelection</td><td>Yasuyuki Matsuo
(Date of Birth:
October 9, 1975)

Number of shares of the Company held:
1,500 shares</td><td>Past experience, positions and responsibilities at the Company, and significant concurrent positions
April 1994 Joined DAIICHI DENRO KOGYO K.K.
June 2006 Joined EF-BIOS INC.
October 2011 Manager, Facilities Group Section, Hita Office
April 2016 Manager, Facilities Group Section, Bungo-Ono Office
September 2019 Acting General Manager, Hita Office
October 2020 General Manager, Hita Office
September 2022 Director, the Company
General Manager, Hita Office, EF-BIOS INC.
February 2023 Director, the Company
Executive Officer and General Manager, Shingu Office, EF-BIOS INC.
September 2023 Director, the Company
Director and General Manager, Shingu Office, EF-BIOS INC. (to present)

Reasons for selection as a candidate
The Company has selected Mr. Yasuyuki Matsuo as a candidate for Director because he has abundant experience and achievements as General Manager of power plant, which is a subsidiary of the Company. The Company has judged that he will be able to continue utilizing his operational experience and expertise in the management of the Company.</td></tr>
</table>

<table>
<tr><td>Candidate No. 7
Reelection
Outside
Independent</td><td>Maiko Sako
(Date of Birth:
November 21, 1980)

Number of shares of the Company held:
0 shares</td><td>Past experience, positions and responsibilities at the Company, and significant concurrent positions
December 2008 Registered as attorney-at-law
January 2009 Joined Kasumigaseki Law and Accounting Offices
October 2013 Junior Partner, Kasumigaseki Law and Accounting Offices
March 2015 Junior Partner, SAKURADA DORI PARTNERS
September 2018 Outside Director, the Company (to present)
February 2020 Partner, SAKURADA DORI PARTNERS (to present)
June 2024 Outside Director, TECHNO RYOWA LTD. (to present)
Reasons for selection as a candidate and outline of roles expected
The Company has selected Ms. Maiko Sako as a candidate for Outside Director because, although she has never been directly involved in the management of a company except as an outside officer, she has experience and specialist knowledge in corporate legal affairs as an attorney. The Company has judged that she will continue to appropriately execute her duties as an Outside Director from an objective standpoint as a legal specialist.</td></tr>
<tr><td>Candidate No. 8
New election
Outside
Independent</td><td>Eiko Matsumura
(Date of Birth:
May 29, 1983)

Number of shares of the Company held:
0 shares</td><td>Past experience, positions and responsibilities at the Company, and significant concurrent positions
September 2007 Joined Future Architect, Inc.
May 2011 CEO, heyday, Inc.
April 2014 Representative Director and President, Basket Inc.
August 2015 Director, CTO/CDO and General Manager of EC Division, STRIPE INTERNATIONAL INC.
November 2017 Director, Smarby, Inc.
July 2018 Director, JigyokaSozo Inc. (to present)
November 2018 Outside Director, Photream Inc.
October 2020 COO, BRH Inc.
October 2020 Fellow, Chiba Dojo Inc. (to present)
Reasons for selection as a candidate and outline of roles expected
The Company has selected Ms. Eiko Matsumura as a candidate for Outside Director because of her extensive knowledge of the e-commerce business and experience as an entrepreneur. The Company has judged that she will be able to appropriately execute her duties as an Outside Director.</td></tr>
</table>

<table>
<tr><td>Candidate No. 9
New election
Outside
Independent</td><td>Sou Aoki
(Date of Birth:
September 21, 1984)

Number of shares of the Company held:
0 shares</td><td>Past experience, positions and responsibilities at the Company, and significant concurrent positions
April 2007 Joined Recruit Co., Ltd.
June 2016 Joined The Gibraltar Life Insurance Co., Ltd.
February 2018 Representative Director and President, Loveable Inc. (to present)
October 2019 Joined Surpass Co., Ltd., Director
May 2024 Outside Director, ARBEIT-TIMES CO., LTD. (to present)

Reasons for selection as a candidate and outline of roles expected
The Company has selected Ms. Sou Aoki as a candidate for Outside Director because of her abundant experience and high level of insight in corporate management and financial affairs, having worked in corporate planning and sales at listed companies, and been involved in supporting various companies as a director of the company she founded. The Company has judged that she will be able to appropriately execute her duties as an Outside Director.</td></tr>
</table>

(Notes) 1. No particular relationship of interest exists between the Company and any of the candidates for Directors.
2. Ms. Maiko Sako, Ms. Eiko Matsumura and Ms. Sou Aoki are candidates for Outside Directors.
3. The Company has registered Ms. Maiko Sako with the Tokyo Stock Exchange as an independent officer under the stipulations of the said exchange. If her reelection is approved, the Company intends to maintain her designation as an independent officer. The Company also intends to register Ms. Eiko Matsumura and Ms. Sou Aoki with the said exchange as independent officers.
4. Ms. Maiko Sako currently serves as an Outside Director of the Company and her term of office as an Outside Director will be six years as of the conclusion of this General Meeting of Shareholders.
5. If the elections of Ms. Maiko Sako, Ms. Eiko Matsumura and Ms. Sou Aoki are approved, in accordance with the provisions of the Article 427, paragraph (1) of the Companies Act, the Company plans to continue its agreements with Ms. Maiko Sako to limit her liability for damages as stipulated in Article 423, paragraph (1) of the same Act, and also plans to enter into a similar agreement with Ms. Eiko Matsumura and Ms. Sou Aoki. The maximum amount of liability pursuant to the said agreement is the minimum amount stipulated in Article 425, paragraph (1) of the Companies Act.
6. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, with all of the Company's Directors and Audit & Supervisory Board Members as the insureds. This insurance policy covers the insured's losses and such costs as related litigation expenses incurred from claims for damages arising from acts (including nonfeasance) carried out by the insured as an officer or a person at a certain position of the Company. If each candidate is elected and assumes office, the Company plans to include each of them as an insured in the insurance policy. In addition, when this insurance policy is renewed, the Company plans to renew the policy with the same terms.

Business Report

(July 1, 2023 – June 30, 2024)

1. Overview of the Company Group

(1) Business Progress and Results

During the fiscal year ended June 30, 2024, the Japanese economy experienced record heat in the summer of last year, which corresponds to the Group's first quarter of the fiscal year, and there were concerns about restrictions on the people's mobility. However, in addition to domestic travel, a recovery in inbound tourism and foreign visitors to Japan, led to improved business performance, particularly in the domestic tourism, travel, transportation, and food and beverage industries. On the other hand, the Noto Peninsula earthquake occurred at the beginning of 2024, damaging a number of manufacturing plants that produce machinery, semiconductors, and food, thus disrupting supply chains and delaying infrastructure recovery, which had a significant impact on the recovery of the local economy. In addition, with regard to people's lives in general, the yen continued to depreciate, causing ongoing rising prices on all manner of goods, and there has been vigorous discussion about corporate policies to raise wages as well as efforts by the national and local governments to support child-rearing.

In our industry, trading unit prices on the Japan Wholesale Electric Power Exchange held steady at relatively low levels. Major power companies performed extremely well last year due to increases in electricity rates for general consumers and declines in the price of fuel required for power generation. Meanwhile, electricity consumers' standpoint, there have been multiple activations and extensions of subsidies under the government's electricity and gas price drastic change mitigation project as a cushioning measure against electricity rate hikes, as well as increases in renewable energy surcharges, changes to the calculation method of wheeling charges, and the launch of the capacity market for buying and selling future electricity supply capacity. These and other factors make the outlook for electricity rates uncertain, and the burden on consumers is expected to trend higher.

Against this backdrop, in the Company's Energy Saving Support Business, while existing projects continue to generate sales, albeit on a small scale, orders for new projects have been partially postponed due to the impact of the Noto Peninsula earthquake. In some projects, we continue to make efforts to maintain operations by implementing maintenance of facilities and repair utilizing knowhow on energy saving, and other means, which resulted in a decrease in facility maintenance costs and an increase in profits in the fiscal year under review.

