

DYJH

ESG Report 2023



DYNAM JAPAN HOLDINGS Co., Ltd.

(incorporated in Japan with limited liability)

Stock Code: 06889



Guideline Comparison Table

Environmental, Social and Governance (“ESG”) Report 2023 contains information required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). Please refer to the pages listed in the table for the information disclosure contents.

Appendix 27 to the Listing Rules

Environmental, Social and Governance Reporting Guide

Key Items		General Disclosure/Indicators		Posting Page
A. Environmental				
A1: Emissions	General Disclosure		Policies relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	12
			Compliance with relevant laws and regulations that have a significant impact on the issuer	12
	Indicators	A1.1	The types of emissions and respective emissions data	14
		A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	14
		A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	16
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		A1.5	Description of emissions target(s) set and steps taken to achieve them	13 ~ 20
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	15 ~ 18, 20		
A2: Use of Resources	General Disclosure		Policies on the efficient use of resources, including energy, water and other raw materials	13, 15, 17, 19
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		A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	14
		A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	13 ~ 20
		A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	14, 15
		A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Note 2
A3: The Environment and Natural Resources	General Disclosure		Policies on minimising the issuer's significant impacts on the environment and natural resources	13, 15, 17, 19
	Indicator	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Note 2
A4: Climate change	General Disclosure		Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	13, 15, 17, 19
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B. Social				
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	Indicators	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	29, 30
		B1.2	Employee turnover rate by gender, age group and geographical region	Note 2
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	Indicators	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	32
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		B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	31, 32

Key Items	General Disclosure/Indicators			Posting Page
B3: Development and Training	General Disclosure		Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	23, 27, 28
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B5: Supply Chain Management	General Disclosure		Policies on managing environmental and social risks of the supply chain	33
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		B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	24
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Notes

- DYNAM JAPAN HOLDINGS Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group" or "we") are fully aware of various social demands, including the prevention of human rights violations in the form of forced labor and child labor, pollution of the global environment, etc., as well as international norms and initiatives, and complies with relevant laws and social norms applicable in the countries and regions where it operates. There have been no instances of violations of corporate ethics by our Group and our business partners in Japan.
- We will consider extending the disclosure of information and statistics based on each situation, taking into consideration the risks to society and the environment, as well as the magnitude of the impact on our business activities.

A Centurial Commitment to Building Trust and Fostering Dreams



Never stop creating better values to reform pachinko into daily entertainment that everyone can enjoy.

We will continue to create further value to become an indispensable presence in the community so that people will say they are glad to have a pachinko hall nearby.

In the fiscal year of this project, the Japanese economy has seen a recovery in human flow and a gradual normalization of consumption activities. However, the spread of COVID-19 infection continues periodically. On the other hand, the economic outlook remains uncertain with the prolonged situation in Ukraine and continuing price hikes due to the soaring prices of energy and raw materials.

Despite an increased number of store and business closures in the pachinko hall industry, oper-

ating revenues are rising due to the increased momentum of several popular models of pachinko and slot machines that comply with new regulations and other factors.

Furthermore, a new type of slot machine with a novel mechanism called "Smart Slot" was launched in November last year and has been much anticipated by customers. Together with Smart Pachinko, which was introduced in April this year, encouraging signs are beginning to emerge for market expansion.

Given these circumstances, despite a significant increase in operating expenses due to the higher depreciation cost of pachinko and pachislot machines and the unprecedented rise in utility

Dynam Japan Holdings Group Corporate Philosophy

A company cannot survive if it does not consistently fulfill its responsibilities toward its employees, shareholders, financial institutions, business partners, and other stakeholders while at the same time serving and contributing to customers and local residents. This corporate philosophy expresses a constantly challenging spirit in creating a circle of trust, where people and organizations bring together their energy to realize a long-lasting growth to achieve their dreams. The term "centurial," specified in our corporate philosophy, means a long and enduring period, and refers to the future. Our Group hereby declares that it will continue to build trust and foster dreams for the future.

Five Management Policies and Three Codes of Conduct

- | | | |
|--------------------------------|-------------------------------|---|
| • Principle of Customers First | • Training of Human Resources | 1. We comply with laws and regulations and treat people with respect.
2. We strive for proactive behavior and value teamwork.
3. We confirm the actual situation on-site and express it in numbers. |
| • Information Disclosure | | |
| • Chain Store Management | • Social Contribution | |

Charter of Corporate Behavior

The main reason for a company's existence is to grow sustainably and contribute to society as a stronger and larger company, in line with the expectations of its shareholders, managers, employees, business partners, financial institutions, and customers toward a better future. We consider these stakeholders to be our trusted associates and strive to build a strong relationship of trust through our business activities and dream big for a better future. However, trust is fragile, and even the slightest moment of error will damage it forever. To ensure that we can continue our corporate activities without compromising trust, the Group is adopting a business improvement mechanism into its internal controls and will always identify and eliminate detrimental factors such as misconduct and violations of laws and regulations. All employees, including field workers, shall understand this purpose, work to improve it, and always continue to do so. Through such initiatives, we will be able to achieve greater performance and contribute more to society.

costs, all employees of our group have made concerted efforts to improve profitability by promoting low-cost operations at the halls and closing unprofitable halls. As a result, we achieved an operating income of 6,764 million yen and a net income of 1,798 million yen.

In the aircraft leasing business, we purchased three new planes during this period, increasing the number of aircraft in our fleet to six, and we are working to secure and expand long-term stable earnings by developing a system to independently manage our leasing assets.

Our goal remains the same: "to reform pachinko into a 'daily entertainment' that everyone can enjoy." Furthermore, we will strive to become an in-

dispensable presence in the community where people feel happy to have Dynam Group in their community.

We would like to ask for the continued understanding and support of all those who have placed their trust in us.

Chairman of the Board and
Chief Executive Officer

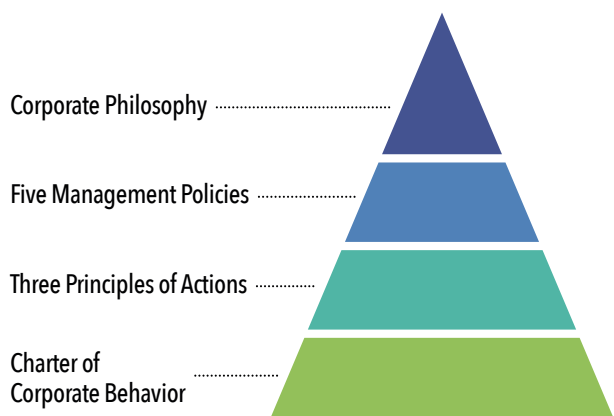
Makoto Sakamoto

We will contribute to the future by establishing solid policies from the perspectives of the environment (E), society (S), and governance (G), while offering value to all those who have placed their trust in us through our sustainable corporate activities.



Group philosophy and approach to ESG

The Group will promote ESG to achieve sustainable growth based on the corporate philosophy, "A Centurial Commitment to Building Trust and Fostering Dreams". We believe that the promotion of ESG equals the realization of our corporate philosophy. We are committed to driving ESG activities by bringing all employees together to realize our Corporate Philosophy, with a strong awareness of the five Management Policies and the three Principles of Actions, as well as our Charter of Corporate Behavior.



ESG basic policy

1. Environment

By recognizing that environmental problems are common challenges faced by mankind, we aim to coexist with regional societies by proactively tackling environmental problems and focusing on climate change. In addition, we observe environment-related laws and regulations and continue to practice environmental management.

2. For our Customers

We prioritize our customers by constantly offering products and services from our customers' points of view.

3. Communities

We aim to exist in a symbiosis with everyone in the community through our business activities. As a leading company in the industry, we aim to become a treasured company and contribute to the development of regional society by collaborating with local communities.

4. Fair Business Practices

We aim toward mutual development with our business partners and by building legally-, socially-, and ethically-sound relationships. To achieve that, we enter into basic agreements, continuing to improve our supply chain management.

Message from ESG Director

Since the COVID-19 pandemic continues in the long run, its continuing impact on business activities across industries cannot be avoided. Also, Russia's invasion of Ukraine has caused soaring energy-related prices and other problems, leading to a persistently unstable economic climate. Even under such circumstances, our Group always puts the ESG perspective in mind in its entire business activities, which are centered on pachinko hall operations, and strives to improve corporate value. Since climate change is an important issue for the environment, we are working to reduce CO₂ emissions and build a circular society in our stores all over Japan. Our commitment to society is reinforced by our engagement with all our trusted associates, including our customers. Our Group's activities to increase the value of its presence as a regional infrastructure are reflected in a number of environmental and social initiatives. In terms of governance, in order to achieve sound and sustain-

able growth and medium to long-term improvement in corporate value, and the board of directors of the Company (the "Board") clearly states the governance policy and have established a system suitable for our business. Through such ESG initiatives, the Group will contribute to the future of pachinko as a form of daily entertainment and the realization of a sustainable society.



Executive Officer **Yoshiyuki Mizutani**

5. Human Rights

We respect basic human rights and differences in hiring and treating our employees and do not discriminate in terms of nationality, gender, faith, ideology, physical appearance, and others. We conduct personnel evaluations based on the overall assessment of each employee's abilities, motivation, personality, awareness of compliance, and contributions to business performance.

6. Labor Practices

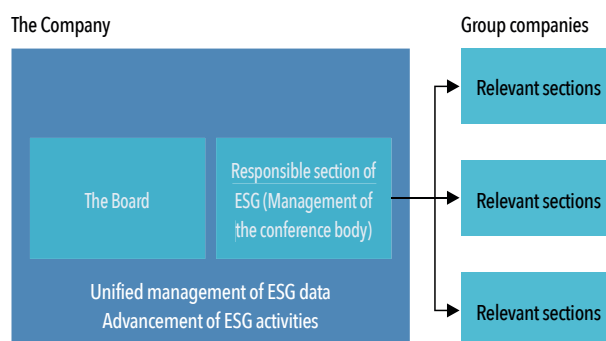
We prioritize the development of our employees to harness the collective energy of our personnel. To expand our corporate activities, we obey the laws and regulations in Japan and abroad on hiring and working hours so that our employees can work in safe and healthy environments.

7. Organizational Governance

We strive to collect and record accurate information, disclose that information, and implement transparent and fair management.

Group ESG Advancement Structure

Based on ESG Basic Policy, all employees shall work together to promote ESG activities throughout the Group under the leadership of the Board, the highest level of managerial decision-makers. Also, to contribute to the sustainable development of society together with our trusted associates*, we discuss and evaluate our ESG activities at a meeting body centered on our ESG division.



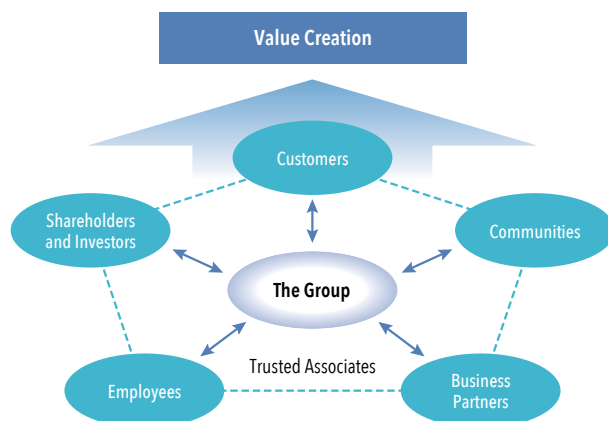
*In this ESG report, we disclose the information mainly to our customers, local communities, business partners, employees, shareholders, and investors, as our trusted associates. However, the scope of trusted associates is not limited to those. We think of it as a broad concept, which includes those involved in the Corporate Philosophy and the Corporate Code of Conduct (financial institutions, etc.), and we intend to include all relevant parties.

We will continue to enhance our corporate value as regional infrastructure to meet the expectations of our trusted associates.

