BUXTON HELMSLEY

February 11, 2026

VIA EMAIL TO JOHN B. FRANK (JFRANK@OAKTREECAP.COM)

Daily Journal Corporation
915 East First Street
Los Angeles, CA 90012
Attn: John B. Frank, Audit Committee Chair

Re: Daily Journal Corporation ("DJCO" or the "Company") – Status of Engagement and Ongoing Compliance Failures

Dear Mr. Frank:

We write to provide a public update on the status of our engagement with the Company, and to put the Board on notice regarding compliance failures that persist in the Company's most recent Form 10-K filing.

Transparency for Investors

Since Buxton Helmsley initiated its public and private engagement with the Company in July 2025, the Company's stock price appreciated approximately 65% within six months. We do not believe this is a coincidence. Our engagement has forced into the open a series of compliance failures that the Board was content to leave unaddressed—and has compelled the Company to begin taking remedial actions that it should have taken years ago.

Among the most significant of these was the Company's complete failure to disclose how much was being spent on software research and development at Journal Technologies—the subsidiary that generates approximately 80% of the Company's consolidated revenues. For years, investors had no visibility into the dollar amounts the Company was investing in the very business that drives the overwhelming majority of its revenue. The Company buried these costs inside "Salaries and employee benefits" on its consolidated statements of comprehensive income, leaving shareholders to guess at the level of investment being made in the Company's most important asset.

We raised this issue publicly and privately, and in the Company's latest Form 10-K for the fiscal year ended September 30, 2025 (filed December 29, 2025), the Company has—**for the first time—begun disclosing the dollar value of software research and development expenses.** On page 32 of that filing, the Company states:

> *"Research and development expenses related to software development were $2.5 million and $1.4 million for the years ended September 30, 2025 and 2024, and are included under Salaries and employee benefits on the consolidated statements of comprehensive income."*

This disclosure exists because Buxton Helmsley demanded it. Prior to our engagement, investors had no idea these figures existed, let alone what they were. To the extent this new transparency has contributed to the market's reappraisal of the Company's value, shareholders have Buxton Helmsley to thank.

Every remedial action the Company has taken since July 2025 is something it could have done on its own, at any time, without any public engagement from Buxton Helmsley. We raised these issues privately before we raised them publicly. The Company chose not to act until it had no choice. Shareholders should bear that in mind when evaluating the Board's judgment—and its candor—going forward.

However, knowing the total dollar amount is only half the battle. The Company still does not properly delineate what portion of that spending represents true research and development expense—a loss of value—versus what portion represents value-adding investment in software enhancements that should be capitalized as intangible assets under ASC 985-20. That distinction is not merely academic; it goes to the heart of whether the Company's financial statements accurately reflect the economic reality of its business. We address this further below.

The Company's Disclosure Remains Deficient Under Regulation S-X

While we acknowledge the Company's decision to begin quantifying these expenses, the manner in which it has done so remains non-compliant with Regulation S-X. The Company has disclosed the software research and development figures in a footnote. It has not presented them as a separate line item on the face of the income statement, which is what Regulation S-X § 210.5-03 requires for material expense categories.

The Company's own financial statement presentation proves the point. On its consolidated statements of comprehensive income for the fiscal year ended September 30, 2025, the Company maintains separate line items for "Postage and delivery expenses" of approximately $774,000 and "Newsprint and printing expenses" of approximately $639,000. The Company has thus established—through its own presentation choices—that expense categories well below $1 million warrant separate line-item disclosure on the face of the income statement.

Software research and development expenses of $2.5 million are more than three times the amount the Company considers material enough to present as a separate line item. By disclosing these figures in a footnote rather than on the face of the income statement—while simultaneously maintaining separate line items for postage and newsprint—the Company has effectively indicted

its own Regulation S-X non-compliance. The Company's attempt at partial remediation has made the violation more obvious, not less.