In the power generation business in the Green Energy Business, although there were power transmission outages due to lightning strikes and unplanned outages due to problems at some power plants, operations at individual power plants remained solid, and the amount of electricity transmitted in the fiscal year under review significantly exceeded that of the previous fiscal year. The EF-ON SHIRAKAWA Power Plant transitioned to the FIP (Feed-in Premium) system* in January 2023, and compared with the FIT system (Feed-in Tariff) results for the previous fiscal year, its performance for the fiscal year under review was roughly equivalent to that of the FIT system. The FIP system is designed to make long-term performance under the system equivalent to that of the FIT, and even if performance exceeds the FIT in a certain period, adjustments will be made to the past excessive portion of performance in some period thereafter, and some of that performance will be withdrawn. During the fiscal year under review, our performance exceeded the FIT system's metrics in the first half of the year, but fell short in the second half. In addition, because all electricity under the FIP system is purchased by the Company, internal sales and transfer amounts in segment information have increased significantly compared to the same period of the previous year.

As for the performance of other power plants within the Group, although fuel consumption has been trending lower compared to the previous fiscal year, fuel costs remain high, resulting in a significant drag on performance. As for costs other than fuel, the price of regular maintenance increased significantly compared to typical years, and ash disposal costs increased, putting pressure on profits.

In our electricity retail business, we are implement initiatives to sell electricity generated by our Group power plants to customers as green power in combination with nonfossil certificates with traceability. During this fiscal year under review, we focused on market-linked electricity sales and made efforts to secure contracted energy volumes, which enabled us to significantly increase sales and achieve profitability.

With regard to the business performance of the Group in the fiscal year under review, net sales amounted to ¥17,473 million (3.1% increase on a year-on-year basis), operating profit amounted to ¥600 million (57.0% decrease on a year-on-year basis), ordinary profit amounted to ¥346 million (73.1% decrease on a year-on-year basis), and profit attributable to owners of parent was ¥281 million (65.9% decrease on a year-on-year basis).

(Energy Saving Support Business)

In the fiscal year under review, net sales related to existing projects under energy saving support service contracts hovered at roughly the same level as the previous fiscal year. Contracts for project maintenance in the field of maintenance such as facility maintenance have started to replace energy supply contracts, and business performance has recovered thanks to a gradual decrease in depreciation expenses, insurance, and other expenses during the fiscal year under review. Internal sales between segments in the previous fiscal year were related to the construction of power plants within the Group, and have not been recorded in the fiscal year under review as they have been completed.

With regard to the business performance of this segment in the fiscal year under review, net sales were ¥213 million (50.3% decrease on a year-on-year basis) and segment profit amounted to ¥51 million (loss of ¥26 million in the previous fiscal year).

(Green Energy Business)

In the Green Energy Business during the fiscal year under review, unplanned shutdowns occurred at EF-ON HITA Power Plant and EF-ON SHINGU Power Plant due to lightning strikes and the resulting on-site and boiler auxiliary equipment problems in the first quarter. Meanwhile, planned shutdowns were carried out for regular inspections at EF-ON SHIRAKAWA Power Plant and EF-ON HITA Power Plant in the second quarter, at EF-ON SHINGU Power Plant and EF-ON MIBU Power Plant in the third quarter, and at EF-ON BUNGO-ONO Power Plant in the fourth quarter, but otherwise operations went extremely smoothly. During the fiscal year under review, with the full-year operation of EF-ON SHINGU Power Plant, the amount of transmitted electricity and electricity sales reached record highs.

On the other hand, as for costs, the amount of wood chip fuel, such as wood thinnings, in circulation declined due to soaring prices in the lumber market, which pushed up purchase price, and there were many fuels having a relatively high moisture content, which continued to contribute to an increase in the fuel consumption of power plants. To this end, we are expanding our forestry business by converting a portion of the logs harvested in our forestry business into fuel at woodchip centers attached to power plants, and we are also expanding the amount of land we are acquiring for this business. As a result of this increase in the volume of operations, outsourcing costs and distribution expenses increased, and depreciation expenses for large equipment related to forestry business operations became a burden. In addition, with regard to power plant related expenses, in addition to the usual costs of regular inspection and maintenance of power generation equipment, regular maintenance costs increased significantly due to the implementation of focused inspections and repairs of equipment at EF-ON HITA and EF-ON SHINGU Power Plants that are deemed necessary for the stable operation of those plants in the future. In addition, the unit price of ash processing costs increased, causing an increase in such expenses. As a result of these factors, despite an increase in net sales in this segment, profits were down substantially.

With regard to the business performance of this segment in the fiscal year under review, net sales were ¥16,782 million (1.5% increase on a year-on-year basis) and segment profit amounted to ¥627 million (60.9% decrease on a year-on-year basis).

*FIP (Feed-in Premium) system

Because the FIT (Feed-in Tariff) system that came into effect in 2012 to promote the introduction of electricity produced using renewable energy was isolated from the wholesale electricity market, the FIP system was introduced in April 2022 as a means of encouraging power generation that is linked to wholesale electricity market prices that are determined by the balance between the supply and demand of electric power. Based on certain conditions, power generation business operators using renewable energy are paid a premium representing the difference between the market price and the FIT price.

Business performance in relation to external transactions in each segment is as follows.

(Millions of yen)

Business classification	Consolidated net sales	Consolidated operating profit
Energy Saving Support Business	213	51
Green Energy Business	15,101	627
Other Business	2,158	6
Corporate (common)	–	(85)
Total	17,473	600

(2) Capital Investments

In the fiscal year under review, the total amount of capital investments made by companies in the Group was ¥834 million, and the main components thereof are as follows.

a) Key Facilities Completed in the Fiscal Year Under Review

Green Energy Business	EF-BIOS INC.	Forestry machinery and equipment

b) Ongoing Construction of New Key Facilities and Expansion of Existing Key Facilities in the Fiscal Year Under Review

There is no relevant information.

c) Sales, Removal, or Loss of Significant Non-current Assets in the Fiscal Year Under Review

There is no relevant information.

(3) Issues to be Addressed

For the Green Energy Business, the Group's mainstay business, we recognize that an urgent task is to improve business earnings by achieving stable, high utilization at wood biomass power plants and working to reduce fuel procurement costs. Additionally, we recognize that the forestry business faces challenges including expansion land for forestry operations, increasing the volume of operations, and rationally reducing expenses.

Therefore, we consider that the significant management issues are securing and training the specialist personnel to undertake these operations and continuing to execute operations.

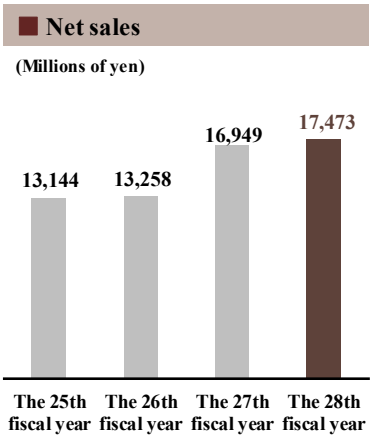
(4) Assets and Income

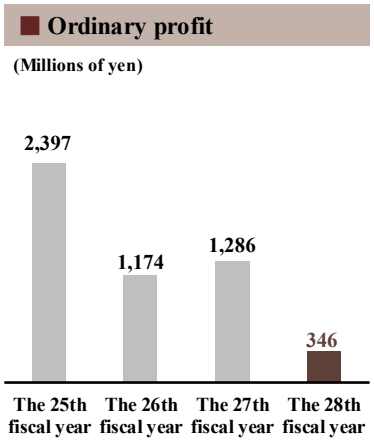
(Millions of yen)