Our Group aims to continuously improve its values to all trusted associates and become an indispensable part of the region. We believe that this should be our role as regional infrastructure, mainly in the pachinko hall business, and we will continue to enhance our corporate value by setting our ten goals.

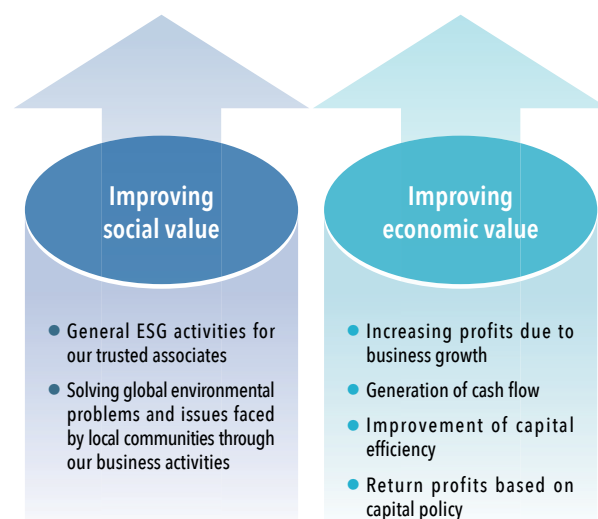
Value Creation for All Trusted Associates

Our Group connects daily with its stakeholders, known as our trusted associates, and engages in activities based on the Corporate Code of Conduct. Furthermore, we believe that meeting the expectations of our trusted associates and addressing the issues of local communities will lead to an increase in the value of our business. To this end, all employees of the Group will work together to achieve sustainable growth as a company in terms of the environment (E), society (S), and governance (G).



Enhancing Social and Economic Values through ESG

Our Group aims for continued development through the improvement of its social and economic values.



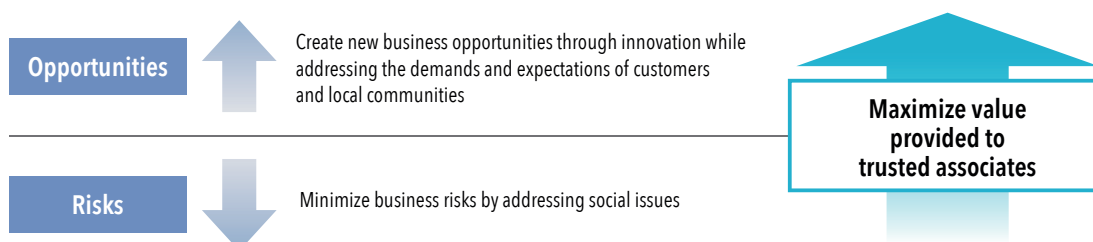


Becoming an Indispensable Presence in the Community

In operating pachinko halls, we rely not only on the customers who come to the halls but also on the support of all trusted associates such as local residents, business partners, and employees. Without the development of local communities, our Group cannot develop. Therefore, our Group aims to become an indispensable presence in the community and strives to develop its business and improve its corporate values along with the development of local communities.

Risk and Opportunity Management

In response to the aging of the population and other social issues, our Group is proposing initiatives that focus on the health benefits of pachinko, as well as pachinko halls with universal designs that cater to a wide range of customer segments. In addition, concerning the “addiction problem,” we have set a goal of “zero addiction by 2050” and are taking proactive actions as a leader in the industry. We are identifying such risks and opportunities and managing them appropriately.



We strive to further improve the relationship of trust with our trusted associates by disclosing information and engaging in dialogues.

Our Group listens to the opinions of our trusted associates and verifies whether its business activities correspond to their demands and expectations through appropriate information disclosure and dialogues, and feeds back such information in our business activities. We believe that this two-way communication is essential for the continued development of the entire Group.



*The Group designates the stakeholders shown in the diagram on the right as trusted associates. We are implementing the initiatives shown in the diagram throughout the year for each of the trusted associates.

*The Group is centered on Dynam Co., Ltd. ("Dynam"), which operates pachinko halls, and is also formed by service companies and other companies that support peripheral operations.

*This report discloses information on our initiatives for the fiscal year ended 31 March, 2023 (1 April 2022 to 31 March 2023). However, it also includes some from earlier and more recent times.



Customers



Communities



Business Partners



Employees



Shareholders and Investors



Main Initiatives

- Based on our people-focused business policy, we internally share the requests and opinions of our customers received through face-to-face interactions with them and our consultation desk. This information is reflected in how we create pachinko halls. (See P.23-P.26 for more information)

- We cooperate, participate and interact as a member of regional societies when asked by local residents to help with events to revitalize the region.
- We continue to offer disaster relief to areas damaged by natural disasters.
- We support the promotion of sports by sponsoring squash tournaments and other events. (See P.35-P.36 for more information)

- We will strengthen relationships with our business partners through the joint development of game machines and general prizes. We aim to enhance the value chain with our business partners by increasing the value of our pachinko halls as spaces for entertainment. (See P.33-P.34 for more information)

- To enhance work environments, we are examining the best way to improve our workplaces by taking to heart the issues raised by our employees through surveys and meeting between management and employee.
- We are taking practical steps to update our systems beyond what is required by law, focusing on support for child raising and empowering women in the workplace. (See P.27-P.32 for more information)

- We politely explain the Group's management policies and strategies at results briefings and individual Investor Relations ("IR") meetings. We make every effort to satisfactorily answer any questions attendees may have.
- For the operational front lines, we give tours and hands-on events at our pachinko halls to further attendees' understanding of our strengths and competitive advantages. (See P.37-P.38 for more information)

Methods of Engagement

- Face-to-face interaction with customers at pachinko halls
- Customer consultation desk
- Meet-the-manager events for customers

- Participation to community events
- Volunteer activities of employees
- Support for disaster sites
- Support for sports activities

- Meetings for each business proposal
- Meetings about joint development (game machines and general prizes)
- Meetings to periodically exchange information
- Business partner briefings

- Intranet and in-house newsletter
- Training and briefings for employees
- Individual interviews and self-assessments
- Meetings between management and employee (union)
- Corporate ethics consultation
- Worksite meetings
- Employee surveys

- Annual general meeting
- Results briefings
- IR meetings
- Tours of our pachinko halls and hands-on events
- Surveys



Environment

Our Group considers climate change due to global environmental issues, resource reuse, the reduction of natural resource consumption, etc., as issues humankind shares and aim to reduce our environmental impact through our business activities.

Specifically, considering the use of electricity in our halls to be important, we will disclose our total electricity consumption and continue our efforts to reduce water consumption and waste generation.

Recognizing that fulfilling our corporate responsibility for the environment is essential for the continuous development of our Group, we will comply with environmental laws, regulations, and bylaws, and strive to improve our environmental management.



Climate Change Countermeasures	P13
Recycling-oriented Society	P17
Green IT	P19

Measures and Targets (KPI) of the Group's Environmental Activities

Reduction of greenhouse gas emission

Each of our Group's 429 halls in Japan will continue its operation with the goal of staying within the previous year's electricity consumption based on an individual hall basis.

Amount of generated waste Reduction and disposal

Each hall does not and will not handle hazardous waste that is subject to government regulations. In addition, each hall will continue to strive to further reduce the amount of general waste generated based on the 3R principle.

Water conservation measures

We strive to make sure that the amount of water required for the facility and operation of each hall does not exceed the previous year's level.

As a company that works closely with local communities, we consider climate change countermeasures to be an important issue and are working to reduce CO₂ emissions and conserve water by conserving electricity at each of our halls.

Realizing the importance of countermeasures against climate change among other global environmental issues, we are putting efforts to reduce CO₂ and other greenhouse gases that are thought to cause global warming, conserve water, and maintain an appropriate level of energy consumption at all of our 433 pachinko halls nationwide, as well as at our head office and other locations.



Interview with the hall manager about environmental measures

Other than installing lighting and air conditioning equipment that emits less CO₂, we are working to combat global warming by adapting the way we use equipment based on the characteristics of each region.



Kagoshima Ijuin Hall Yuttarikan

Hall Manager, Yuttarikan, Dynam Kagoshima Ijuin Hall **Keisuke Shibuya**

*Affiliated as of 31 March, 2023

Q1 Please tell us about the newly-opened Ijuin hall.

The Ijuin hall, which opened in April 2022, is located next to a large-scale department hall that is essential to the local community. Many people come to the department hall to buy daily necessities and food, and we thought that opening a Dynam hall here would benefit both parties in attracting customers. At the time of opening, COVID-19 restrictions were eased for the first time in these years, and the opening day was just before a major holiday weekend, so we were not so sure about how many customers were going to show up. However, although the number of visitors was spread out over a certain period of time, we believe that we have been able to attract a good number of local customers.

Q2 Please tell us about the initiatives you have strengthened related to the global environment as a new branch.

The Group had 433 branches in Japan, and the Ijuin branch was the 434th to open. The Company has already been promoting energy-saving lighting and air conditioning systems in our halls as part of our efforts to reduce greenhouse gas emissions in response to climate change, and we are operating our hall in the same manner. In addition to the use of LED lighting, we have also set up a lighting schedule that fits with the season. For example, we consider the time wasted in lighting before the hall opens and the fact that Kagoshima Prefecture has late sunsets.



*The number of stores above is as of August 2022.

Q3 How about air conditioning?

We do not turn on the air conditioning system all the time, and we turn it off during the cooler hours before the hall opens. Also, we adjust the working hours of the cleaning staff and make an appropriate air conditioning schedule. We have devised ways to save energy without causing discomfort to customers and without placing any extra burden on our employees. In addition, while ventilation has been extremely important during COVID-19 pandemic, we do not use excessive air conditioning just because we are in Kagoshima, a subtropical area in Japan, but rather set the temperature 1 to 2°C higher than usual to allow the ventilation effect to function and to save energy on air conditioning.



Customers enjoying the comfortable air-conditioned environment



Ijuin hall staff (left: Naoki Harada, right: Taku Yamazaki)



Neighborhood trash cleaning

All of our offices, including the head office, and almost all of our pachinko halls in Japan have been engaged in energy conservation through air conditioning control.

Our pachinko halls all over Japan always operate their air conditioning systems during business hours to make sure that our customers can enjoy pachinko comfortably. The electric energy used for air conditioning is considered to be one of the major sources of CO₂ emissions, so our Company has installed energy-saving air conditioning systems in almost all of its halls.

The ratio of halls with air conditioning control equipment



Calculated based on data from three hall management subsidiaries (as of 31 March, 2023)

All 429 halls have switched to LED lighting to reduce CO₂ emissions

As part of the efforts to reduce power consumption, our group has long been promoting the use of LED lighting fixtures and has already completed the switchover work at all existing halls. In addition to installing LED lighting in new halls, we are also working to save energy by using LED lighting in our head office and other locations.



The ratio of halls with LED lighting



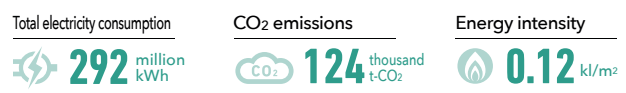
Calculated based on data from three hall management subsidiaries (as of 31 March, 2023)

Q4 What about the waste problem and resource recycling?

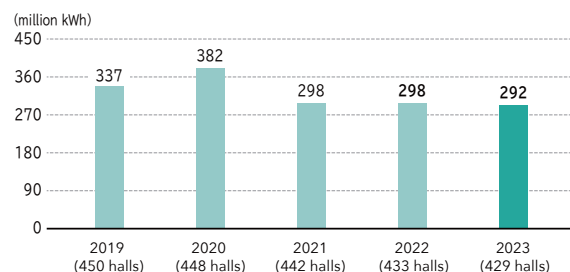
Before the Ijuin branch opened, there was another pachinko parlor in the same location. Therefore, we did not dispose of the old equipment and fixtures but reused them as much as possible. We decided to re-use items, including those that had not been used previously at Dynam halls, for the Ijuin branch because it is beneficial to the environment. In addition, as we operate in an area rich in nature, we consider the beautification of the local environment to be important. Our staff has been picking up trash around the hall every day since the day they arrived to protect the natural environment, including ecosystem maintenance, and to coexist in harmony with the local community. We continue to pick up trash not only around the hall but also along the river that runs through the neighborhood because we understand the importance of this activity from the viewpoint of protecting the natural environment.