The requirement to present material expense categories on the face of the income statement exists for a reason. Investors are entitled to rely on the assumption that there are no material expense items buried inside other line items. When a company presents a line item called "Salaries and employee benefits," investors reasonably understand that line to represent compensation costs—not compensation costs plus a separate, material category of software research and development spending. There is no exception to this presentation requirement, regardless of intent. Whether a company buries a material expense inside another line item through negligence or through deliberate obfuscation, the result is the same: investors are deprived of information they need to evaluate the business, and the financial statements do not comply with Regulation S-X.

The Company's Stated Accounting Policy Contradicts Authoritative AICPA Guidance

Turning to the capitalization issue, the Company's Form 10-K includes the following disclosure regarding its accounting policy under ASC 985-20:

> *"ASC 985-20, Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed, provides that costs related to the research and development of a new software product are to be expensed as incurred until the technological feasibility of the product is established, subject to expected recoverability. In general, 'technological feasibility' is achieved when the developer has established the necessary skills, hardware and technology to produce a product and a detailed program design has been (i) completed, (ii) traced to the product specifications and (iii) reviewed for high-risk development issues. If there is no program design completed, technological feasibility is reached upon the completion of a working model. Capitalization of software development costs ceases and amortization of capitalized software development costs (if any) commences when the products are available for general release. The Company believes its process for developing software is essentially completed concurrent with the establishment of technological feasibility, and accordingly, no software development costs have been capitalized to date."*

The final sentence is the crux of the Company's position: that its software development process is "essentially completed concurrent with the establishment of technological feasibility," leaving no meaningful window during which costs would be subject to capitalization. This position is directly contradicted by authoritative guidance published by the American Institute of Certified Public Accountants ("AICPA") in the Journal of Accountancy, the AICPA's official publication. We again direct the Audit Committee's attention—and Baker Tilly's—to the article titled "Accounting for external-use software development costs in an agile environment," published March 12, 2018, available at:

https://www.journalofaccountancy.com/news/2018/mar/accounting-for-external-use-software-development-costs-201818259/

That article identifies precisely the error the Company is making. We highlight the following contradictions between the Company's stated policy and the AICPA's guidance:

First, the AICPA explicitly warns that companies using agile development methods "might conclude inappropriately that technological feasibility has not been met significantly before the software enhancement is available to customers, resulting in costs being expensed as incurred rather than being capitalized." The Company's blanket policy of zero capitalization—ever—is the very outcome the AICPA's guidance warns against.

Second, the AICPA guidance observes that "[p]roduct enhancements that are not considered maintenance activities sometimes can meet the technological feasibility threshold more easily because the developers are adding functions to an already successful product." The Company's own filings describe its software development work as "updates," "upgrades," and "improvements"—language that establishes these activities as enhancements to commercially deployed, revenue-generating products, not ground-up new development. The technological feasibility of the underlying products was established years ago. Under the AICPA's own framework, the capitalizable window for these enhancements should be *wider*, not narrower—and certainly not zero.

Third, the AICPA guidance states that when "significant costs accrue between when technological feasibility actually was reached and when the software is available to customers, the resulting accounting could be inconsistent with GAAP." The Company spent $2.5 million on software research and development in fiscal 2025 alone. If the Company's claim were true—that development is "essentially completed concurrent" with the establishment of technological feasibility—that would imply virtually all of that $2.5 million was spent on pre-feasibility conceptual work for products that are already in production and generating $69.9 million in annual revenue. That is not credible.

Fourth, the AICPA guidance is direct about what happens after technological feasibility is established: "large portions of the costs incurred to develop and test such features often should be capitalized if technological feasibility is achieved. These costs include the actual coding, testing, and associated labor costs." The Company has clearly never segregated any coding or testing costs for capitalization—not because those costs do not exist, but because the Company has never undertaken the tracking and documentation the AICPA guidance requires. The AICPA article specifically warns that failure to coordinate with accounting teams "before the launch of any major development project" can lead to errors in the application of GAAP. The Company's policy of blanket expensing appears to reflect exactly this failure. The AICPA article even includes a diagram illustrating precisely which activities within an agile development sprint are subject to capitalization and which are not. The guidance could not have been made easier to follow.