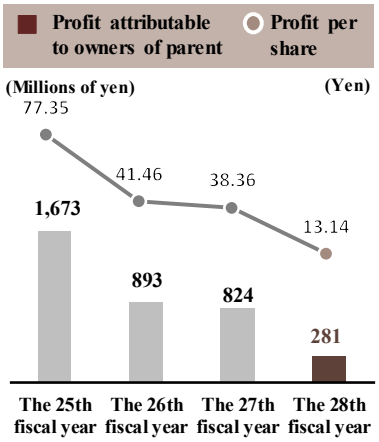
Item \ Period	The 25th fiscal year (ended June 30, 2021)	The 26th fiscal year (ended June 30, 2022)	The 27th fiscal year (ended June 30, 2023)	The 28th fiscal year (fiscal year under review) (ended June 30, 2024)
Net sales	13,144	13,258	16,949	17,473
Ordinary profit	2,397	1,174	1,286	346
Profit attributable to owners of parent	1,673	893	824	281
Profit per share (Yen)	77.35	41.46	38.36	13.14
Net assets	16,924	17,539	18,190	18,234
Total assets	45,603	47,241	45,718	45,262

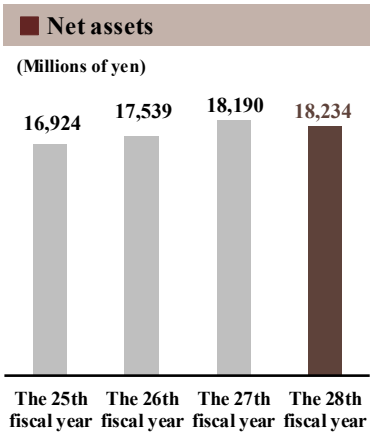
(Notes) 1. The Company introduced a "Stock Benefit Trust" in the 26th term, and when calculating profit per share, the shares held by the "Stock Benefit Trust" are included in the treasury shares excluded from the calculation of the average number of shares outstanding during the period.

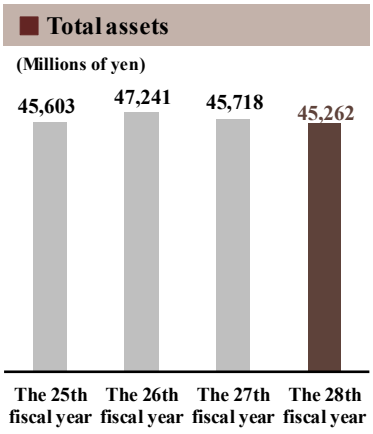
2. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the 26th fiscal year, and each figure for that fiscal year onward is the figure after applying the accounting standard and relevant ASBJ regulations.


Net sales
(Millions of yen)
13,144
13,258
16,949
17,473
The 25th fiscal year
The 26th fiscal year
The 27th fiscal year
The 28th fiscal year


Ordinary profit
(Millions of yen)
2,397
1,174
1,286
346
The 25th fiscal year
The 26th fiscal year
The 27th fiscal year
The 28th fiscal year


Profit attributable to owners of parent
Profit per share
(Millions of yen)
(Yen)
77.35
41.46
38.36
13.14
1,673
893
824
281
The 25th fiscal year
The 26th fiscal year
The 27th fiscal year
The 28th fiscal year


Net assets
(Millions of yen)
16,924
17,539
18,190
18,234
The 25th fiscal year
The 26th fiscal year
The 27th fiscal year
The 28th fiscal year


Total assets
(Millions of yen)
45,603
47,241
45,718
45,262
The 25th fiscal year
The 26th fiscal year
The 27th fiscal year
The 28th fiscal year

(5) Significant Subsidiaries

Company name	Capital	Ratio of voting rights held	Principal business
EF-ON HITA INC.	¥495 million	100.00%	Wood biomass power generation business
EF-ON SHIRAKAWA INC.	¥441 million	100.00%	Wood biomass power generation business
EF-ON BUNGO-ONO INC.	¥450 million	100.00%	Wood biomass power generation business
EF-ON MIBU INC.	¥1 million	100.00%	Wood biomass power generation business
EF-ON SHINGU INC.	¥1 million	100.00%	Wood biomass power generation business
EF-BIOS INC.	¥10 million	100.00%	Sale of biomass fuel, contracted power plant operation business
SOLEIL HITA COMPANY, LIMITED	¥10 million	100.00%	Solar power plant operation and site leasing business

(6) Principal Business (as of June 30, 2024)

1) Energy Saving Support Business

In the Energy Saving Support Business, the Company provides services supporting energy saving for the facilities of corporate clients and other clients, as well as the introduction of renewable energy. In addition to finding out the energy usage of clients and providing an energy saving diagnosis, the Company provides a full range of services, from the design and installation of actual energy saving equipment and systems based on the results of the diagnosis, to subsequent operation. As a form of integrated energy management, the Company also provides services related to tracking clients' energy usage, formulating plans for reducing energy usage, improving operation and facilities, and measurement of the reduction in energy usage, in addition to services such as support for the introduction of renewable energy, and consulting regarding the control and reduction of carbon dioxide emissions.

2) Green Energy Business

In the Green Energy Business, the Company converts renewable, natural energy into electric power. In response to social demands to improve the environment such as reducing carbon dioxide emissions, etc., the Company develops, constructs, and operates environmentally friendly power plants, particularly those using wood biomass (Note) as a source of energy among various forms of renewable energy. At present, in the Group, FIT-approved wood biomass power plants are operated by EF-ON HITA, EF-ON BUNGO-ONO, EF-ON MIBU, and EF-ON SHINGU. In January 2023, EF-ON SHIRAKAWA transitioned to an FIP (Feed in Premium) system. Through the effective utilization of waste wood materials and forest resources, EF-BIOS INC. is at the core of the Green Energy Business as a company specializing in the operation of wood biomass power plants and the supply of wood biomass fuel.

(Note) Wood biomass

Biomass is a concept that expresses a mass of biological resources (bio), and is described as "renewable, organic, biological resources, excluding fossil resources."

Wood biomass refers to organic matter originating in trees that may be used as an energy source.

The Group engages in the business of generating power from new energy sources, whereby woodchips are used as fuel for generating power after being selected and crushed from waste materials from lumbermills and wood processing plants, etc., waste construction materials from construction and demolition sites, and other sources of wood. Biomass resources are considered "carbon neutral," as the carbon dioxide emitted by burning biomass does not harm the balance of carbon dioxide on a global scale because plants take carbon dioxide from the air by photosynthesis in order to grow. In addition, biomass resources have garnered attention as a "renewable resource" which, if properly managed, can be used on a long-term basis without being depleted, unlike fossil fuels such as oil.

(7) Main Business Locations and Plants (as of June 30, 2024)

The Company	Head Office: 1-9-2, Marunouchi, Chiyoda-ku, Tokyo, Japan	
Subsidiaries	EF-ON HITA INC.:	Hita City, Oita Prefecture
	EF-ON SHIRAKAWA INC.:	Shirakawa City, Fukushima Prefecture
	EF-ON BUNGO-ONO INC.:	Bungo-Ono City, Oita Prefecture
	EF-ON MIBU INC.:	Shimotsuga District, Tochigi Prefecture
	EF-ON SHINGU INC.:	Shingu City, Wakayama Prefecture
	EF-BIOS INC.:	Chiyoda-ku, Tokyo
	SOLEIL HITA COMPANY, LIMITED:	Hita City, Oita Prefecture

(8) Employees (as of June 30, 2024)

Group Employees

Business division	Number of employees	Increase (decrease) from the previous consolidated fiscal year-end
Energy Saving Support Business	1	(1)
Green Energy Business	247	5
Other Business	8	1
Corporate (common)	15	(1)
Total	271	4

(Note) The number of employees refers to full-time employees, and does not include temporary employees (employees working on a part-time, commission, advisory, or dispatch basis).

(9) Main Lenders (as of June 30, 2024)

(Millions of yen)

Lender	Outstanding loan amount
Sumitomo Mitsui Banking Corporation	6,459
Japan Finance Corporation	5,171
MUFG Bank, Ltd.	4,180
Mizuho Bank, Ltd.	2,641
The Bank of Yokohama, Ltd.	1,941

(10) Other Important Information Concerning the Company Group

There is no relevant information.