Our Group's climate change countermeasures by reducing electricity consumption

We realize that CO₂ emissions from electricity use in our core pachinko hall operations have an impact on the global environment, and we are working to reduce indirect greenhouse gas emissions (Scope 2) from electricity use by promoting energy-saving air conditioning and lighting systems. In addition, there is no direct energy consumption of natural gas or petroleum in the Group's operations.



The trend in total electricity consumption



Limiting water use to drinking and domestic water for customers

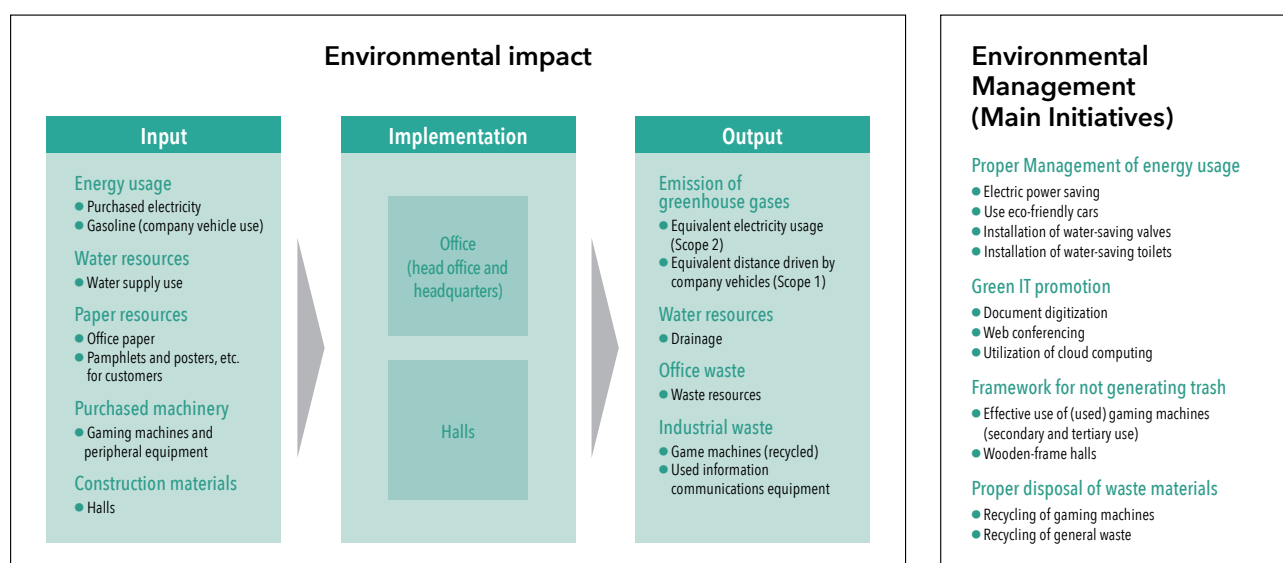
Water used at each hall is limited to drinking water and toilet water for normal daily use by customers who visit our halls. We are working to reduce environmental impact and manage consumption appropriately by installing water-saving equipment and other measures. Moreover, we have no problem with the procurement of water used in our business.

We will reduce CO₂ emissions due to excessive energy consumption in an effort to operate our business in a decarbonized society.

Excessive energy consumption due to economic activities with remarkable development and growth is a factor in global environmental problems. Our Group strives to protect the environment and reduce its burden to fulfill its responsibilities as a member of a society that aims to decarbonize itself to curb global warming.

Climate Change Countermeasures in Pachinko Business

Our Group emits CO₂, which affects the global environment in no small way, mainly through the operation of pachinko halls, which is our core business. For this reason, we have analyzed the environmental impact of our Group and its environmental management initiatives, as shown in the table below.





Appropriate Energy Management at Each and Every Hall

A specialized division that manages hall facilities has formulated power saving guidelines to set targets for power consumption and manage the progress comprehensively. In addition, we also utilize an automatic control function of the energy management system to realize the management of efficient and effective electric power consumption. Furthermore, our Company's employee office has been raising awareness of power-saving efforts with regard to indoor lighting and air conditioning equipment, such as by thoroughly setting the air-conditioning temperature and turning off electrical equipment when not in use.

項目	単位	目標値	実績値
電力消費量	kWh	100,000	95,000
エネルギーコスト	円	10,000,000	9,500,000
CO2排出量	kg	10,000	9,500

項目	単位	目標値	実績値
電力消費量	kWh	100,000	95,000
エネルギーコスト	円	10,000,000	9,500,000
CO2排出量	kg	10,000	9,500

項目	単位	目標値	実績値
電力消費量	kWh	100,000	95,000
エネルギーコスト	円	10,000,000	9,500,000
CO2排出量	kg	10,000	9,500

項目	単位	目標値	実績値
電力消費量	kWh	100,000	95,000
エネルギーコスト	円	10,000,000	9,500,000
CO2排出量	kg	10,000	9,500

項目	単位	目標値	実績値
電力消費量	kWh	100,000	95,000
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項目	単位	目標値	実績値
電力消費量	kWh	100,000	95,000
エネルギーコスト	円	10,000,000	9,500,000
CO2排出量	kg	10,000	9,500

Appropriate Waste Disposal

In our Group's pachinko hall, we do not generate nor dispose of harmful waste at our halls, including in spaces where our customers use the gaming machines. In addition, after reusing and recycling our non-hazardous general and industrial wastes, we entrust the disposal to specialized contractors in accordance with laws and regulations. The Group is engaged in a cooperative effort with specialized contractors to calculate the total amount of such wastes generated from each hall.



We value coexistence with the surrounding environment, harmonize with the landscape, use resources effectively, and pay close attention to the living environment.

We comply with environmental laws and ordinances enforced in Japan and practice responsible expansion and waste treatment. We are also working to reduce CO₂ emissions in a number of ways.



Appropriate Processing of Used Gaming Machines

When disposing of used gaming machines, we treat them as industrial waste, and we follow the mandatory disposal method as stipulated in Japanese law. Our Group sets internal regulations to process waste legally and recycles all parts, materials, and raw materials that can be reused through the Yugiki Recycle Kyokai Association and NIKKOSO (Pachinko Association).



■ Reusing Gaming Machines in Different Group Halls

Our Group has 16 distribution centers (DCs) in Japan, each of which covers 20 to 30 halls. By accommodating and reusing gaming machines in different halls through the distribution center, we have reduced the purchase cost of gaming machines and the generation of industrial waste.



CO₂ Reduction in Wooden Buildings Considering Local Living Environments

One of the characteristics of pachinko halls operated by our Group is that their buildings are made from wood. Wooden buildings emit less CO₂ from the time of resource procurement to construction compared to the generally-used steel buildings and have the advantage of reduced production of industrial waste when they are demolished.

■ Blending Into the Surrounding Landscape

We provide comfortable spaces without excessive decoration and equipment, such as spaces that transmit the warmth of wood, open high ceilings, and barrier-free halls that anyone can visit with peace of mind. This is a unique initiative of our Group that develops many suburban halls.



■ Providing Low-noise Gaming Environments

To provide a comfortable gaming space for our customers, we always try to optimize the volume inside our halls and create an environment that minimizes sound leakage to the outside. We have installed sound-absorbing materials and sound-insulating walls. Furthermore, we are in the process of updating equipment that keeps the volume at a constant level at each hall. We are also taking sound insulation measures on the outdoor units of air-conditioning and exhaust systems to provide a comfortable living environment for the surrounding residents.

■ Multi-store Development of Wooden Halls

Our Group manages chain stores. We have standardized the design and construction of wooden halls, leading to low-cost construction that utilizes the benefits of multi-store development. As of 31 March 2023, we have introduced 369 wooden buildings, which comprise 86.0% of all of our Group's halls.



Sixth generation of halls in wooden buildings: Year 2006 (Gifu Tajimi Hall)
Pillars were installed inside the hall to create a spacious entrance hall. Number of installed machines : 480.



First generation of halls in wooden buildings: Year 1994 (Hokkaido Ebetsu hall)
The first hall in a wooden building with 432 amusement machines installed.



Seventh generation of halls in wooden buildings: Year 2009 (Fukuoka Nogata Hall)
An air purification system was installed as a health measure. The exterior color scheme was also changed to showcase the concept of a casual and fun convenience-store-style pachinko parlor. Number of installed machines: 400.



Second generation of halls in wooden buildings: Year 1995 (Toyama Kosugi Hall)
Change the outer wall to wood siding. Furthermore, the use of wood is increased. Number of amusement machines installed : 480



Eighth generation of halls in wooden buildings: Year 2013 (Mie Suzuka Hall)
The aisles, the distance between machines, and the prize corner were widened to improve customer satisfaction.



Third generation of halls in wooden buildings: Year 1996 (Hokkaido Sunagawa Hall)
The exterior image of the wooden store that symbolizes the current Dynam has been completed. After that, design changes were made over the next 20 years. Number of amusement machines installed : 480



Ninth generation of halls in wooden buildings: Year 2017 (Kagoshima Kamisendai Hall)
The installation interval has been extended from the 8th generation. Lobby with restaurant installed. Number of amusement machines installed : 512

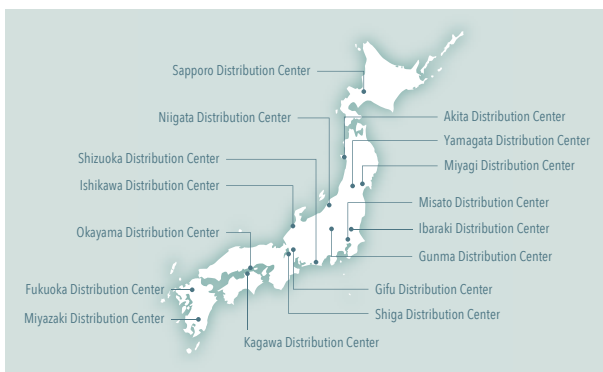
We aim to realize a decarbonized society by managing operational efficiency and power-saving while promoting green IT in our head office and pachinko halls.

Our Group is doing what it can to reduce its impact on the global environment by reducing the power consumption of its information and communication equipment used by employees in the head office and all of its pachinko halls.

Also, as remote work has been progressing along with work-style reform and as a way to slow down the spread of COVID-19, our Group is actively incorporating cloud computing services to promote green IT.

Green IT Initiatives

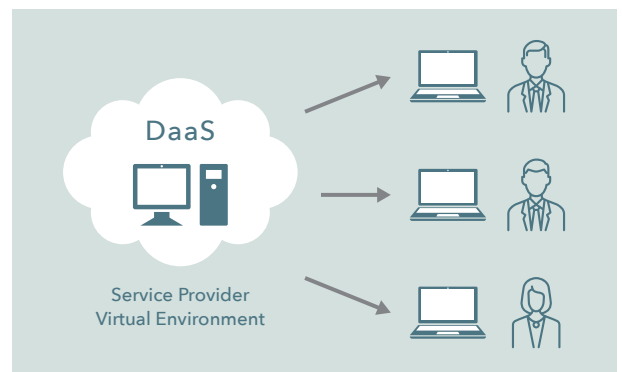
We are working on energy saving of our IT equipment through the use of cloud computing and other means. We have also introduced energy-efficient lighting and air conditioners in our offices and halls, and use sensor technology to ensure proper management of electronic devices. In addition, we are actively promoting Green IT by improving the fuel efficiency of company vehicles through eco-driving and the introduction of fuel-efficient vehicles, improving the efficiency of gaming machine delivery through the use of 16 distribution centers nationwide, and utilizing IT for our internal systems such as telework, web conferencing, electronic approvals for internal payments, and training programs.