The AICPA guidance also directly addresses the concern that applying ASC 985-20 in an agile environment is too burdensome. The article states that "the additional administrative work does not have to be onerous" and that "[i]n most cases the various tasks and deliverables within each sprint can be segmented into broad categories, so that all costs associated with that task can be either expensed or capitalized." In other words, it is a straightforward bucketing exercise. The Company's failure to perform this exercise is not because it is difficult—it is because the Company has chosen not to do it.

We also wish to address a misconception the Company has promoted in its public filings: that capitalizing software development costs amounts to "inflating earnings" or constitutes accounting gimmickry. ASC 985-20 contains a built-in safeguard against precisely that concern. Under ASC 985-20-35-4, the unamortized capitalized costs of a computer software product must be compared to the net realizable value of that product at each balance sheet date, and any excess must be written off. This is a mandatory impairment test. If the Company were to capitalize development costs and the resulting intangible asset exceeded the net realizable value of the software—determined by reference to estimated future gross revenues less estimated costs of completion and disposal—the asset would be written down. The standard does not permit overstatement of intangible asset values. It requires accuracy. Capitalization under ASC 985-20 is not financial engineering—it is the application of accrual accounting as prescribed by GAAP, with its own mechanism for ensuring that capitalized amounts remain recoverable.

The Company cannot credibly maintain that zero capitalizable costs have been incurred across the entire history of Journal Technologies' software development activities. The products work. They generate approximately 80% of the Company's consolidated revenues. Customers rely on them every day. The Company itself describes its development work as "updates" and "upgrades"—terms that presuppose a working, technologically feasible product being enhanced. In its December 26, 2025, press release, the Company claimed that capitalization is "not mandatory." ASC 985-20-25-3 states that costs incurred subsequent to establishing technological feasibility "shall be capitalized." The standard says "shall"—not "may."

PwC's authoritative Software Costs accounting guide addresses this question directly:

> "**May a reporting entity elect to expense all software development costs for externally marketed software? No.** A reporting entity should capitalize those costs that meet the criteria in ASC 985-20 for capitalization. **The capitalization of software costs is not optional.**" (emphasis added)

The codification says "shall." PwC says "not optional." The AICPA's own guidance makes clear that the Company's accounting policy is inconsistent with GAAP.

Shareholders should also be aware that CEO Steven Myhill-Jones himself acknowledged the applicability of ASC 985-20 in his initial correspondence with Buxton Helmsley. In a July 18,

2025, email to us, Mr. Myhill-Jones wrote: "you cite the correct guidance in regards to ASC 985-20 (Internally Developed Software for Sale)."

Less than one month later, in its August 14, 2025, Form 8-K, the Company told shareholders: "Simply stated, Mr. Parker got it wrong." The Company then dishonestly attempted to persuade shareholders that ASC 985-20 might not apply in the Company's situation. The CEO privately confirmed we cited the correct standard. The Company then publicly told shareholders that we had cited the wrong one. How Honest.

The Company's public statements continued to escalate. By December 26, 2025, the Company's press release had progressed from claiming we cited the wrong standard to asserting that ASC 985-20 capitalization is not "mandatory" and that "the Company has no such costs" qualifying for capitalization—meaning it claims that literally zero dollars of development activity fall between technological feasibility and general release, for software generating $70 million in annual revenue. The same press release characterized our accounting allegations as "baseless" and having "no merit." This is not a good-faith evolution of accounting judgment. The CEO confirmed on July 18 that ASC 985-20 was the correct standard. The Company told shareholders on August 14 that we had cited the wrong standard entirely. The Company then told shareholders on December 26 that capitalization under the standard its CEO acknowledged was correct is not even mandatory, and that, in any event, the Company has zero qualifying costs. Each successive statement moved further from what the CEO privately acknowledged to be true.