2. Information on Shares of the Company

Status of Shares (as of June 30, 2024)

1) Total number of shares authorized to be issued 69,840,000 shares

2) Total number of shares outstanding 21,635,189 shares

3) Number of shareholders 9,156 persons

4) Major shareholders (top 10 shareholders)

Shareholder name	Number of shares	Shareholding ratio
NIHON TECHNO CO., LTD.	7,049,280	32.58%
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,190,100	10.12%
Hikari Tsushin K.K.	1,613,700	7.46%
Custody Bank of Japan, Ltd. (Trust Account)	755,500	3.49%
SIL, Inc	440,300	2.04%
RBC ISB LUX NON RES/DOM RATE-UCITS CLIENTS ACCOUNT-MIG	282,300	1.30%
UH Partners 2, Inc.	264,200	1.22%
BNYM AS AGT/CLTS 10 PERCENT	244,900	1.13%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	153,900	0.71%
Yoshio Sakai	123,300	0.57%

(Note) Of the 755,500 shares held by Custody Bank of Japan Ltd. (in a trust account) listed above, 277,900 are shares of the Company held as the assets in trust of the “Stock Benefit Trust.”

3. Company Officers

(1) Company Officers

Directors and Audit & Supervisory Board Members (as of June 30, 2024)

Position at the Company	Name	Responsibilities and significant concurrent positions
President and Representative Director	Tomotada Shimazaki	
Senior Managing Director	Makoto Nagasawa	General Manager, Technology & Development Department, and General Manager, Energy Saving Support Department
Managing Director	Hisahito Koike	Head of Administrative Division
Director	Koutaro Fujii	General Manager, Electric Power Project Department
Director	Hiroshi Suto	Director and General Manager, Forestry Business Department, EF-BIOS INC.
Director	Yasuyuki Matsuo	Director and General Manager, Shingu Office, EF-BIOS INC.
Director	Norio Minagawa	
Director	Maiko Sako	Partner, SAKURADA DORI PARTNERS Outside Director, TECHNO RYOWA LTD.
Full-time Audit & Supervisory Board Member	Shinichi Yada	
Audit & Supervisory Board Member	Hidehito Mochizuki	Director, Mochizuki Certified Public Accountant Office Director, Mochizuki Tax Accountant Office
Audit & Supervisory Board Member	Shuji Makiura	

(Notes)
1. Directors, Mr. Norio Minagawa and Ms. Maiko Sako, are Outside Directors.
2. Audit & Supervisory Board Members, Mr. Hidehito Mochizuki and Mr. Shuji Makiura, are Outside Audit & Supervisory Board Members.
3. Full-time Audit & Supervisory Board Member, Mr. Shinichi Yada has experience as an Outside Director, in addition to specialist knowledge developed through serving at a major financial institution.
   Audit & Supervisory Board Member, Mr. Hidehito Mochizuki, is well-versed in corporate management matters as a certified public accountant and certified public tax accountant, and has a considerable level of insight in accounting and tax matters, in addition to abundant knowledge and experience as an Audit & Supervisory Board Member.
   Audit & Supervisory Board Member, Mr. Shuji Makiura has experience as a business manager and technical knowledge related to the power generation business, which is the foundation of our business.
4. The Company has registered Directors, Mr. Norio Minagawa and Ms. Maiko Sako, and Audit & Supervisory Board Members, Mr. Hidehito Mochizuki and Mr. Shuji Makiura, with the Tokyo Stock Exchange as independent officers under the stipulations of the said exchange.
5. Changes in Directors and Audit & Supervisory Board Members in the fiscal year under review are as follows.
   On February 28, 2024, Director, Ms. Yukari Nagata resigned. At the time of her resignation, her significant concurrent positions were President and Representative Director at DATA VIZ LAB Inc. and External Director at Adventure Inc.
   As of March 31, 2024, Audit & Supervisory Board Member, Mr. Toshio Shimizu resigned. In addition, Audit & Supervisory Board Member, Mr. Shuji Makiura was appointed as a replacement on April 1, 2024.

(2) Matters related to Agreement on Limitation of Liability

In accordance with the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with Outside Directors and Audit & Supervisory Board Members of the

Company and the Company's subsidiaries to limit their liability for damages, as stipulated in Article 423, paragraph (1) of the same Act.
The maximum amount of liability pursuant to the said agreement is the minimum amount stipulated in Article 425, paragraph (1) of the Companies Act.
We also entered into similar agreements with Ms. Yukari Nagata, who resigned as an Outside Director on February 28, 2024, and Mr. Toshio Shimizu, who resigned as an Outside Audit & Supervisory Board Member on March 31, 2024.

(3) Overview of Directors and Officers Liability Insurance Policy

The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, with Directors, Audit & Supervisory Board Members and Executive Officers (including persons in office during the fiscal year under review) of the Company and the Company's subsidiaries as the insureds. The Company bears the full amount of the insurance premiums.
With regard to the overview of the details of this insurance policy, eligible officers who are the insureds are covered under this insurance policy with an insurance company for their liability borne from performance of their duties or for their liability arising from claims in pursuit of that liability, and the policy will be renewed every year.
In this insurance policy, an event in which the Company pursues liability for damages from the eligible officers is excluded from the insurance policy, and measures have been put into place to prevent the impairment of the appropriateness of the execution of duties by the eligible officers by setting a limit for the amount covered.

(4) Compensations for Directors and Audit & Supervisory Board Members

1) Policy on Decisions on Details of Compensation, etc. for Officers

Compensation for individual Directors of the Company shall be within the range of the amount determined by the General Meeting of Shareholders, and the President and Representative Director shall hold interviews with each individual, calculate an amount of compensation for each individual that suitably reflects their role and responsibility expected of them as an officer of the Company, giving comprehensive consideration to economic circumstances, the Company's financial results, and their individual management capabilities, level of contribution, past compensation, etc., and deliberate and determine at a meeting of the Board of Directors. The Board of Directors, then conducts oversight of the decision of the amount of remuneration by considering and reviewing the compensation amounts, placing emphasis on the suitability, fairness and transparency of the amounts of compensation. The Board of Directors shall determine the timing and conditions of payment of compensation, etc. by resolution.

In addition, the compensation, etc. for Directors is the fixed monthly compensation only and the compensation plans such as bonus, performance-linked compensation and retirement benefits are not adopted.

The individual compensation etc. for the Company's Audit & Supervisory Board Members is determined through discussions by the Audit & Supervisory Board within the range of the amount that has been resolved at the General Meeting of Shareholders.

2) Policy on Non-monetary Compensation, etc.

At the 25th Annual General Meeting of Shareholders held on September 28, 2021, the Company resolved to introduce the "Stock Benefit Trust," a stock-based compensation plan for Directors, in order to further clarify the linkage between Directors' compensation and stock value, and to raise awareness among eligible Directors and Officers of the need to contribute to improving business performance and increasing corporate value over the medium to long term by sharing profits and risks associated with stock price fluctuations with shareholders.

・The Stock Benefit Trust is a stock-based compensation plan under which the Company's shares are acquired through the Trust using money contributed by the Company as the source of funds, and the Company's shares and money equivalent to the amount obtained by converting the Company's shares at fair value are paid to eligible Directors through the Trust in accordance with the stock benefit regulations established by the Company.

・The maximum number of points is 80,000 (80,000 shares) per fiscal year, and each Director will be granted a certain number of points per fiscal year in consideration of his or her position, and upon

retirement, the recipient will receive Company shares in proportion to the number of points accumulated and a cash payment equivalent to the fair value of the Company's shares.