Network of 16 distribution centers all over Japan

■ Reducing Server Operation in the Company

We are using the cloud service DaaS (Desktop as a Service) to further support our power-saving efforts. DaaS provides individual desktop environments from the cloud as virtual desktops, and the required software is available across the network. By doing this, we can reduce the load on the server and reduce power consumption.





■ Promoting the Use of Web Conference Systems

We promote the use of web conference systems, for example, when our employees who work in multiple locations hold meetings. By doing this, we can eliminate the uneven dissemination of information in various locations. In addition, the use of web conference systems can also be expected to reduce the emission of greenhouse gases such as CO₂ by reducing the use of public transportation by our employees.



■ Accelerating Document Digitization

Most of the documents used in our Group's operations have been digitized, and we aim to improve work efficiency and reduce costs through a paperless system. By going paperless, it not only facilitates retrieval of documents and information, but also ensures that information assets are secure. At the same time, it reduces costs for paper, printing, and maintenance of printing equipment, as well as the associated environmental impact.





Society

In pursuit of the ideal of pachinko hall operations, our Group promotes a number of activities focused on "people."

They are part of our efforts to enhance our corporate value, not only from the viewpoint of our customers, who are our top priority but also from that of all stakeholders.

We always strive to provide a full lineup of amusement machines and provide top-level customer service as the results of meticulous training provided for our employees, as well as to realize comfortable halls and enhance our "daily entertainment" concept as places where people can have a more enjoyable time.

Customers - Creation of Dynam's Human Power	P23
Creation of an Ideal Amusement Environment for Customers	P25
Employees - Human Resource Development System	P27
Employees - Participation by Diverse Human Resources	P29
Employees - Workplace Environment, Health, and Dialogue	P31
Healthy and Fair Transactions with Business Partners	P33
Local Communities and Dynam	P35
Activities toward Shareholders and Investors	P37

Our Group's efforts in the social field Key Performance Indicators (KPI)

Efforts regarding general employment conditions

We will further strengthen our efforts in recruitment and promotion, working hours, equal employment opportunity, diversity, and non-discrimination to increase employee retention and reduce turnover.

Ensuring the health and safety of our employees

We will strengthen our efforts to prevent occupational accidents at each of our halls in order to maintain and sustain zero work-related fatalities for the past three years.

Education and training for employees

As we enter the implementation phase of our new human resource development plan, we will further enhance our training programs to ensure that each employee is able to advance his or her career.

Compliance with labor-related laws and regulations

We will continue to comply with laws and regulations and ensure that there is no child labor or forced labor in our Group. We will also strengthen our internal reporting system to ensure the protection of whistleblowers.

Supply chain management

We plan to prioritize suppliers that are proactively implementing environmental conservation initiatives.

Complaint correspondence

Other than responding to customer inquiries at each hall, we will strive to improve customer satisfaction by further enhancing our sincere response through the customer service desk and other means.

Anti-corruption training

We will strive to raise awareness and educate the Board and employees and further strengthen our internal control systems.

Contribution to local communities

By utilizing our nationwide network of halls, we will increase the number of activities tailored to the characteristics of each region while continuing current activities that will lead to the development of local communities.

We aim to further enhance customer service and sales to improve customer satisfaction and repeat rate and to create a comfortable, safe and secure place for fun.

We aim to build cozy pachinko halls with well-educated employees to serve our customers. Based on the idea that having customers enjoying their gaming times will lead to pachinko becoming a form of daily entertainment, we are implementing CS activities that focus on people, employee education, improvement and enhancement of gaming areas, and creating an environment where customers can play safely and with peace of mind.

■ Voice of an employee serving customers at a store

Dynam's keyword is "Focus on People". I obtained customer service skills from training and OJT.



After I started working in Dynam, I learned the idea of customer service focusing on people. At Dynam, employees are assigned to work at the actual hall after completing a certain period of training. Although we learned the details of customer service in our classes from external lecturers and qualified senior employees, each customer has a unique personality, making many of us confused about how to provide actual customer service. However, I think I could finally figure it out surprisingly quickly from the training method that combines group training and OJT.

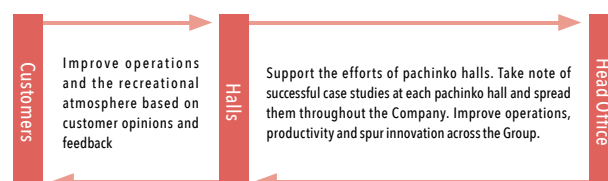
■ Implement the Customer-first Principle of Pursuing "Price, Quality, and Comfort"

Based on the awareness and ideas that we gained through the work, each employee always thinks about "Price, Quality, and Comfort" without forgetting the customer-first principle and applies them to customer service. Improvement items are organized in detail at each hall.



■ Efforts to Integrate Sales Sites and the Head Office

Sales activities that focus on people are not only completed on the sales sites but also require effective support at the head office. For example, we work together with those on the sales floor in sharing success stories using our internal network and hold various competitions, study meetings, and promotional events.





Compliance with Relevant Laws and Regulations

Our Group supports and respects the fundamental rights at work as set forth in the ILO Declaration on Fundamental Principles and Rights at Work. Our hiring process and working hours are in compliance with labor-related laws and regulations in Japan and abroad. There is no child labor or forced labor in our Group. We also comply with relevant laws and regulations in Japan regarding the health and safety, advertising, labeling, and privacy protection of the services we provide.

Efforts to Improve Customer Satisfaction (CS)

Our Group has accumulated the knowledge needed to improve customer satisfaction. Having a system that allows many employees to share and implement such knowledge has become the strength and core competence unique to our Group. The system has been our source of growth because it is accumulated as a value created by "People = Employees", which is then added to the intrinsic value of pachinko itself.

■ Customer Service Desk

Customer testimonials are important as we strive to improve our customer service. Other than listening directly to customers at each location, we have also set up a customer service desk to listen to our customers' opinions and requests through phone calls, letters, emails, etc., which helps to improve customer satisfaction. In the fiscal year ended March 31 2023, we

responded to 2,700 calls and emails. Of these, 80% were complaints, 13% were opinions and requests, and the remaining 7% were questions and praises.



The content of all of this correspondence has been recorded, and the information has been shared with all relevant departments in order to implement necessary improvements and reforms. Our Group provides training for all of our employees in the appropriate protection of customer information and compliance with our Privacy Policy. This training is compulsory for all employees.

■ Personnel Exchanges between Group Companies

Dynam and Yume Corporation, both of which are subsidiaries of our Group, are conducting personnel exchanges by dispatching employees to the other's sales locations. We bring in the know-how that the Company has developed over the years, such as customer service, so that both companies can provide even higher quality services.

■ Organizing Contests to Increase the Number of Customers and Grow Business

We hold contests that are open to our pachinko halls from all over Japan on customer service improvements and business growth and commend stores that achieved excellent results. The information on the actions taken by the commended stores is shared at once and is expanded horizontally.

We always try to improve the safety and comfort of our halls so that customers can enjoy pachinko as a form of daily entertainment comfortably. Dynam is also working to prevent pachinko and pachislot addiction.

Our Group aims to reform pachinko and pachislot gaming to become a form of daily entertainment that everyone can enjoy with peace of mind. To achieve that, we believe that it is essential to solve the addiction problem, which is an unstable element of society.

Toward "Zero Pachinko Addiction by 2050"

As a regional infrastructure that aims to coexist with local residents through its business, our Group regards "pachinko addiction prevention" as an important topic. For this, we will push the concept of daily entertainment a step further and aim to achieve "zero addiction" by 2050. We believe that this is our mission as a leading company in the industry, and we will continue to promote a wide range of awareness-raising activities. One concrete example is our collaboration with the "Pachinko Dependency Problem Telephone Consultation Service" conducted by the Recovery Support Network ("RSN"), a certified non-profit organization that provides consultation for pachinko dependence problems.

RSN's professionally-trained counselors offer free telephone counseling and recovery assistance services to prevent the addiction from becoming more serious. The pachinko industry, including the All-Japan Federation of Amusement Industry Cooperative Associations, has been strengthening its support system for the RSN as part of its measures to combat gambling and other forms of addiction. Three pachinko hall companies in the Group are providing support and cooperation to the RSN in its mission to find solutions to the problem and supporting activities to achieve the "Zero Pachinko Addiction by 2050".

■ Expanding the Activities as an Industry-wide Efforts

The entire pachinko industry is responsible for tackling the addiction issue. So, we are conducting industry-wide activities to gain the understanding and cooperation of society

through appropriate methods of information dissemination. Pachinko hall operators jointly hold study sessions on addiction issues to improve the knowledge of their employees to respond appropriately to customers.

■ Internal System to Address Addiction Problems

To acquire knowledge on addiction problems and the relevant countermeasures for pachinko parlors, we hold a Study Group on Countermeasures for Addiction Problems in which the Group management and related departments participate. Also, we have been receiving expert opinions from RSN as an advisor.

■ Reaching Customers Based on Guidelines

We are implementing activities to alert customers and disseminate information both inside and outside our Company to prevent addiction based on the guidelines issued by the Pachinko and Pachislot Industry 21st Century Association.

- ① Raise Awareness through Commercials and Leaflets. Display a common expression, "Enjoy pachinko and pachislot moderately. Do not let yourself get addicted to it."
- ② Post the contact information of the Recovery Support Network on posters and stickers in our halls.
- ③ Introduction of a Self-assessment Program.
- ④ Provision of Trustworthy Pachinko and Pachislot Advisors.

■ Education System and Awareness-raising Activities

We regularly hold lectures and study sessions by inviting external experts to deliver in-house education so that all employees can correctly understand the addiction problem as an urgent issue and take appropriate measures.



Poster for raising awareness

Efforts to Improve and Enhance the Gaming Area

We aim to increase the value of our pachinko halls as recreational spaces, improving them in both soft and hard aspects, so customers can enjoy playing games comfortably at our pachinko halls.

■ Examples of Main Implementations

• Universally-designed halls

All of our halls are equipped with barrier-free toilets and removable chairs so our machines can be used by those in wheelchairs.

• Creating a comfortable environment

Use of soundproof materials for noise reduction. Installation of windbreak panels and armrests.

• Providing rest spaces

Installation of rest spaces. Installation of manga corners and regional information notice corners.

• A complete lineup of prizes

Arranging an extensive range of prizes. Offering season-based prizes. Development of a service that allows winners to select prizes from a catalog.

• Creating a clean gaming environment

Installation of air purification systems for customers to enjoy clean air.

Creating a System for Customer Security and Safety

■ Countermeasures to Prevent Leaving Children in Vehicles

The number of incidents of children being left in the car continued to be zero in the fiscal year ended 31 March 2023, thanks to the thorough patrolling of parking lots, posting warning posters and banners, and calling attention through in-store announcements.



■ Evacuation Guidance during a Large-scale Disaster

We have created evacuation guidance during large-scale disasters and regularly conduct evacuation training.



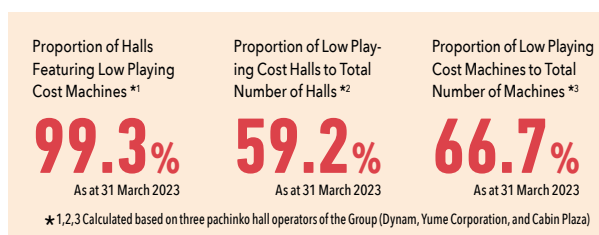
■ Emergency Response (AED Installation)

AEDs are installed in all stores. We are conducting training that simulates emergency response.