Concerns Regarding the Accuracy and Adequacy of the Reported Figures

We have significant reservations about whether the reported figures of $2.5 million and $1.4 million accurately capture the full scope of research and development activity at Journal Technologies. The Company had clearly never tracked these costs as a separate category prior to our engagement—they were buried inside "Salaries and employee benefits" with no separate accounting. Producing the figures now disclosed in the Form 10-K necessarily required a retroactive reconstruction exercise, and reconstructed figures are inherently less reliable than costs tracked contemporaneously through established internal controls. We also note that the Company has a clear incentive to minimize the reported figures: the larger the R&D number, the stronger the case that it is material and should have been presented as a separate line item on the face of the income statement all along.

There is a further problem with the reported figures that warrants close attention. The Company's disclosure states that research and development expenses "are included under Salaries and employee benefits on the consolidated statements of comprehensive income." This language implies the Company is counting only labor costs as research and development expense. But software research and development involves far more than salaries. Any software company developing and enhancing commercial products would be expected to incur costs for third-party software licenses and development tools, cloud computing and hosting for development and testing environments, contractor and consultant fees, hardware and equipment, and quality assurance

infrastructure, among other categories. Under ASC 730, research and development costs are defined broadly to include materials, equipment, facilities, purchased software, and contracted services—not just personnel costs. If the Company is capturing only labor-related R&D costs in the $2.5 million figure, then non-salary R&D costs are either buried in other line items with no disclosure at all, or the Company is claiming it operates a $69.9 million software business with literally zero non-labor research and development costs. Neither explanation is credible.

A software company that generates $69.9 million in annual revenue while spending only $2.5 million on research and development—even accepting that figure at face value—would be a remarkable outlier in the technology industry. We intend to examine these figures closely and reserve the right to challenge their accuracy.

If, however, these figures are accurate, they raise a different but equally serious concern: the Company is dramatically underinvesting in the software products that generate approximately 80% of its consolidated revenues, for which it already cites "technical debt." At $2.5 million in R&D against $69.9 million in Journal Technologies revenue, the Company is spending less than four cents of every dollar of software revenue on improving the product. This would help explain something we have observed in publicly available filings by government agencies that have implemented Journal Technologies' software—namely, significant implementation problems and operational deficiencies that are consistent with a product suffering from chronic underinvestment. Shareholders deserve to understand why.

The Falsely Dated July 29, 2025, Form 8-K Remains Uncorrected

We also remind the Board that the Company's July 29, 2025, Form 8-K—which we identified as falsely dated on the very day it was filed—has still never been corrected. The cover page of that filing states that the "Date of earliest event reported" is July 28, 2025. The body of the same filing references events from July 14, 2025. This filing has now been publicly identified as false for more than six months. The Company has hired a Director of SEC Reporting, replaced its Chief Financial Officer, and retained Baker & McKenzie LLP as outside securities counsel for this matter—and yet no one has seen fit to correct a filing that contradicts itself on its face. We have raised this issue in every substantive letter since July 29, 2025. This is now a matter of public record with the SEC's Division of Enforcement.

For precedent as to the lateness of the July 29 Form 8-K, the Company need look no further than Mattel, Inc., which on August 8, 2019, filed a Form 8-K under Item 7.01 disclosing that it had been "made aware of an anonymous whistleblower letter" just two days earlier—before Mattel had even opened an investigation. If the mere receipt of a whistleblower letter is material enough to trigger immediate Form 8-K disclosure, then actually engaging a consultant to investigate accounting practices after receiving detailed correspondence identifying specific GAAP and Regulation S-X violations is *a fortiori* material.

The Company's Proxy Statement Mischaracterizes the Nature of Section 16(a) Violations

The Company's preliminary proxy statement includes the following disclosure regarding the Section 16(a) filing failures by its directors and officers:

> *"As noted in the filings themselves, the Company takes full responsibility for these late filings, and has implemented new procedures to help ensure that all Section 16(a) reports are filed on a timely basis going forward."*

This statement reflects a fundamental misunderstanding—or a deliberate mischaracterization—of how Section 16(a) works. Section 16(a) of the Securities Exchange Act of 1934 imposes filing obligations on individual directors, officers, and ten-percent beneficial owners in their personal capacities. It is the *person*—not the company—who is the reporting person, the person required to sign the filing, and the person subject to enforcement action for failure to file. A company cannot "take full responsibility" for a director's personal statutory obligation any more than it could take responsibility for a director's personal tax return. The Company's framing is not merely wrong; it signals that the individuals responsible for these violations—including every member of the Audit Committee—still do not accept that they have personal obligations to comply with federal securities laws.