3) Total Amount of Compensation in the Fiscal Year Under Review

Classification	Number of people	Total amount of compensation (Millions of yen)	Total amount of compensation by type (Millions of yen)	
			Basic compensation	Non-monetary compensation, etc.
Directors (of which, Outside Directors)	9 (3)	169 (7)	143 (7)	26 (–)
Audit & Supervisory Board Members (of which, Outside Audit & Supervisory Board Members)	4 (3)	20 (5)	20 (5)	–
Total (of which, Outside Officers)	13 (6)	189 (12)	163 (12)	26 (–)

(Notes)
1. The amount of compensation for Directors includes the amount of compensation paid during the term of office of one Director who resigned on February 28, 2024.
2. The amount of compensation for Audit & Supervisory Board Members includes the amount of compensation paid during the term of office of one Audit & Supervisory Board Member who resigned on March 31, 2024.
3. The non-monetary compensation, etc. is the Company's shares and the conditions regarding the allotment of the shares and other matters are as stated in "(4) Compensations for Directors and Audit & Supervisory Board Members."
4. The total amount of compensation for Directors does not include the portion of salary as an employee for Directors concurrently serving as employees.
5. The maximum amount of compensation for Directors was resolved to be within ¥240 million per year (including the amount within ¥40 million for Outside Directors) (however, this does not include the portion of salary for Directors concurrently serving as employees) at the Annual General Meeting of Shareholders held on September 26, 2018. The number of Directors at the conclusion of the said Annual General Meeting of Shareholders was eight (8) (including three (3) Outside Directors). In addition, it was resolved at the Annual General Meeting of Shareholders held on September 28, 2021 to introduce a share-based compensation plan separately from the limit of monetary compensation. The amount of share-based compensation shall be up to ¥144 million in the applicable fiscal years, and up to 80,000 points (one point = one share) for each fiscal year (Outside Directors are not eligible for the granting). The number of Directors (excluding Outside Directors) at the conclusion of the said Annual General Meeting of Shareholders was six (6).
6. The maximum amount of compensation for Audit & Supervisory Board Members was resolved to be within ¥40 million per year at the Annual General Meeting of Shareholders held on September 26, 2018. The number of Audit & Supervisory Board Members at the conclusion of the said Annual General Meeting of Shareholders was three (3).

4) Officer Retirement Benefits Paid in the Fiscal Year Under Review
There is no relevant information.

5) Total Amount of Officer Compensation Received by Outside Officers from the Parent Company or Subsidiaries
There is no relevant information.

(5) Outside Officers

1) Relationship of the Company to Other Companies, etc. Where Important Concurrent Positions Are Held
   - Director Ms. Maiko Sako concurrently serves as Outside Director of TECHNO RYOWA LTD. There is no business relationship between the Company and TECHNO RYOWA LTD.
   - Director Ms. Yukari Nagata concurrently serves as President and Representative Director of DATA VIZ LAB Inc. and External Director of Adventure Inc. There is no business relationship between the Company and DATA VIZ LAB Inc. or Adventure Inc.
   - Audit & Supervisory Board Member Mr. Hidehito Mochizuki concurrently serves as Director of Mochizuki Certified Public Accountant Office and Mochizuki Tax Accountant Office. There is no business relationship between the Company and Mochizuki Certified Public Accountant Office or Mochizuki Tax Accountant Office.

2) Main Activities in the Fiscal Year Under Review

	Name	Activities
Director	Norio Minagawa	Mr. Norio Minagawa attended all 12 meetings of the Board of Directors held in the fiscal year under review, and provided opinions on deliberation of proposals and business operations. Regarding the role expected of him as an Outside Director, he has been using his experience as an Audit & Supervisory Board Member of the Company and as a director of other companies, and his high level of insight in the field of finance and accounting to contribute to improving the appropriateness of business through offering advice and suggestions regarding new business. In addition, he is supervising the execution of duties of Directors from an independent standpoint and contributing to securing appropriateness in the decision making of the Board of Directors.
Director	Maiko Sako	Ms. Maiko Sako attended all 12 meetings of the Board of Directors held in the fiscal year under review, and provided opinions on deliberation of proposals and business operations. Regarding the role expected of her as Outside Director, she has been using her expert knowledge and broad insight as an attorney to offer suggestions on putting in place compliance systems and other matters and contributing to energizing discussion in the Board of Directors. In addition, she is supervising the execution of duties of Directors from an independent standpoint and contributing to securing appropriateness in the decision making of the Board of Directors.
Director	Yukari Nagata	During the fiscal year under review, Ms. Yukari Nagata attended all six (6) meetings of the Board of Directors held until her resignation on February 28, 2024, and provided opinions on deliberation of proposals and business operations. She also provided appropriate advice and recommendations based on her abundant knowledge and experience in data analysis and data visualization consulting.
Audit & Supervisory Board Member	Toshio Shimizu	During the fiscal year under review, Mr. Toshio Shimizu attended seven (7) of the nine (9) Board of Directors meetings and eight (8) of the ten (10) Audit & Supervisory Board meetings held until his resignation on March 31, 2024. Mr. Toshio Shimizu conducted audits from a wide-ranging perspective based on his abundant experience and profound understanding as a corporate manager, in addition to expressing his views as necessary at appropriate opportunities at the meetings of both the Board of Directors and the Audit & Supervisory Board.

	Name	Activities
Audit & Supervisory Board Member	Hidehito Mochizuki	Mr. Hidehito Mochizuki attended all 12 meetings of the Board of Directors and all 13 meetings of the Audit & Supervisory Board held in the fiscal year under review, and conducted high-level audits based on his profound understanding from a specialist perspective as a certified public accountant, in addition to expressing his views as necessary at appropriate opportunities at the meetings of both the Board of Directors and the Audit & Supervisory Board.
Audit & Supervisory Board Member	Shuji Makiura	During the fiscal year under review, Mr. Shuji Makiura attended all three (3) Board of Directors meetings and all three (3) Audit & Supervisory Board meetings held after his appointment on April 1, 2024. Mr. Shuji Makiura conducts audits from a multifaceted perspective based on his experience and technical knowledge gained as a division manager and business manager at a major heavy industry manufacturer for many years, and speaks as necessary at appropriate opportunities, including at meetings of the Board of Directors and the Audit & Supervisory Board.

4. Accounting Auditor

(1) Accounting Auditor's Name

Crowe Toyo & Co.

(2) Accounting Auditor's Compensation, etc., for the Fiscal Year Ended June 30, 2024

	Payment amount
Accounting Auditor's compensation, etc., for the fiscal year ended June 30, 2024	¥29 million
Cash and other profits payable by the Company or its subsidiaries to Accounting Auditor	¥29 million

(Notes) 1. No companies among the Company's consolidated subsidiaries have entered into an audit agreement, etc. with the Accounting Auditor.

2. Under the audit agreement between the Company and its Accounting Auditor, the amount of compensation, etc. for audits pursuant to the Companies Act and audits pursuant to Financial Instruments and Exchange Act are not distinctly separated, and otherwise cannot be separated. Consequently, the above Accounting Auditor's compensation, etc., for the fiscal year under review reflects total compensation.

(3) Reasons for the Audit & Supervisory Board's Consent on Accounting Auditor's Compensation, etc.

The Audit & Supervisory Board of the Company has given its consent to the Accounting Auditor's compensation, etc. as set forth in Article 399, paragraph (1) of the Companies Act, as a result of confirming and considering the validity of the contents of the Accounting Auditor's audit plan, the Accounting Auditor's execution of duties in previous fiscal years, and the basis for the calculation of the compensation estimate, through obtaining the necessary documents and requesting reports from Directors, related internal departments, and the Accounting Auditor, based on the "Practical Guidelines Regarding Coordination with Accounting Auditors" announced by the Japan Audit & Supervisory Board Members Association.

(4) Description of Non-Audit Services

There is no relevant information.

(5) Summary of Agreement on Limitation of Liability

In accordance with the provisions of the Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with Crowe Toyo & Co. to limit the Accounting Auditor's liability for damages, as stipulated in Article 423, paragraph (1) of the same Act.

The maximum amount of liability pursuant to the said agreement is the minimum amount stipulated in Article 425, paragraph (1) of the Companies Act.

(6) Policy Regarding Determination of Termination or Nonrenewal of Appointment of Accounting Auditor

In the event that the Accounting Auditor is deemed to have met any of the grounds set forth in each item of Article 340, paragraph (1) of the Companies Act, the Audit & Supervisory Board shall terminate the appointment of the Accounting Auditor subject to the unanimous consent of the Audit & Supervisory Board Members. In the event of such a termination, an Audit & Supervisory Board Member chosen by the Audit & Supervisory Board shall make a report to the effect that the Accounting Auditor has been terminated, and the reasons for termination, at the first general meeting of shareholders convened after the termination.