Promotion of Low-cost Machines

One of the pillars of our efforts for daily entertainment is the promotion of low-cost machines. The low-cost machines aim to reduce the amount of game money for users by setting the ball usage fee to 1 yen and the medal usage fee to 10 yen so that users can enjoy playing without having to pay a hefty cost. Our Group has been promoting this initiative ahead of other companies.



Our unique human resource development system leads to higher motivation of our employees at all levels and greater customer satisfaction.

The strength of our group's human resources comes from our HRD abilities.

The unique system of our company's human resource development that we have developed over the years, combined with new perspectives generated over time, create the uniqueness of our company.

We believe that we can reach a sustainable improvement of our corporate value by utilizing the strengths of all our employees and creating a supportive condition for securing capable human resources at all levels.

Interview with the director in charge of human resources development

We are developing efforts to leverage the strengths of our employees under our new human resource development policy, including the development of management personnel, improvement of the skills of younger employees, and the hiring of diverse human resources

Executive Officer, Dynam Co., Ltd. **Haruko Mochizuki**

Q1 Could you describe the changes that you have seen over the past year since you started human resource development under the new policy?

Under the new human resource development policy, our Company has prepared three types of qualification support plans to help employees become specialists, and 1,592 employees have taken specialized training in approximately one year up to February 2023. The number represents approximately 20.5% of our employees. Among them, we conducted further mock examinations and offered financial assistance to those who completed the examinations. As a result, about 120 people obtained the certifications. In addition, we provided learning and career support by offering web-based training courses by related departments, which are open to anyone who wishes to take them, and by introducing them to the relevant departments.

Q2 What is unique about the training courses, for example, the age range of the participants?

This was the first time our Company provided financial assistance for qualification support. I believe that the Company's decision to adopt a policy of providing such assistance has resonated well with those who want to bring visibility to their strengths.

Many people overlapped what they wanted to learn with their future path in this training plan, and I believe this was one of the reasons for the increase in the number of applicants. The participants were mainly young people, many of which are in their 30s. Other than assistant manager class employees, a wide range of people took part in this course, from part-time workers to hall managers.

Percentage of Dynam's participants taking training courses and average hours of training by gender and position

	Management		General employee	
	Attendance rate	Average hours	Attendance rate	Average hours
Male	4.3%	14.0hours	27.7%	15.3hours
Female	0.0%	0.0hours	51.8%	15.6hours

*for the year ended 1 April 2022 to 31 March 2023

Q3 How was the response to the "Self-Career Checkup"?

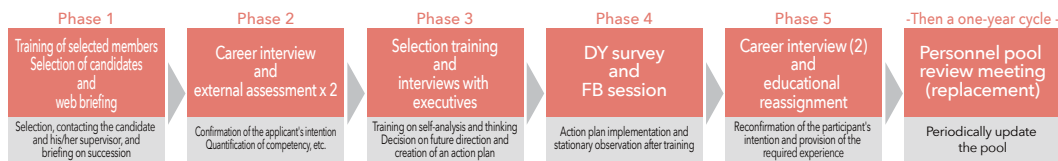
Our Company has a "Self-Career Checkup" program, which is run by qualified career counselors. The "Self-Career Checkup" is a combination of career training and counseling. Three months after the training, we conducted an independent survey for the participants and found that an increasing number of them responded that they felt "job satisfaction" and "pride in their work." From this point of view, we can clearly see the results of our career autonomy support program.

Q4 How about the development of management personnel?

Our Company has been working to develop its management personnel since 2018. The process involves interviewing the directors to learn about where they want the business to be in 10 years' time and what kind of leadership is required so as to develop indicators for the future. We have selected 46 employees to start their training in the second half of 2022. The program is not a series of sporadic seminars and training sessions but rather a one-year program in

which the selected employees will gain a variety of experiences, undergo career interviews and external training, quantify their own strengths and weaknesses as well as the competency required for management personnel, and conduct self-analysis based on those results. In addition, participants discuss their aptitude and future career paths at the subsequent executive interviews. During the program, we will conduct surveys as necessary to confirm the improvement of skills as management personnel.

Management talent development Flow from selection to the talent pool



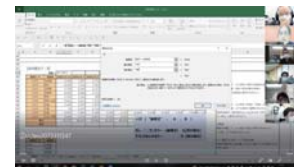
Selection to the talent pool

Q5 How about the development of young talent?

Our Company has been offering external internships (secondment) since 2021. The purpose of this effort is for employees to apply the experience they gain from their secondment to their work after they return to their duties. The destination of the secondment are companies that have close relationships with us and can be expected to improve the wide range of skills of our employees, or companies that we may consider developing new businesses together. Many of our employees who have been transferred have expressed that their experience in a different industry was a positive one, that they were able to discover their own strengths, as well as other positive notes.

Q6 Please tell us about Dynam's commitment to a diverse workforce.

Our Company started promoting people with disabilities to full-time employees in 2022. We have also conducted a questionnaire survey and found that many respondents wanted to improve their computer skills to advance their careers and broaden their work scope, so we responded by providing a menu of comprehensive computer training, etc. Some applicants are over 60 years old, making us realize their strong commitment to their jobs.



Computer training situation

Three pillars of human resource development implemented by Dynam

① Education and training

■ Human resource development system

We implement our own training program based on the concept that all employees can discover opportunities to play an active role in our Company. The program is divided into three types: "autonomous," "selective," and "common," adopting a practical style according to the employee's level and objectives.

■ Chain store education

Mid-level or above executives join various seminars hosted by Japan's one and only chain store consulting and educational organization.

■ Development of next-generation leaders

We have developed a program to train selected employees from within the Group as candidates for next-generation leaders.

■ Anti-Corruption Training

We conduct anti-corruption e-training for directors and all employees every year. This training is based on the Group's Charter of Corporate Behavior and includes items on general corruption, leading to the establishment of a solid compliance system.

② OJT

■ Development of on-site practical skills

With the aim of quickly acquiring the skills to work independently, we provide one-on-one training for new employees by assigning a number of mid-career employees from the on-site workforce to the Human Resource Development Department each year.

■ Visualization of goals and achievements through OJT

We visualize the knowledge, experience, and skills required for each position and provide a full range of supportive education, from training to supporting employees in taking examinations for promotion to higher positions to follow-up training after promotion.

③ University of Life

■ Passing on corporate culture and growing as a "person"

This program has taken root as a unique educational program that conveys the corporate culture of our Group and is closely related to our new human resource development system. Employees from various divisions, positions, and ages read and engage in group discussions while sharing meals and lodging. By reaffirming our corporate philosophy and vision and, at the same time, reexamining our mental and physical health, we pass on and instill the corporate culture we have cultivated in each and every employee.

We are creating an environment that allows diverse human resources to demonstrate their unique talents based on the concept of valuing diversity.

We are working to keep on improving our human resources through the growth of our employees and to create value by focusing on people based on the belief that high-quality human resources are the greatest capital for a company's continuous development and the source of its competitive advantage. We also strive to maintain and improve an appropriate working environment so that our employees can work in a healthy condition.

Equal Employment Opportunities and Fair Treatment

We respect human rights and accept diverse human resources without discrimination in employment in accordance with our employment policy set forth in the Corporate Code of Conduct. As of 31 March 2023, our Group has 12,722 employees, consisting of a diverse range of human resources regardless of nationality, gender, age, disability, etc. Our Group has introduced a personnel system that gives each employee fair opportunities to climb up the career ladder based solely on the goals they set and the degree to which they achieve them.

Promotion of Women's Involvement

We consider the promotion of women's involvement in the workplace to be a driving force for improving our competitiveness and corporate value and have set a goal of increasing the percentage of female new graduates that we hire to around 40%. To achieve this goal, we are reforming our corporate structure and employee workstyles to expand opportunities for women to be actively involved in the workplace.

Ratio of female employees (Numbers)



52.9%
(6,730 employees)

As of 31 March 2023

■ Support System Enhancement

We have established a mentoring system as a support system for our female employees, in which senior female employees (mentors) provide mental and other forms of support to newly graduated female employees (mentees). Mentors think together with their mentees on issues that are difficult to discuss with their superiors and provide support through internal social media systems, emails, and social events held in various locations. In addition, we promote shorter working hours for employees who are engaged in childcare, encourage both male and female employees to take childcare leave, and curb overtime and late-night work.

■ Development of Female Executives and Managers

Each Group company is developing programs to help female employees build their careers by taking advantage of their unique characteristics. This not only strengthens the ties among female employees but also motivates them to expand their career opportunities by making the most of their own areas of expertise.

Our Group has a total of 12,722 employees (as of 31 March 2023), of whom 5,992 (47.0%) are men and 6,730 (53.0%) are women. By employment type, 4,489 are regular employees and 8,233 are temporary employees. By region, 12,614 are in Japan and 108 are in other regions.

■ Declaration of Positive Action Certified by the Ministry of Health, Labor and Welfare

Based on Positive Action, which is the Ministry of Health, Labor and Welfare's plan for promoting women's activities, Dynam and Yume Corporation have declared that they will improve the workplace environment, increase the recruitment of women, support women's continued employment, and increase the number of women in management positions, and will proactively implement initiatives to eliminate the substantial employment gap between men and women.

■ Compliance with the "Act on the Promotion of Women's Active Engagement in Professional Life" and target setting

Our Group has established and is implementing the following action plan based on the "Act on the Promotion of Women's Active Engagement in Professional Life" (hereinafter referred to as the "Women's Activity Promotion Act").

Action Plan under the Law for the Promotion of Women's Activity

(Plan period: 1 April 2022 - 31 March 2026)

- (1) Target: HR personnel will visit group halls at least once every half year to check and improve the workplace environment.
- (2) Target: The ratio of employees taking childcare leave shall exceed 90% for women and 50% for men, and the ratio of male workers who take only one day of childcare leave should be 40% or less.

■ Certifications and Awards for Companies that Promote Gender Equality

There is a system in place to recognize businesses that provide a workplace environment that transcends gender differences in terms of education systems, benefit programs, work/life balance, and legal compliance. Dynam has received awards from five local governments and has been certified by 13 local governments. We will continue our efforts to utilize our employees' abilities and expand their opportunities regardless of gender.



Promotion of Employment of People with Disabilities

Regardless of the presence or absence of handicaps, our Group aims to realize a society where people with and without disabilities can live together and share their joys and hardships. We employ people with disabilities mainly through our special subsidiary, Business Partners Co., Ltd. ("Business Partners"). For example, we clean office buildings, produce and sell handmade bags and accessories under the Tampopo no Oka brand, and donate a portion of the proceeds to the Special Olympics Nippon (SON).

Number of employees with disabilities*1

 **217** employees

★ 1 Calculated based on the Group in Japan As of 31 March 2023

■ Operation of Asahi, an Employment Support Facility for People with Disabilities

Business Partners has been operating Asahi, an employment support facility for people with disabilities since April 2016, providing continuous support throughout the life stages of people with disabilities.



Understanding and Supporting LGBT

Dynam has introduced a same-sex partnership system effective on 1 August 2020. Under this system, various systems are applied to same-sex partners in the same way as for legal marriages. In addition, consultation services by specialists are also available.

■ Received Gold, the highest rating, in the PRIDE Index 2022 for the third consecutive year

Dynam has been awarded the highest rank of gold for the third consecutive year in the PRIDE Index 2022, an evaluation index for companies and organizations' efforts toward LG BTQ+, formulated by the voluntary organization "Working with Pride".



We aim to create a work environment that takes mental and physical health into consideration to ensure that each employee can work comfortably.

Our Group supports and respects the fundamental rights at work as set forth in the ILO Declaration on Fundamental Principles and Rights at Work. On this basis, we comply with labor-related laws and regulations in Japan and have established systems to ensure that our corporate organization is engaged in this and that each and every employee can fully demonstrate his or her abilities. We believe that improving employee satisfaction and maintaining their mental and physical health is important, and we aim to create a comfortable work environment.