The proxy statement compounds this error by attempting to minimize the violations, stating that "[n]one of the late filings relate to any actual trades by the directors in Company stock" and that "the Company believes that the late filings added no material information to what had already been disclosed to shareholders." These characterizations are legally irrelevant. Section 16(a) does not contain an exception for transactions that the company considers immaterial. It does not excuse late filings because they involved RSU grants rather than open-market purchases. The obligation to file is triggered by the event, and the deadline is measured from the event—not from whenever the company gets around to it. The Company's attempt to wave these violations away as technical inconveniences is precisely the attitude that led to years of non-compliance in the first place.

The proxy statement also reveals that, as of its filing date, Mr. Rayani had still not successfully filed his Form 3 or Forms 4—and the Company attributed this to the SEC having "improperly" rejected his EDGAR application because it was notarized by a Canadian notary. The Company is blaming the federal securities regulator for its own insider's procedural failure. Mr. Rayani has been a director since June 2024. His Form 3 was due within ten days of becoming a director. The notion that a filing delinquency spanning more than a year and a half is the SEC's fault because of a notarization issue in late 2025 speaks for itself.

Most troubling of all, the proxy statement makes no mention of the fact that Mr. Myhill-Jones' Form 3—filed December 16, 2024—remains materially false and has never been corrected. Mr. Myhill-Jones' Form 3 reported that he beneficially owned 400 shares of Company common stock at the time he began service as a Section 16 reporting person. However, at the Company's

February 15, 2023, annual shareholder meeting, Mr. Myhill-Jones publicly stated: "*while I don't have equity yet, I'm certainly keen to participate in the future growth of the business*." Mr. Myhill-Jones became acting CEO on March 28, 2022. If he did not own equity as of February 2023—nearly a year after becoming a reporting person—then he could not have owned 400 shares at the time he assumed the role. The 400 shares reported on his Form 3 were acquired *after* he became CEO, and should have been reported on a Form 4 disclosing the transaction date, nature, and number of shares acquired. Form 3 is not designed to report post-appointment acquisitions; it reports only initial holdings at the time of beginning service. Mr. Myhill-Jones' filing remains false on its face, and the Company's proxy statement—which purports to address Section 16(a) compliance—says nothing about it.

Compounding all of the above, the Company has never filed the Form 8-Ks required under Item 5.05 to disclose the implicit waivers of its Code of Ethics that these Section 16(a) violations represent. The Company's own Code of Ethics requires directors and officers to make disclosures that are "full, fair, accurate, timely and understandable" and to "comply with applicable governmental laws, rules and regulations." Years-long failures to file Forms 3 and 4 are violations of both provisions. The Company's failure to take action against these violations within a reasonable period constitutes an "implicit waiver" under SEC rules, and Item 5.05(b) of Form 8-K requires disclosure of any such waiver—including implicit waivers—within four business days. No such Form 8-K has ever been filed for any director. The Company has thus remediated one layer of violations while remaining entirely unaware of—or indifferent to—the separate disclosure obligations those violations triggered.

There is a further consequence of the Company's admissions that the Board appears not to have considered. The Company's prior proxy statements contained Section 16(a) compliance disclosures that represented, either explicitly or by omission, that there were no delinquent filers. Now that the Company has acknowledged in its January 6, 2026, preliminary proxy statement that Section 16(a) delinquencies existed—in some cases spanning years—those prior proxy statements are known to be false. The fact that the Company may not have known they were false at the time they were filed does not excuse the obligation to correct them now that it does. A company that discovers a material misstatement in a prior proxy filing cannot simply leave the false statement on the record and move forward. The prior filings were proxy solicitation materials subject to Rule 14a-9, and they contained statements that the Company now knows were not true. Corrective disclosure is required.