In addition, the Audit & Supervisory Board may resolve to submit a proposal to the General Meeting of Shareholders to terminate the appointment or forego the reappointment of the Accounting Auditor, in circumstances when the Audit & Supervisory Board judges it necessary, such as cases when the Accounting Auditor may not execute its duties.

5. System to ensure propriety of business activities

Summary of decisions on the system to ensure propriety of business activities

The following is a summary of decisions made regarding systems to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, as well as other systems to ensure the appropriateness of the company's operations.

(1) Overview of the System to Ensure that the Execution of Duties by Directors Complies with Laws and Ordinances and the Articles of Incorporation, Other Systems to Ensure the Propriety of Business Activities, and the Implementation Status thereof

At the meeting of the Board of Directors held on May 15, 2006, the Company made a resolution regarding a "Basic Policy," in order to create a system to ensure the propriety of business activities as required by the Companies Act and other laws and ordinances. At the meeting of the Board of Directors held on May 7, 2015, the Company made the following amendments to the "Basic Policy," in line with the enforcement of the Act Partially Amending the Companies Act (Act No. 90 of 2014). An overview of the "Basic Policy" regarding internal control set forth by the Group and the implementation status thereof are as follows.

I. Initiatives of the Group Regarding Internal Control

In accordance with the Basic Policy, the Group has created a system to ensure the propriety of its business activities as a stock company as defined by the Companies Act and the Ordinance for Enforcement of the Companies Act, a system to ensure the appropriateness of documents and other information related to financial accounting as defined by the Financial Instruments and Exchange Act, and other systems to maintain and enhance corporate value (hereinafter, collectively referred to as "internal control systems").

In addition to promoting internal control by its Directors and employees (hereinafter, "Officers and employees"), with the President and Representative Director at the center of those efforts, the Group has also established an Internal Control Committee, and endeavors to ensure that the internal control systems function effectively.

II. Basic Policy Regarding the Creation of Internal Control Systems

(i) System to ensure that the execution of duties by Directors and employees complies with laws and ordinances and the Articles of Incorporation

1) The Group shall strive to create and implement rules and regulations, etc. under the management of related departments as standards for actions that comply with laws and ordinances, the Articles of Incorporation, and social principles (hereinafter, "laws, etc.").
2) The Group shall strive to ensure thorough implementation of rules and regulations, etc. relating to matters that pertain to compliance with laws, etc., and shall endeavor to educate Officers and employees on such matters.
3) The Group shall establish and operate a helpline as a means for employees to directly provide information about actions that are doubtful in light of laws, etc., and, in addition to promptly discovering violations of laws and ordinances and other misconduct, shall ensure that employees reporting such actions shall not receive unfavorable treatment as a result of having made the report.
4) The Group is sufficiently aware of its corporate social responsibility, and shall take a firm stance toward antisocial forces as an organization, reject improper demands, and block all relationships with such forces, including business transactions and the provision of funds.

(ii) System regarding the storage and management of information pertaining to the execution of duties

1) Directors shall record information pertaining to the execution of their duties, in order to make clear their respective assessment standards and reasons when executing duties and making decisions. In accordance with laws, etc. and various related rules, the Group shall appropriately store this information in a designated department, and shall create a system whereby it may be viewed at any time, to support the timely execution of duties by Directors and Audit & Supervisory Board Members.
2) In accordance with laws, etc. and various related rules, the Group shall also handle information pertaining to the execution of duties by employees in a similar manner to information pertaining to the execution of duties by Directors.

3) The Group shall determine methods for handling internal information and storing it in documents and electromagnetic records, and shall take all possible precautions in regard to security, in order to prevent information leaks.
4) Persons responsible for managing information and related departments shall coordinate and endeavor to disclose information in a timely and appropriate manner.

(iii) Regulations and other systems for management of the risk of loss
1) In accordance with regulations relating to risk, the Internal Control Committee shall manage risks for the Group as a whole in a comprehensive, all-inclusive manner.
2) Officers and employees shall establish a process for each stage of the acquisition, utilization, and disposal of the Group's assets, regardless of whether they are tangible or intangible, and shall endeavor to preserve the Group's assets.

(iv) System to ensure that the execution of duties by Directors, etc. of the Group is efficiently conducted
1) The Board of Directors shall determine management duties for each Executive Director, in order to clarify the management responsibilities of Executive Directors.
2) Executive Directors shall regularly hold a Management Meeting as an advisory body to the President and Representative Director, and shall strive to coordinate business activities and unify opinions on the execution of business activities.
3) In order to make the execution of duties by Officers and employees more efficient, the Group shall determine their authority and decision-making rules, and shall clarify the division of duties between departments.

(v) System to ensure propriety of business activities in the corporate group
1) The Company shall establish a system for managing subsidiaries, including formulating regulations for managing subsidiaries and other related rules, etc., and establishing a department within the Company that tracks the status of the Group as a whole at all times and reports the status of assets and other important matters to the Board of Directors.
2) The Group shall coordinate to ensure unified systems, including work processes and accounting systems.
3) The Group shall strive to ensure coordination between Audit & Supervisory Board Members, engaging in the exchange of information and opinions as necessary.
4) The Internal Audit Office shall regularly conduct audits regarding the status of the execution of business activities by the Group.

(vi) Matters regarding employees assisting Audit & Supervisory Board Members in their duties in the event that Audit & Supervisory Board Members have requested such employees, and matters regarding ensuring the independence of these employees from Directors and the effectiveness of Audit & Supervisory Board Members' instructions to these employees
1) In response to requests from the Audit & Supervisory Board to assign employees to assist with their duties, the Representative Director shall consult with the Audit & Supervisory Board from the perspective of ensuring the effectiveness of audits, and assign employees.
2) Employees assisting Audit & Supervisory Board Members shall do so on a full-time basis, and shall execute their duties under the direction of Audit & Supervisory Board Members.
3) The prior consent of the Audit & Supervisory Board shall be obtained in regard to the appointment, transfer, evaluation, etc. of employees assisting Audit & Supervisory Board Members.

(vii) System regarding reports from Officers and employees of the Group to the Audit & Supervisory Board or Audit & Supervisory Board Members of the Company
1) Officers and employees of the Group shall, without delay, report to Audit & Supervisory Board Members of the Company the occurrence or possible occurrence of events that will cause significant damage to the Company or consolidated subsidiaries of the Company, violations of laws and ordinances and other misconduct, and the occurrence or possible occurrence of any other equivalent events. In addition, persons receiving such a report from Officers and employees of the Group shall report the content thereof to Audit & Supervisory Board Members of the Company without delay.

2) Audit & Supervisory Board Members may make requests for information including reports, explanations, and the submission of documents on the content of the execution of business activities to Officers and employees of the Group as necessary.
3) The Internal Audit Office shall report the results of internal audits to Audit & Supervisory Board Members of the Company.
4) Officers and employees who have made a report to Audit & Supervisory Board Members shall not receive unfavorable treatment as a result of having made the report.

(viii) Matters regarding policy pertaining to expenses arising from Audit & Supervisory Board Members' execution of duties and reimbursement

The Company shall promptly pay or reimburse the relevant expenses or debts in cases when Audit & Supervisory Board Members have made reasonable requests for the advance payment of expenses or reimbursement, etc. arising from the execution of their duties.

(ix) Other systems to ensure that the audits of Audit & Supervisory Board Members are effectively conducted

1) Audit & Supervisory Board Members may obtain the latest information concerning the Group by meetings held regularly to exchange opinions with the President and Representative Director, tours of facilities held by the Group, and other means.
2) Audit & Supervisory Board Members shall regularly attend internal meetings in order to track the latest status of the Group, and may also request the exchange of opinions and submission of information from Officers and employees of the Group as necessary.
3) In cases when it is necessary for the execution of their duties, Audit & Supervisory Board Members may request the opinion of external experts such as attorneys, certified public accountants, and certified public tax accountants.