Work-Life Balance and Optimization of Work Styles

Our Group aims to be a company where employees, regardless of gender, can balance their work with marriage, childbirth, childcare, and nursing care, thereby achieving a work-life balance.

■ Formulating and Implementing Action Plans Based on the Act on Advancement of Measures to Support Raising the Next Generation

- (1) Objective: To promote the taking of childcare leave when an employee's child is born and to create an environment that facilitates employees to return to work.
- (2) Objective: To create a comfortable work environment for employees during pregnancy, childbirth, and childcare.
- (3) Objective: To create an environment that fosters management positions for female employees.

Obtained Platinum Kurumin Mark certification from the Ministry of Health, Labor, and Welfare as a company that supports child-rearing.

Dynam has obtained the Platinum Kurumin Mark, the highest standard, after obtaining Kurumin Marks previously.



■ Enhancement of Support Systems for Balancing Work and Family Life

In addition to encouraging employees to take six-day vacations, memorial leave, etc., our Company has established a system for balancing work and family life that exceeds the legal requirements that is available to employees with children younger than the third grade of elementary school, and a nursing leave system available until the employee's child reaches the end of the sixth grade of elementary

school, to make the shortened working hours system easier to use.

■ Improving Productivity through Working Hour Management

We are working to improve operational efficiency and reduce working hours by reviewing work styles and implementing initiatives to achieve results within the allotted time. By monitoring employees' working hours and encouraging them to improve their work, we are working to improve productivity, reduce overtime, and deter unpaid overtime.

■ Reduction of Employee Workload

In order to reduce the amount of manual equipment maintenance by our employees, in-store equipment is being made nearly maintenance-free, allowing employees to focus on highly productive work.

■ Work Style Reforms of Dynam Head Office Employees

We have been implementing a remote work system, mainly for employees working at the head office of Dynam. We are implementing a new way of working that is not restricted by work location or working hours.

Promotion of Health Management

Dynam has established the Dynam Health Management Declaration and is promoting health management with three pillars: obesity control, smoking control, and improvement of health literacy.

■ Health Management for All Employees

Our employees are required to undergo periodic health checkups, and our target is to achieve a 100% health checkup rate, although the rate has reached 88.2% in the fiscal year ended 31 March

Dynam Health Management Declaration

Based on its corporate philosophy of "A Centurial Commitment to Building Trust and Fostering Dreams", Dynam aims to continuously challenge itself to create an ideal cycle where people and organizations connected by trust mobilize their positive energy to realize their dreams and grow sustainably.

Our employees, who are the driving force behind this, are an important asset to the Company, and we strongly hope that each and all of them will improve their awareness of health and lead a fruitful life. We recognize that the creation of an environment where employees can achieve a work-life balance and live and work in a healthy and comfortable manner, both physically and mentally, is not only necessary for the Company's continued growth and development but also what our employees and their families want.

We will support our employees and their families to lead fruitful lives by promoting physical health and mental health and improving the workplace environment through various efforts, taking their full 100 years of life into account.

Furthermore, through various business activities to reform pachinko into a form of daily entertainment that can be enjoyed casually, we will contribute to society as a part of local infrastructure to allow members of communities to spend healthy and rich leisure time.

2023. Employees whose results exceed reference values are provided with lifestyle improvement guidance by resident occupational health staff. In addition, we are implementing a campaign to reduce the smoking rate among our employees.

■ Mental and Physical Health Consultation Service

We have established the Dynam Group Consultation Office, where resident medical staff provide health consultations in cooperation with external professional organizations, and the EAP Consultation Office, which focuses on mental health care. In addition, we conduct stress checks periodically.

Safe Work Environment

As we aim to improve the safety of the workplace environment of the entire Group, we have established our Company's own Safety and Health Management Regulations and are working to prevent and reduce occupational accidents. In the fiscal year ended 31 March 2023, there were no work-related fatalities. Dynam Co., Ltd., our Group's primary subsidiary, had a total of 122 accidents, which of 93 were work-related accidents and 29 were commuting accidents, during the fiscal year. There were 244 days of leave due to occupational accidents and 258 days of leave due to commuting accidents, for a total of 482 days.

■ Measures to Prevent Workplace Accidents and Overwork

Our employees are required to submit an Occupational Injury Situation Report, which allows us to confirm the circumstances of work-related accidents, analyze their cause-and-effect relationships, and apply the results to future preventive measures. In addition, in order to prevent deterioration of mental and physical health caused by long working hours, we monitor working hours and take measures against overwork.

Work-related injuries severity rate *3



0.03

*3 Calculated based on the Group in Japan
The work-related severity rate is calculated by the number of lost work days divided by total working hours multiplied by 1,000.
This indicates the severity of labor accidents.

There have been no fatal accidents during work in the past three years.

For the year ended 31 March 2023

Dialogue with Employees

Since the formation of the Dynam Union, the first labor union in the pachinko industry, we have been conducting the dialogue between labor and management continuously.

■ Self-assessment System

Self-assessment is conducted every year for regular employees and employees with limited work locations to confirm their job situation and personal circumstances. This system provides our employees with opportunities to think about their career plans and

enables the Company to understand the individual circumstances of its employees, leading to the appropriate placement of human resources and the development of competent personnel.

■ Interviews with Supervisors

We provide semi-annual opportunities for supervisors and their subordinates to meet with each other to set goals, receive feedback on performance evaluations, and discuss work-related issues.

■ Creating a Healthy Work Environment Based on Dialogue between Labor and Management

The labor union functions as a forum for dialogue between the Company and employees to develop a healthy working environment and holds regular council meetings. In addition, subcommittees such as the Working Environment Improvement Committee have been established to study the establishment of systems other than those required by law, reduction of overtime hours, and promotion of paid leave utilization.

Appropriate Management of Working hours and Publication of Average Monthly Overtime Hours

Dynam is striving to manage overtime work appropriately by managing working hours on a minute-by-minute basis and other means. We also publish average monthly overtime hours to motivate our employees to reduce overtime work. In the fiscal year ended 31 March 2023, the average number of monthly overtime hours for all Dynam's employees was 3.1 hours.

[Appropriate Management of Working Hours]

- Minute-by-minute work time management
- Allowing employees to leave work 5 minutes before the end of the work day
- Checking the difference between overtime and the time when the computer is turned off or when the employee leaves the workplace

[Efforts to Prevent Long Working Hours]

- Use of a variable working hour system
- Review of shifts by reorganizing work
- Weekly alerts sent to department managers
- Analysis of obstructing factors through interviews at business sites and implementation of improvement measures

At the time of hire, prospective employees are required to submit an official certificate that can be used to confirm the individual's age and other information, as well as a graduation certificate from the last educational institution attended. To avoid forced labor, our Company has a whistleblower system that allows affected employees, as well as any witnesses, to report incidents within the Company. When a whistleblower report is received, an investigation is conducted through interviews by outside experts including attorneys and personnel department staff to confirm the facts. If the factuality of the report is confirmed, a disciplinary committee including directors of the Company will determine what disciplinary actions are to be taken.

We are committed to conducting business fairly with our suppliers in compliance with laws and regulations to continuously improve our supply chain management.

Our group purchases game machines, peripheral equipment, and general prizes necessary for pachinko hall operations from external suppliers.

Since the operation of pachinko halls is a comprehensive effort that includes suppliers not only within the group's organization but also outside of it, we will strive to evolve the value chain together with our suppliers through fair transactions and partnerships that comply with laws and regulations.



General Manager of the Purchasing Department, Dynam
Koichi Tamura

Interview with the Purchasing Manager

*Affiliated as of 31 March, 2023

We promote sound partnerships with our business partners.
We support companies that proactively engage in environmental conservation activities, incorporating a variety of innovations to revitalize the entire industry.



Manager for Centralized Purchasing, Purchasing Department, Dynam
Tatsuhiro Koga

Business transactions with suppliers in consideration of social conditions

Tamura In addition to the ongoing COVID-19 pandemic, soaring energy prices, high commodity prices, and rising logistics costs due to unstable international conditions have made it more important than ever to strengthen ties with our suppliers. We believe it is important to communicate with our suppliers, understand their situations, and find ways to reach a compromise.

Koga For example, we now have more opportunities to negotiate logistics costs, such as reducing the number of deliveries. In addition, in a situation where the products are difficult to procure, it may be difficult to overcome the challenge by purchasing from only one supplier with a priority on price. We have always made it a rule



to purchase from multiple suppliers, and this has enabled us to cope with such a situation. In particular, for equipment parts affected by the shortage of semiconductors, we have broadened the scope of our procurement strategy by making multiple purchases and continuously gathering accurate information.

About selecting suppliers

Tamura Many of our suppliers' proposals for products and materials are based on environmental considerations. For example, we have received an increasing number of proposals for products that meet our specifications and are based on the use of recycled paper and plastic. In selecting suppliers, we closely exchange information on the content of their proposals, including the price, and consider them positively.

Koga I think that if we proactively welcome such proposals, the industry as a whole will become more inclined to purchase environmentally-friendly products. While price is certainly an important balancing factor, I believe that

accepting suppliers' positive approach and setting a course for purchasing will help us demonstrate our leadership in the industry.

Tamura Moreover, we are promoting the introduction of solar power generators and EV stations at each of our halls, and we are working to address global warming issues at all of our halls across the country. A separate department from our Purchasing Department is in charge of this, but the Company as a whole is making progress with climate change countermeasures in mind.

Koga From fiscal year 2022 onward, the Company's regulations will be changed, and bidding and quotations will be handled by the Purchasing Department. Although the Company's policy has been uniform, suppliers are selected under centralized management to avoid discrepancies in interpretation from one department to another.

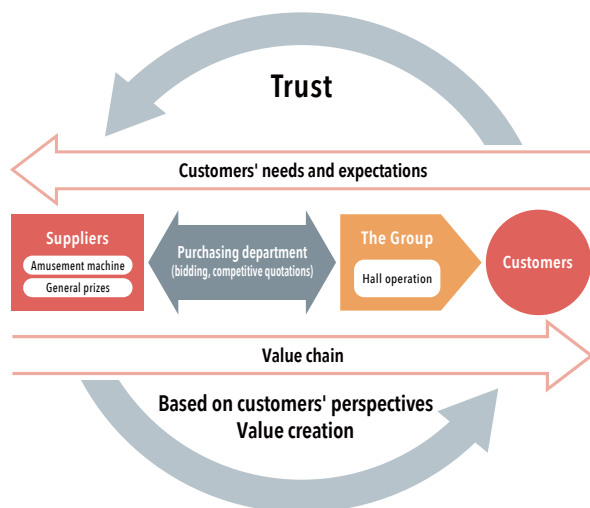


The outcome of joint purchasing and measures to reduce transportation costs

Tamura The joint purchasing of consumables and other items that our Company encouraged has taken root in the industry, leading to an increase in the number of suppliers and volume of transactions. Although there is a difference between companies like ours that have a nationwide presence and those that do not, I believe that it has revitalized the industry through the discovery of new suppliers.

Koga As a way to suppress transportation costs, we are considering using the network of a major retailer that operates distribution bases, warehouses, and halls throughout Japan. We aim to reduce costs by taking advantage of the distribution networks of major retailers for heavily consumed consumables such as hand sanitizing alcohol placed at hall entrances. On the other hand, we are building a system that allows us to pursue mutual benefits, such as providing information on low-cost suppliers.

Schematic diagram of supply chain management



Development and deployment of private brand (PB) machines

Dynam develops PB machines together with amusement machine manufacturers based on the accumulated game data. Dynam's PB machines are designed to allow customers to enjoy pachinko for a long time with a small amount of cash and are named "Goraku" to express our desire to provide "everyday entertainment".

In fiscal year 2022, we developed three PB machines.

■ Dynam original machine series No. 3 "PA Animal Mansion GO"

The planning and proposal stage, game features, specification design, etc., were developed internally by Dynam. This is the third completely original machine following "PA Mankai Hanabi GO" (installed in August 2021) and "PA Mankai Matsuri GO" (installed in March 2022).