Taken together, the proxy statement's Section 16(a) disclosure reveals a Board that has still not grasped the seriousness of its obligations. The Company cannot "take responsibility" for personal violations of law. It cannot minimize those violations by characterizing them as immaterial. It cannot blame the SEC for a director's delinquency spanning more than a year and a half. And it cannot purport to have achieved remediation while its CEO's falsified Form 3 remains uncorrected on the SEC's EDGAR system. The Board's persistent minimization of these obligations is perhaps unsurprising given that Audit Committee member Rasool Rayani has described federal securities laws in writing as the "flimsiest of technicalities" in *writing* to Buxton

Helmsley—a characterization that shareholders may wish to consider when evaluating whether this Audit Committee is capable of meaningful oversight. Baker Tilly was supposed to be thinking about that at the time of the last audit (knowing all of this very well), yet clearly was not.

Regulatory Proceedings

Since December 2025, Buxton Helmsley has filed multiple comprehensive whistleblower complaints with the SEC's Office of the Whistleblower documenting, among other things, violations of Section 16(a) of the Securities Exchange Act of 1934 by every member of the Company's Audit Committee, violations of Regulation FD, violations of Rules 14a-6(b), 14a-9, and 21F-17(a), the falsely dated Form 8-K, false Sarbanes-Oxley certifications, and the Company's apparent retaliation against a whistleblower. We have separately filed complaints with the State Bar of California and provided detailed notices to the PCAOB regarding Baker Tilly's role in auditing the Company's financial statements.

We are not going to speculate publicly about the status of any regulatory proceeding. What we will say is this: we have provided the SEC's Division of Enforcement with an extensive, well-documented record of the Company's violations, and we have reason to believe that our complaints are being taken seriously. The Company's Board would be wise to assume the same.

Providing Time to Comply

In light of the progress that has been made—including the Company's first-ever disclosure of software research and development expenditures, the departure of the prior CFO, the filing of remedial Section 16 forms, and what appears to be serious possible regulatory attention to the issues we raised—we have determined that it is appropriate to provide the Company with additional time to bring itself into full compliance before we pursue board representation through the proxy process.

To be clear: this is not a retreat. The Company's counsel, in his January 9, 2026, letter, invited us to "quietly step away." We declined that invitation then, and we decline it now. Approximately 40% of voting shareholders voted against Ms. Conlin and Mr. Frank at the February 2025 annual meeting—even before Buxton Helmsley's engagement brought these compliance failures to light. The Board should not confuse patience with weakness.

We are providing the Board with a window of opportunity—between now and the annual meeting following the upcoming February 24, 2026, meeting—to achieve full compliance with federal securities laws, GAAP, and Regulation S-X. That means, at a minimum:

(1) presenting software research and development expenses as a separate line item on the face of the Company's consolidated statements of comprehensive income, as required by Regulation S-X § 210.5-03;

(2) properly capitalizing software development costs incurred after technological feasibility is established, as required by ASC 985-20, consistent with the authoritative AICPA guidance cited above;
(3) correcting the falsely dated July 29, 2025, Form 8-K;
(4) correcting Mr. Myhill-Jones' falsified Form 3 and filing the required Form 4 to properly disclose the transaction by which he acquired shares after becoming a reporting person;
(5) filing the required Form 8-Ks under Item 5.05 to disclose the implicit waivers of the Company's Code of Ethics arising from the years-long Section 16(a) delinquencies of its directors and officers;
(6) filing corrective disclosure for all prior proxy statements that falsely represented compliance with Section 16(a) filing requirements; and
(7) ensuring that all future SEC filings contain accurate and complete disclosures, free from the material misstatements and omissions that have characterized the Company's filings to date.