(x) Systems to ensure the reliability of financial reporting

1) The Group shall coordinate with experts and truthfully report the financial position of its companies and management performance, in accordance with various related laws and ordinances, related regulations, and generally accepted accounting standards.
2) The Group shall implement the necessary measures to ensure the reliability of financial reporting, based on the "Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting" formulated by the Financial Services Agency, etc.

With regard to the overview of the implementation status of the above systems to ensure the propriety of business activities, the Company has created various related regulations based on the "Basic Policy on Internal Control" resolved at the meeting of the Board of Directors of the Company held on May 7, 2015.

In addition, the Internal Control Committee, which is stipulated in the "Basic Policy on Internal Control," met three times during the fiscal year under review, with the President and Representative Director as Chair. It also confirmed at the end of the fiscal year, with the attendance of the Full-time Audit & Supervisory Board Member, that the internal control systems are functioning effectively.

(2) Basic Policy Regarding the Company's Control

The Company has not established any particular basic policy regarding persons controlling decisions on the Company's financial or business policies.

(3) Basic Policy Regarding Decisions on the Distribution of Surplus, etc.

The Company recognizes that the return of profits to shareholders is an important issue for company management. Our basic policy is to distribute profits in accordance with operating performance, while maintaining the foundation of a stable dividend.

In accordance with this basic policy, the Company decided to pay a year-end dividend of ¥8 per share for the fiscal year under review.

Furthermore, the Company intends to use internal reserves as a source for strengthening its corporate structure and for future business development.

In addition, the Company's Articles of Incorporation stipulate that matters set forth in each item of Article 459, paragraph (1) of the Companies Act, including the distribution of surplus, shall be determined by resolution of the Board of Directors, excluding cases otherwise provided for by laws and ordinances. The objective of this is to facilitate the flexible return of profits to shareholders by placing the distribution of surplus, etc. under the authority of the Board of Directors.

Consolidated Financial Statements

Consolidated Balance Sheet

(As of June 30, 2024)

(Millions of yen)

Description	Amount
Assets	
I. Current assets	**8,743**
Cash and deposits	5,574
Accounts receivable - trade	1,832
Supplies	767
Consumption taxes refund receivable	149
Deferred consumption taxes	8
Other	410
II. Non-current assets	**36,519**
1. Property, plant and equipment	**35,451**
Buildings and structures	10,817
Machinery, equipment and vehicles	19,342
Tools, furniture and fixtures	74
Land	3,975
Trees	1,153
Construction in progress	87
2. Intangible assets	**821**
Right to use electricity supply facilities	813
Other	7
3. Investments and other assets	**246**
Deferred tax assets	66
Other	180
Total assets	**45,262**

(Millions of yen)

Description	Amount
Liabilities	
I. Current liabilities	**4,802**
Notes and accounts payable - trade	1,379
Current portion of long-term borrowings	2,100
Accounts payable - other	447
Income taxes payable	113
Provision for bonuses	42
Provision for maintenance cost	500
Other	217
II. Non-current liabilities	**22,226**
Long-term borrowings	21,782
Provision for share awards	85
Deferred tax liabilities	358
Total liabilities	**27,028**
Net assets	
I. Shareholders' equity	**18,234**
Share capital	2,292
Capital surplus	1,292
Retained earnings	14,817
Treasury shares	(168)
Total net assets	**18,234**
Total liabilities and net assets	**45,262**

Consolidated Statement of Income

(July 1, 2023 – June 30, 2024)

(Millions of yen)

Description	Amount	
Net sales		**17,473**
Cost of sales		**15,992**
Gross profit		**1,480**
Selling, general and administrative expenses		**880**
Operating profit		**600**
Non-operating income		
Interest income	19	
Gain on sale of scraps	5	
Subsidy income	52	
Personnel training and employment-related grant income	0	
Interest on tax refund	1	
Gain on sales of non-current assets	2	
Other	17	98
Non-operating expenses		
Interest expenses	278	
Commission expenses	28	
Loss on sale of non-current assets	4	
Loss on retirement of non-current assets	0	
Other	39	352
Ordinary profit		**346**
Profit before income taxes		**346**
Income taxes - current	25	
Income taxes for prior periods	(80)	
Income taxes - deferred	120	65
Profit		**281**
Profit attributable to owners of parent		**281**

Consolidated Statement of Changes in Equity

(July 1, 2023 – June 30, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,292	1,292	14,709	(104)	18,190
Changes during period					
Dividends of surplus			(173)		(173)
Profit attributable to owners of parent			281		281
Purchase of treasury shares				(68)	(68)
Disposal of treasury shares				4	4
Cancellation of treasury shares			(0)	0	–
Net changes of items other than shareholder' equity during the fiscal year					–
Total changes during period	–	–	108	(63)	44
Balance at end of period	2,292	1,292	14,817	(168)	18,234

	Total net assets
Balance at beginning of period	18,190
Changes during period	
Dividends of surplus	(173)
Profit attributable to owners of parent	281
Purchase of treasury shares	(68)
Disposal of treasury shares	4
Cancellation of treasury shares	–
Net changes of items other than shareholder' equity during the fiscal year	–
Total changes during period	44
Balance at end of period	18,234

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheet

(As of June 30, 2024)

(Millions of yen)

Description	Amount
Assets	
I. Current assets	**4,867**
Cash and deposits	2,349
Accounts receivable - trade	238
Prepaid expenses	35
Short-term loan receivable from subsidiaries and associates	2,180
Accounts receivable - other	44
Deferred consumption taxes	7
Other	12
II. Non-current assets	**8,139**
1. Property, plant and equipment	**210**
Buildings	66
Machinery and equipment	1
Tools, furniture and fixtures	11
Land	56
Construction in progress	75
2. Intangible assets	**6**
Software	5
Other	1
3. Investments and other assets	**7,922**
Shares of subsidiaries and associates	2,161
Long-term loans receivable from subsidiaries and associates	3,680
Long-term accounts receivable from subsidiaries and associates - other	1,880
Deferred tax assets	32
Other	169
Total assets	**13,006**

(Millions of yen)

Description	Amount
Liabilities	
I. Current liabilities	**868**
Accounts payable - trade	532
Current portion of long-term borrowings	107
Accounts payable - other	88
Advances received	0
Accrued expenses	38
Income taxes payable	13
Deposits received	5
Provision for bonuses	12
Provision for maintenance cost	4
Other	66
II. Non-current liabilities	**1,135**
Long-term borrowings	57
Long-term borrowings from subsidiaries and associates	1,000
Provision for share awards	78
Total liabilities	**2,004**
Net assets	
I. Shareholders' equity	**11,002**
1. Share capital	**2,292**
2. Capital surplus	**1,292**
Legal capital surplus	1,292
3. Retained earnings	**7,586**
Other retained earnings	7,586
Retained earnings brought forward	7,586
4. Treasury shares	**(168)**
Total net assets	**11,002**
Total liabilities and net assets	**13,006**

Non-Consolidated Statement of Income

(July 1, 2023 – June 30, 2024)

(Millions of yen)

Description	Amount	
Net sales		**2,752**
Cost of sales		**2,214**
Gross profit		**538**
Selling, general and administrative expenses		**341**
Operating profit		**196**
Non-operating income		
Interest income	20	
Dividend income	396	
Other	4	420
Non-operating expenses		
Interest expenses	14	
Other	19	34
Ordinary profit		**582**
Profit before income taxes		**582**
Income taxes - current	3	
Income taxes for prior periods	(80)	
Income taxes - deferred	24	(53)
Profit		**636**

Non-Consolidated Statement of Changes in Equity

(July 1, 2023 – June 30, 2024)

(Millions of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other retained earnings			
			Retained earnings brought forward			
Balance at beginning of period	2,292	1,292	7,123	(104)	10,603	10,603
Changes during period						
Dividends of surplus			(173)		(173)	(173)
Profit			636		636	636
Purchase of treasury shares				(68)	(68)	(68)
Disposal of treasury shares				4	4	4
Cancellation of treasury shares			(0)	0	–	–
Net changes of items other than shareholder' equity during the fiscal year					–	–
Total changes during period	–	–	463	(63)	399	399
Balance at end of period	2,292	1,292	7,586	(168)	11,002	11,002

Accounting Auditor's Audit Report on the Consolidated Financial Statements

Independent Auditor's Report

(Translation)

August 16, 2024

To the Board of Directors
EF-ON INC.