■ Joint development with Toyomaru Industries Co., Ltd. "PA Koma Koma Club" with Fuyumi Sakamoto Goraku Version

This machine features four famous songs by Fuyumi Sakamoto, a popular enka singer, to provide customers with a special entertainment experience. The machine has been installed in each of the Group's halls since December 2002.



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■ Joint development with hall operators "PA Sengoku Otome Legend Battle Tokimeki 89 Version"

This private-brand machine was jointly developed, including planning and specification design, by Amtex and six hall company group companies. The machine reflects the needs of customers based on the unique perspectives of hall operators.



©HEIWA Character design by SHIROGUMI INC.

We aim to be a place to relax and a place for mutual help, while staying close to towns and their people as part of communities' infrastructure

Our Group promotes the concept of pachinko halls that coexist with the surroundings. We believe that the development of our Group cannot be realized without the development of the surrounding communities. To this end, we have been reforming pachinko as a local infrastructure so that it can become a form of daily entertainment for everyone to enjoy with peace of mind, and we have been working to provide the town with places to relax and places for mutual help. We will continue to be a part of the community's infrastructure and aim to coexist in harmony with everyone in the community.

Becoming the Daily Entertainment that Communities Need

Through the operation of pachinko halls, our core business, our Group practices the provision of social value as daily entertainment. In Japan's entertainment industry, facilities tend to be concentrated in large metropolitan areas, so pachinko halls in rural areas play a significant role. Our Group has adopted a suburban strategy as part of its chain store management, which enables it to open new halls in Japan without being biased toward any particular region of the country.

■ Initiatives That Take into Account Autonomy Support for the Elderly

As a pachinko hall operator, we have begun to respond to the needs of local communities from the perspective of elderly welfare as the population ages in most regions in Japan. Our Group is committed to supporting mental and physical health of the elderly through pachinko.

Organizing Pachinko Experience Sessions at Nursing Care Facilities

As part of its social contribution activities, Dynam has been promoting the use of the Torepachi! by the elderly. Torepachi! is a specialized machine developed by Toyomaru Sangyo Co. Recently, pachinko has been shown to be effective in preventing and treating dementia, and training can be done while having fun. Since the machine has been well received by our users and staff, we will continue to provide entertainment through pachinko and hold trial sessions at nursing care facilities in the surrounding area as a form of our contribution to the local community.



Promoting Regional Employment

We believe that the creation of employment opportunities through the opening of new halls in various regions of Japan and contributing to the stable lives of local residents is an important role for our Group to play.

■ Employees With Limited Work Locations

Our Group has developed a program to hire hall employees as employees with limited work locations. This system allows employees hired in the area where the hall is located to commute from their homes and continue working thereafter without having to relocate.

■ Extension of Employment for the Elderly

In August 2016, the employment age for our crew members was extended from 65 to 70, and the maximum age for the work extension program was extended to 75, with the aim of creating a community where elderly can lead a fulfilling life through social participation. Crew members work in a variety of positions, including hall staff, parking lot managers, and clerical work.

As Local Infrastructure

We will continue our activities so that our Group's pachinko halls all over Japan can always contribute as indispensable parts of local infrastructure to local communities by providing human and financial support.

■ Forming “Disaster Prevention Agreements” with Local Governments

To ensure the safety of local residents, we have been working to conclude disaster prevention agreements so that a portion of our parking lots can be used as a community evacuation site in the event of a disaster. As of March 2023, 200 halls have concluded such agreements with municipalities across Japan. We will deploy our halls as evacuation centers and provide supplies



such as beverages, food, blankets, and power when necessary. In addition, the buildings and premises of some of our halls can be temporarily used as volunteer centers or disaster response bases for firefighters and Self-Defense Forces, etc., and their parking lots can be made available for use as temporary heliports, etc. Through these efforts, we aim to further coexist with the local community and ensure that our contribution activities lead to the sustainable development of the local community.



Supplies stockpiled at each store

■ Disaster Response and Reconstruction Assistance in Affected Areas

Each area in Japan is facing the challenge of preparing for disasters in advance and recovering quickly after it happens. For our Group, which operates halls in many areas in Japan, it is essential to support the reconstruction of disaster-affected areas as part of its community-based activities. Based on our experience with natural disasters in the past, we have reacted quickly to provide support mainly through material assistance, volunteer activities, and donations, and have been engaged in these activities for a long time.

Building Relationships of Trust through Community-based Activities

We emphasize collaboration and cooperation with local communities by fostering communication with local residents and steadily continuing activities that benefit the region.

Economic Support through Donations and Contributions to the Community

Our Group provides economic assistance in the form of donations and financial contributions to local governments and philanthropic organizations in regions where it operates pachinko halls, as well as sports sponsorship.

Social expenditure



¥88mill.

For the year ended 31 March 2023

■ Donations and Contributions by Dynam

We have been conducting various volunteering support and donation activities throughout Japan as part of our efforts to contribute to the development of local communities. In January 2023, Dynam sent donations to 11 cities in 9 prefectures, including donations to the “Natori Children’s Fund Project” promoted by Natori City, Miyagi Prefecture, through the corporate version of the Furusato Nozei system (a tax payment system to support the development of local communities).

■ Support Activities through the Yumeya Foundation

Yumeya Foundation was created as a part of Yume Corporation’s ESG activities. Through the My Fund System of the Association for the Promotion of Public Welfare, we help people who need assistance with sound childhood development, protecting the environment, and recovering from natural disasters, while also assisting emerging countries.

■ Support for Sports Activities

Our Group supports sports activities as part of its social contribution efforts. “DYNAM CUP 2023 in Kyushu” was held for the first time in January 2023 with official recognition from the Japan Squash Association and in cooperation with the Kyushu Branch of the association. After the tournament, a special class featuring players affiliated with DYNAM was held.

Amount of support for sports promotion



¥28mill.

For the year ended 31 March 2023

We strive to communicate honestly and transparently with our shareholders and investors and meet their expectations through shareholder returns.

In order to build a relationship of trust with our shareholders and investors, Our Group strives to ensure the correct understanding of the activities of the entire Group through proactive investor relations activities in accordance with the principles of information disclosure set forth in our Management Policy and Corporate Code of Conduct. We also believe it is important to meet shareholder expectations through shareholder returns, and our basic policy is to maintain the distribution of stable dividends.

High Creditworthiness and a Stable Financial Base

We are the first pachinko hall operator to receive an investment-grade rating and to have multiple financial institutions provide us with commitment lines of credit (bank loan facilities) and syndicated loans. Furthermore, we have built long-term relationships of trust with major financial institutions. As a result, our Company is able to receive stable working capital in the event of a major disaster or other unforeseen circumstances. In addition, we are striving to create an amusement environment where players can enjoy pachinko casually and safely and to build a stable financial base to drive the pachinko industry forward through efforts such as promoting low-cost machines that can curb the gambling nature of the game, anticipating the intentions of the National Police Agency, the regulatory authority for pachinko, and working toward the goal of zero pachinko addiction by 2050.



small meetings at any time while also inviting foreign investors to Japan for explanatory meetings and tours of our facilities. Furthermore, we continue to engage in direct communications with investors by participating in conferences for individual investors that are sponsored by securities firms in Japan.

In addition to the above, we provide opportunities for top management to directly explain our business strategies twice a year, at the time of the main and interim closing of accounts. In these small meetings, the top management, which is made of directors in charge of each department, and executive officers explain our Group's business to securities analysts and the media in order to deepen their understanding of the Company.

★Some activities were not implemented due to the COVID-19 pandemic.

■ Major IR Briefings Held (For the Fiscal Year Ended on 31 March 2023)

Major IR Briefings Held	
Financial Results Briefings (Hong Kong)	Full-year results and interim results (2 times) Hybrid format (face-to-face and online)
Overseas Investors Meeting	Held in a hybrid format (face-to-face and online)
Individual Investor Meeting	★ Cancelled to prevent the spread of COVID-19 infection

Proactive IR Activities Explanation from Top Management

Our Company holds results briefings twice a year in Hong Kong and Tokyo for financial analysts and institutional investors. We also entertain requests for follow-up interviews and

Communication with Shareholders and Investors

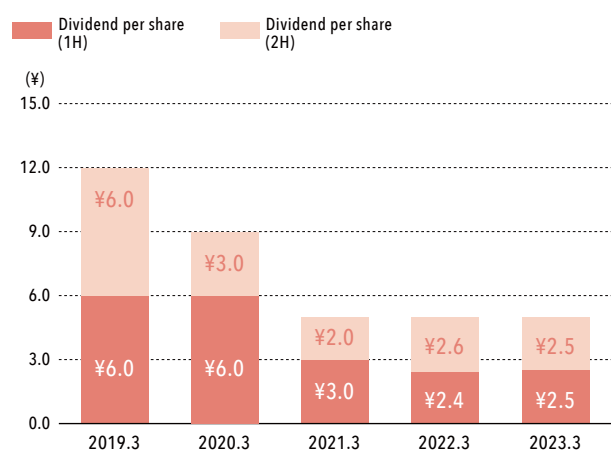
We take special care to promptly and fairly disclose information while proactively disseminating information. To disseminate IR information from the standpoint of fair disclosure

promptly and openly, we have created an IR section on our website to publish earnings results, financial data, and other information in English, Japanese and Chinese.

Meeting Shareholders' Expectations through Returns to Shareholders

Our Group believes in the importance of returning some of the profits generated through the Group's business activities to shareholders. By providing a reliable stream of cash returns to shareholders, we hope to meet their expectations and build relationships of trust.

Dividend per share



Consistent Payment of Stable Dividends

Our Company focuses on the consistent payment of stable dividends as its basic policy for distributing profits to shareholders. For the fiscal year ended 31 March 2023, we decided to distribute a year-end dividend of ¥2.5 per share to maintain our stable dividend policy. Combined with the interim dividend of 2.5 yen per share, the total annual dividend is 5 yen per share.

Dividend Policy

The Company's policy is to pay a dividend of no less than 35% of consolidated net income each year as calculated under International Financial Reporting Standards. Dividends are determined and paid in compliance with applicable laws and regulations, including the Companies Act and the Company's Articles of Incorporation. The Board will review and update the dividend policy from time to time.

Selected for Inclusion in the Hang Seng Foreign Companies Composite Indexes on the Hong Kong Stock Exchange

Since 2013, our shares have been continuously selected for inclusion in the Hang Seng Foreign Companies Composite Index ("HSFCCI") of the Hong Kong Stock Exchange. As of 31 March 2023, a total of 11 foreign companies, including our Group, have been selected for inclusion in the HSFCCI.





Corporate Governance

Our Group has established a corporate governance system to properly manage its decision-making and business execution processes. We aim to build and maintain an optimal corporate governance system that will enhance the soundness, transparency, and efficiency of management. The Board monitors and manages progress toward reaching the targets set for each ESG area, and makes appropriate decisions to meet the expectations of all stakeholders, thereby working to comprehensively enhance corporate value.