If the Company achieves full compliance by its next annual meeting, we will welcome the progress and evaluate our position accordingly. The purpose of shareholder activism, at its best, is to hold fiduciaries accountable so that taking board seats becomes unnecessary. We would welcome nothing more than for this Board to simply do its job—comply with the law, present accurate financial statements, and treat shareholders with the transparency they deserve—without requiring further engagement from us. That has always been the goal.

We also wish to be clear about one point. We are aware that the Company has referenced an internal "investigation" into the matters we have raised. We will not accept the results of any investigation overseen by or reported to the current Board. The directors who allowed these violations to persist for years cannot credibly investigate their own failures. Nor can an investigation satisfy basic standards of independence when it is commissioned, scoped, and received by the very individuals whose conduct is at issue. This is not a question of the qualifications of any particular investigator—it is a structural conflict that no engagement letter can cure. A credible investigation requires independence not only from the underlying violations, but from the directors who permitted them. Until the Board includes members who were not selected by the individuals responsible for these compliance failures, any "investigation" will be an exercise in self-exoneration, not accountability.

Nor can a rubber-stamp investigation serve as a route to legitimizing violations that the Company and its auditor have already self-indicted. Baker Tilly has signed off on financial statements that present "Postage and delivery expenses" of $774,000 and "Newsprint and printing expenses" of $639,000 as separate line items on the face of the income statement—while burying $2.5 million in software research and development expenses in a footnote. Baker Tilly cannot now credibly conclude that the $2.5 million figure does not meet the materiality threshold for face-of-the-income-statement presentation when the Company's own financial statements—which Baker

Tilly audited and approved—establish that threshold at well below $1 million. The materiality standard was set by Baker Tilly's own work product. No investigation can undo that.

Finally, we note that while the Company went back and reconstructed software research and development figures for fiscal years 2025 and 2024 in its Form 10-K, it did not do so in any prior quarterly filings. If the Company is now acknowledging that these expenses exist and are quantifiable, the remediation cannot stop at a footnote in the annual report. Proper remediation requires, at a minimum, two things. First, research and development expenses must be presented as a separate line item on the face of the income statement—not buried in a footnote—and this presentation must be applied retroactively to all prior quarterly filings, because the Regulation S-X violation did not begin with the fiscal year 2025 Form 10-K. The Company was burying these costs in "Salaries and employee benefits" long before we identified the problem. Second, to remediate the yearslong Regulation S-X violations, you must go back and disclose those same figures as far as the appropriate amortization period. And, if the capitalization analysis required by ASC 985-20 is conducted properly—as we believe it must be—the Company will need to look back as far as the appropriate amortization period for software development costs that should have been capitalized. Capitalized software development costs are amortized over their estimated useful lives, and the failure to capitalize those costs in prior periods cannot be corrected by simply expensing them going forward. Both of these corrections will require restatement of prior period financial statements, not merely prospective adjustment.

If the Company does not achieve full compliance, we intend to return with a proxy contest—and we will do so with the benefit of an additional year of documented non-compliance, whatever enforcement actions may have materialized in the interim, and the full support of every shareholder who is tired of a Board that treats federal securities laws as optional.

* * *

All of our correspondence with the Company since July 2025 remains publicly available at *www.buxtonhelmsley.com*. Shareholders and regulators can review the full record and draw their own conclusions about who has been forthcoming and who has not.

Nothing in this letter shall be construed as a waiver of any right or claim, or an admission of any fact or legal conclusion. We expressly reserve all rights available under applicable law, including the right to initiate a proxy contest, seek injunctive relief, or pursue any other remedies available to us at any time.

Very truly yours,

Alexander E. Parker
Chairman of the Board and Chief Executive Officer
Buxton Helmsley USA, Inc.

cc: Mary Murphy Conlin, Audit Committee Member, Daily Journal Corporation
Rasool Rayani, Audit Committee Member, Daily Journal Corporation
Brian Cardile, Corporate Secretary, Daily Journal Corporation

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U.S. Securities and Exchange Commission, Division of Enforcement

Public Company Accounting Oversight Board, Division of Enforcement and Investigations