Crowe Toyo & Co.
Tokyo Office

Takeshi Kiriyama, CPA
Engagement Partner
Makoto Hayasaki, CPA
Engagement Partner

Auditors' Opinion

We have audited, pursuant to Article 444, paragraph (4) of the Companies Act, the consolidated financial statements, which consist of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements of EF-ON INC. (hereinafter referred to as the "Company") for the fiscal year from July 1, 2023 to June 30, 2024.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as of June 30, 2024 and the consolidated result of their operations for the year then ended in conformity with the generally accepted accounting principles in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other information includes the business report and supporting schedules. Management is responsible for the preparation and disclosure of other information. The responsibility Audit & Supervisory Board Members and the Audit & Supervisory Board is to monitor Directors' performance of their duties in establishing and operating the reporting process for other information.

The audit opinion of the independent auditor on the consolidated financial statements does not include other information, and the independent auditor expresses no opinion on other information.

The responsibility of the independent auditor in auditing consolidated financial statements is to read other information carefully and, in the course of that reading, to consider whether there are material differences between other information and the consolidated financial statements or knowledge acquired in the course of the audit, and to pay attention to whether there is any indication of material errors in other information other than such material differences.

If, based on the work performed, the independent auditor determines that there are material errors in other information, the independent auditor is required to report those facts.

The independent auditor has no matters to report with respect to other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal control, which management considers necessary for the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related countermeasures to remove obstruction factors or safeguards to reduce obstruction factors to an acceptable level.

Relationship of Interest

We have no interests in or relationships with the Company and its consolidated subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notice to Readers:

The original consolidated financial statements, which consist of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements, are written in Japanese.

Accounting Auditor's Audit Report on the Non-consolidated Financial Statements

Independent Auditor's Report

(Translation)

August 16, 2024

To the Board of Directors
EF-ON INC.

Crowe Toyo & Co.
Tokyo Office

Takeshi Kiriyama, CPA
Engagement Partner
Makoto Hayasaki, CPA
Engagement Partner

Auditors' Opinion

We have audited, pursuant to Article 436, paragraph (2), item (i) of the Companies Act, the non-consolidated financial statements, which consist of the balance sheet, the statement of income, the statement of changes in equity, the notes to the financial statements and the supplementary schedules thereof (collectively, "non-consolidated financial statements, etc.") of EF-ON INC. (hereinafter referred to as the "Company") for the 28th fiscal year from July 1, 2023 to June 30, 2024.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2024 and the result of its operation for the year then ended in conformity with the generally accepted accounting principles in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc." section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements, etc. in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other information includes the business report and supporting schedules. Management is responsible for the preparation and disclosure of other information. The responsibility Audit & Supervisory Board Members and the Audit & Supervisory Board is to monitor Directors' performance of their duties in establishing and operating the reporting process for other information.

The audit opinion of the independent auditor on the non-consolidated financial statements, etc., does not include other information, and the independent auditor expresses no opinion on other information.

The responsibility of the independent auditor in auditing the non-consolidated financial statements, etc., is to read other information carefully and, in the course of that reading, to consider whether there are material differences between other information and the non-consolidated financial statements, etc., or knowledge acquired in the course of the audit, and to pay attention to whether there is any indication of material errors in other information other than such material differences.

If, based on the work performed, the independent auditor determines that there are material errors in other information, the independent auditor is required to report those facts.

The independent auditor has no matters to report with respect to other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for Non-Consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of non-consolidated financial statements, etc. in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal control, which management considers necessary for the preparation and fair presentation of non-consolidated financial statements, etc. that are free from material misstatements, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditors' Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc.

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements, etc. is not expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements, etc. or, if the notes to the non-consolidated financial statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements, etc. and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the non-consolidated financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. fairly represent the underlying transactions and accounting events.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related countermeasures to remove obstruction factors or safeguards to reduce obstruction factors to an acceptable level.

Relationship of Interest

We have no interests in or relationships with the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notice to Readers:

The original non-consolidated financial statements, which consist of the balance sheet, the statement of income, the statement of changes in equity, the notes to the financial statements and the supplementary schedules thereof, are written in Japanese.

Audit Report

(Translation)

The Audit & Supervisory Board hereby reports the results of discussions regarding the performance of duties by the Directors for the 28th fiscal year from July 1, 2023 to June 30, 2024, based on the audit reports prepared by each Audit & Supervisory Board Member.

1. Summary of Auditing Methods of the Audit & Supervisory Board Members and the Audit & Supervisory Board

   (1) The Audit & Supervisory Board established an audit policy for the fiscal year under review, an audit plan, division of duties, etc., and received reports from each Audit & Supervisory Board Member on the status of audits and results, in addition to receiving reports from Directors, etc. and the Accounting Auditor on the status of the execution of their duties, and requesting explanations as necessary.

   (2) While conforming with the standards for audits by Audit & Supervisory Board Members set forth by the Audit & Supervisory Board, each Audit & Supervisory Board Member followed the audit policy for the fiscal year under review, audit plan, division of duties, etc., made efforts to facilitate mutual understanding with Directors, the Internal Audit Office, other employees, etc., and endeavored to collect information and improve the auditing environment, in addition to conducting their audits with the following methods.

      1) We participated in the meetings of the Board of Directors and other important meetings, received reports from the Directors, employees and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal business offices. With respect to subsidiaries, we communicated with, and collected information from, Directors, Audit & Supervisory Board Members and other relevant personnel of subsidiaries and received reports from subsidiaries as necessary as well as studying operations and financial positions at the head offices of subsidiaries, and power plants.

      2) We received regular reports from Directors and employees, etc., requested explanations as necessary, and expressed our opinions regarding the content of resolutions of the Board of Directors on the creation of a system to ensure that the execution of duties by Directors complies with laws and ordinances and the Articles of Incorporation, as described in the Business Report, and other systems set forth in Article 100, paragraphs (1) and (3) of the Ordinance for Enforcement of the Companies Act as necessary to ensure the propriety of business activities of a corporate group formed by a stock company and its subsidiaries, in addition to the systems created based on these resolutions (internal control systems), and the status of their creation and implementation.

      3) We monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that "system to ensure that duties are performed properly" (matters set forth in each item of Article 131 of the Rules of Corporate Accounting) had been prepared in accordance with the Product Quality Management Standards Regarding Audits (issued by the Business Accounting Deliberation Council) and other relevant standards, and sought explanations as necessary.

   Based on the above methods, we examined the Business Report and the supplementary schedules thereof, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and non-consolidated notes) and the supplementary schedules thereof, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and consolidated notes) related to the fiscal year under review.

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

1) In our opinion, the Business Report and the supplementary schedules are in accordance with the related laws and regulations, and Articles of Incorporation, and fairly represent the Company's condition.

2) We have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation, with regard to performance of duties by the Directors.

3) In our opinion, the contents of resolutions of the Board of Directors related to the internal control systems are fair and reasonable. In addition, we did not find any matter that needed to be pointed out regarding the description in the Business Report and the performance of duties by the Directors related to such internal control system.

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

In our opinion, the methods and results employed and rendered by the accounting auditor Crowe Toyo & Co. are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by the accounting auditor Crowe Toyo & Co. are fair and reasonable.

August 19, 2024

EF-ON INC. Audit & Supervisory Board

Full-time Audit & Supervisory Board Member	Shinichi Yada
Outside Audit & Supervisory Board Member	Hidehito Mochizuki
Outside Audit & Supervisory Board Member	Shuji Makiura