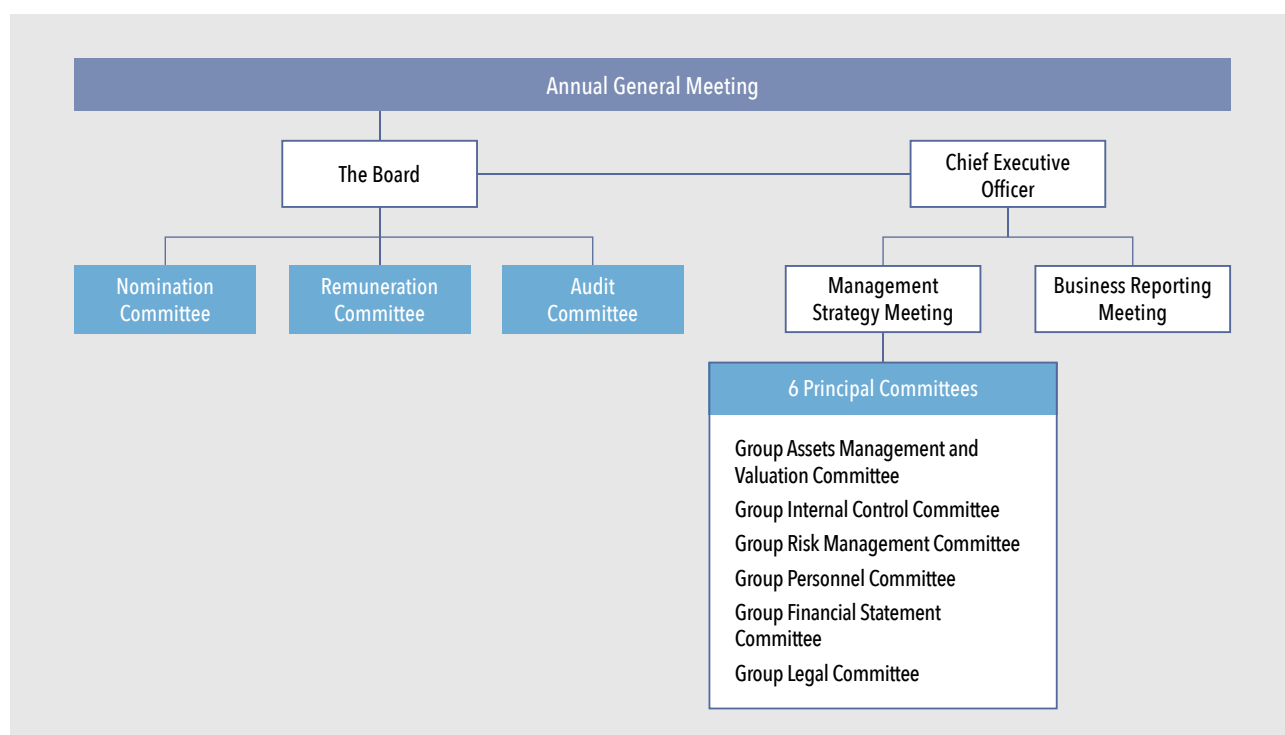
Governance Structure	P41
Risk Management	P43
Compliance	P45



We have established a corporate governance structure to support the continued development of our business.

Our Group has established a corporate governance system to ensure sustainable growth and enhance corporate value by respecting its Corporate Philosophy, Five Management Policies, Three Codes of Conduct, and the Charter of Corporate Behavior, as well as the matters set forth in these policies.

Corporate Governance Structure of Our Group





Institutional Design

As an institutional design, the Group has chosen to become a company with committees, etc., and has established three committees: the Nomination Committee, the Remuneration Committee, and the Audit Committee. The Group has also adopted an executive officer system to clarify management decision-making and supervisory functions and execution of duty functions. Decision-making and supervisory functions are conducted by the Board and the individual directors who comprise the Board, while the execution of duties is

conducted by executive officers. Execution of duties at Group companies and items for discussion are reported on and discussed at business report meetings. A system is in place whereby progress on duties and matters to be addressed for each specific function are reported and discussed at the management strategy meeting and its six main subcommittees. Please refer to the Corporate Government Report in Annual Report 2023 for details of the Group's Corporate Governance.



Each Company within the Group manages its own risk management and has established a Group Risk Management Committee across each company to resolve issues related to risk.

Our Group has clearly stated its risk management policy in order to avoid, eliminate, or mitigate various risks to all parties placing their trust in the Group. In addition, our Group categorizes the crises to be covered in its risk management efforts. Through these efforts, we aim for business continuity and stable development of our Company.

Total Risk Management System

While each company within the Group covers its own risk management at the business execution level, we have also established a Group Risk Management Committee across all Group companies to address risk-related issues on a Group-wide basis.

Total Risk Management (Concept Chart)



Establishment of Group Crisis Management Committee and Crisis Management

The Group Risk Management Committee, which functions to strengthen risk management for the entire Group, analyzes and evaluates risks to the entire Group with respect to compliance, information security, large-scale disasters, and other important issues to strengthen measures against risks. If a crisis should occur, the Group Risk Management Committee has established a crisis management system that enables prompt decision-making, dissemination of information, and applying specific and appropriate measures. Under this system, the safety and security of customers and other parties placing their trust in our Group are given the highest priority, and measures are taken to prevent recurrence and to maintain records.

BCP Development and Implementation to Respond to Emergencies

In response to the frequent occurrence of natural disasters such as strong earthquakes and heavy rain in various parts of Japan, our Group has formulated a Business Continuity Plan ("BCP") to minimize damage to its business assets in the event of a crisis situation, as well as to ensure the continuation and early recovery of its core business. Having a system in place to respond in the event of an emergency is important, and the Group Risk Management Committee is taking the lead in developing manuals and conducting periodic drills in preparation for emergencies.



■ Establishment of an Emergency Task Force to Quickly Gather Information and Respond Appropriately

In the fiscal year ended 31 March 2023, the Group Risk Management Committee alerted pachinko halls that were in the path of typhoons to avoid damage.

■ Backup Measures of Our Data Center

We have established a data center as a BCP measure. We have two servers with identical functions at two locations in Japan to maintain our network with a backup system in case of an emergency.



■ Securing Alternative Facilities for Head Office Functions

We have prepared a contingency manual and conducted contingency head office drills so that in the event of a disaster at the head office, an office in another region can serve as an alternative facility and function as a contingency head office.

■ Establishment of an Emergency Communication Network for All Employees

The emergency communication network automatically confirms the safety of employees working in areas where seismic activity with an intensity of 6 or higher is observed. Using this system, we conduct safety notification drills twice a year in preparation for emergencies.

Strengthening Risk Financing

Our Group understands the importance of risk financing as a financial allowance required to respond to losses when a crisis situation arises, and the risk materializes.

■ Commitment Line of ¥15 Billion for Earthquake Response

Dynam has a commitment line agreement with a syndicate of banks for use in the event of an earthquake. Under a traditional commitment line, there were some lingering concerns about being able to secure funds because financial institutions could invoke an exception clause for major natural disasters. By obtaining a commitment line specifically for use after an earthquake, we have a method for rapidly raising funds within the framework of the agreement in the event of an earthquake or other natural disaster. This commitment line is a revolving credit facility with an upper limit of ¥15 billion.

We take steps to develop our organization and corporate culture that prioritize compliance, to ensure that we meet the expectations of our customers and society and fulfill our corporate social responsibilities.

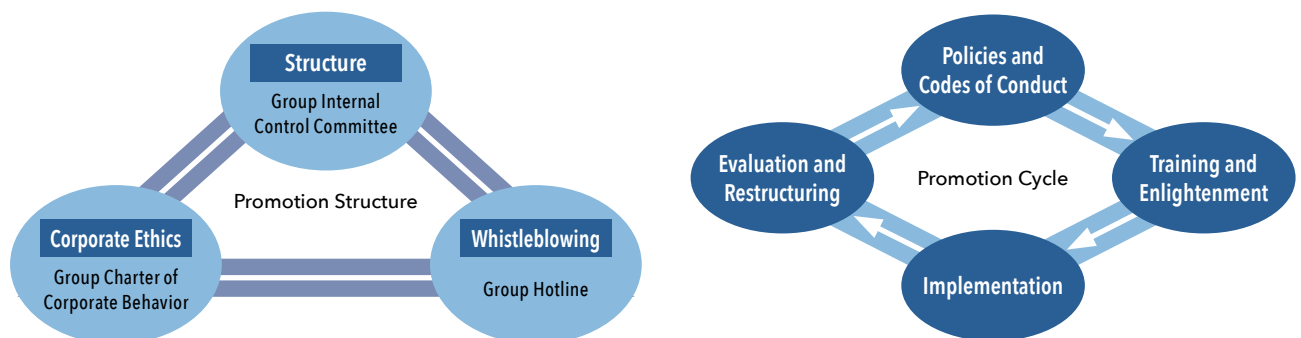
Our Group has established a Group Charter of Corporate Behavior. We believe that we can fulfill our corporate social responsibility by ensuring that all employees comply with various laws and regulations and social norms and by earning the trust of our valued customers and society as a whole with top-notch ethical and moral standards. Given that compliance tends to become more stringent as society matures, we will strengthen our Group's system to match the expectations.

The Group Charter of Corporate Behavior outlines our actions and mindset

The reason for the existence of a company is to achieve sustainable growth in line with the expectations of stakeholders, including shareholders, managers, employees, partners, financial institutions, and customers, and to achieve a scale and a level of reliability that enable it to contribute to society. All employees of the Group share this principle. To ensure that it can continue to conduct its business without compromising that trust, the Group has adopted new internal control systems to improve its operations. These systems also continually clarify and eliminate factors that have the potential to lead to misconduct or violations of laws and regulations.

Compliance Promotion Structure and Promotion Cycle

We have established a Group Internal Control Committee as a system to promote compliance across the Group. This committee examines policies related to the Group's compliance management and implementation plans for internal controls, and monitors the status of promotion of compliance and internal control systems.



At our Company, we ask all of our directors' questions about the mandatory provisions stipulated in the Model Code and the Insider Trading Prevention Regulations, verifying that they adhered to the provisions during the reporting period. Additionally, all Group employees are educated on issues regarding compliance through e-training at the start of employment, with additional compulsory training annually.



Establishment of a Hotline System and Protection of Whistleblowers

When an employee becomes aware of any action that violates the Charter of Corporate Behavior, he/she is required to report and consult with his/her superior. In addition, a Group Hotline has been established at an external law firm as a shared contact point for the entire Group. The Group's employees, temporary employees, contract workers, and relatives of employees, including temporary employees, can use this system, and investigations are conducted with proper consideration of privacy protection. If any problems are found, recommendations for corrective action are made, and the findings are reported to the Audit Committee, which confirms that the problems have been corrected and that measures to prevent recurrence have been thoroughly implemented.

Under the Company's regulations, any treatment of whistleblowers in the hotline that would cause them to suffer disadvantages is prohibited, and the Group has established the Internal Reporting Regulations to ensure thorough regulations for the protection of whistleblowers.

Thorough Implementation of Fair Business Activities

Our Group complies with various laws and regulations, including the Law Concerning Control and Improvement of Amusement and Entertainment Businesses and Other Businesses (the Amusement Business Law). In addition to revising and operating operation man-

uals in response to legal revisions and changes in the business environment, our Group has set up websites and provided guidelines regarding sales promotion methods and advertising regulations to ensure compliance with laws and regulations at all of its nationwide branches. In addition, the Group has posted regulations such as Regulations Concerning Compliance with Anti-trust Laws, Regulations for Prevention of Unfair Competition Concerning Trade Secrets, Regulations for Prevention of Insider Trading on its intranet information system to raise awareness and educate employees on compliance. Furthermore, we have established operational guidelines for anti-money laundering measures and regularly evaluate our measures to ensure their effectiveness. During the reporting period, there were no incidents of fraudulent acts involving our Company or its employees that could have resulted in litigation.

Prohibition of Bribery and Other Activities to Ensure the Transparency of Business Activities

Our Group confirms in its Charter of Corporate Behavior that it will develop legally, socially, and ethically sound, reasonable, and equal relationships with business partners to ensure that it can economically grow together with its business partners and in compliance with laws and regulations on prevention of bribery, extortion, fraud and money laundering. Furthermore, our Group prohibits its employees from receiving or offering entertainment or gifts from or to organizations, companies, individuals, or any other parties, and ensures that they maintain a sound and transparent relationship with such parties in compliance with laws and regulations.



DYNAM JAPAN HOLDINGS Co., Ltd.

About the Cover

Koma is a single-player toy and is considered one of the most popular toys in the world. The movement of the spinning wheel around a single point is a symbol of social balance and creativity.