

KUMIAI CHEMICAL INDUSTRY CO., LTD.

Consolidated Financial Results for the First Quarter Ended January 31, 2023 Under Japanese GAAP

This document is an English translation of the consolidated financial results (tanshin) prepared in Japanese. It is only for the reference of non-Japanese readers, and the Japanese version is the original.

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Scheduled Filing of Quarterly Securities Report: March 14, 2023

Scheduled Commencement of Dividend Payment: —

Supplementary Materials on Financial Results: Attached

IR Presentation on Financial Results: None

Amounts less than one million yen have been omitted.

1. Consolidated Financial Results (for the three months ended January 31, 2023)

(1) Consolidated Operating Results

(Millions of yen, except per share data and percentages)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to owners of parent	
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)
Three months ended January 31, 2023	¥42,750	30.4%	¥5,808	69.3%	¥4,035	2.0%	¥3,445	30.6%
Three months ended January 31, 2022	32,787	43.0	3,430	110.4	3,954	99.9	2,637	112.5

Notes: 1. Comprehensive income: Three months ended January 31, 2023: ¥5,785 million [108.9%] Three months ended January 31, 2022: ¥2,769 million [—%]
 2. Percentages indicate the percentage change from the corresponding period of the previous fiscal year.

	Net Income per Share	Net Income per Share (Diluted)
Three months ended January 31, 2023	¥28.67	¥ —
Three months ended January 31, 2022	21.65	—

(2) Consolidated Financial Position

(Millions of yen, except percentages)

	Total Assets	Net Assets	Equity Ratio
As of January 31, 2023	¥208,151	¥126,217	57.5%
As of October 31, 2022	204,604	121,995	56.4

(Reference) Shareholders' equity: As of January 31, 2023: ¥119,751 million As of October 31, 2022: ¥115,468 million

2. Cash Dividends for Shareholders of Common Stock

(Yen)

	Cash Dividends per Share over the Fiscal Year				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-End	Annual
Year ended October 31, 2022	¥ —	¥ 8.00	¥ —	¥14.00	¥22.00
Year ending October 31, 2023	—				
Year ending October 31, 2023 (Forecast)		10.00	—	14.00	24.00

Note: Most recently announced revisions to dividend forecast: No

3. Consolidated Earnings Forecast (for the fiscal year ending October 31, 2023)

(Millions of yen, except per share data and percentages)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to owners of parent		Net Income per Share
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount
Six months ending April 30, 2023	¥ 92,400	28.0%	¥10,100	28.3%	¥12,400	8.5%	¥ 9,000	12.9%	¥74.90
Year ending October 31, 2023	167,900	15.6	14,500	14.4	19,300	(18.1)	14,100	(13.7)	117.34

Notes: 1. Most recently announced revisions to consolidated earnings forecast: No

2. For fiscal-year figures, percentages indicate the percentage change from the previous fiscal year. For first-half figures, percentages indicate the percentage change from the corresponding half of the previous fiscal year.

***Notes:**

(1) Changes in significant subsidiaries during the period under review (changes to subsidiaries that would alter the scope of consolidation): No

(2) Adoption of accounting methods specific to quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements due to error correction

- a) Changes in accounting policies due to revisions of accounting standards: No
- b) Changes in accounting policies due to other reasons: No
- c) Changes in accounting estimates: No
- d) Restatements of prior period financial statements due to error correction: No

(4) Number of shares issued (common stock)

	As of January 31, 2023	As of October 31, 2022
a) Number of shares issued (including treasury stock)	133,184,612 shares	133,184,612 shares
b) Number of treasury stock	13,026,188 shares	13,026,004 shares
	<u>Three months ended January 31, 2023</u>	<u>Three months ended January 31, 2022</u>
c) Average number of shares issued in the period	120,158,474 shares	121,768,009 shares

**The Quarterly Financial Results Report has not been subjected to audit procedures by certified public accountants or an audit corporation.*

**Statement concerning the Proper Use of Business Results Forecasts and Other Relevant Specific Items*

(Note on Forward-Looking Statements, etc.)

Earnings forecasts contained in this document are based on information available to management and provisional assumptions made as of the date of publication regarding uncertain factors that may impact future earnings. Readers are advised that actual results may differ materially from the forecasts due to a variety of factors. For the conditions that form the basis for the results forecasts and precautionary information on the use of results forecasts, please see (3) Explanation of Forecast Data, including Consolidated Results Forecasts under 1. Qualitative Information Regarding Consolidated Financial Results for the Period under Review on page 4 of the attached materials.

(How to obtain the Quarterly Financial Results Supplementary Materials)

The supplementary materials for the quarterly financial results will be posted on the Company's website promptly after the announcement of the financial results.

Accompanying Materials

1. Qualitative Information Regarding Consolidated Financial Results for the Period under Review

(1) Explanation of Operating Results

During the cumulative first-quarter period under review (November 1, 2022 to January 31, 2023), the Japanese economy experienced a moderate recovery as countermeasures to COVID-19 became more balanced with economic activity. Meanwhile, the outlook remained uncertain due to the soaring cost of fuel and raw materials, as crude oil prices remained high, and geopolitical risk intensified.

Against this backdrop, the Group implemented the Medium-Term Business Plan, “Create the Future—The Challenge for New Possibilities,” which started in the fiscal year ended October 31, 2021, and made every effort to implement priority measures designed to increase corporate value.

In the period under review, net sales increased by ¥9,963 million, or 30.4%, year on year, to ¥42,750 million, driven by continued strong performance of Agricultural Chemicals and Agriculture-Related Business in Japan and overseas with more than offset lower sales in the Fine Chemicals Business. Operating income was ¥5,808 million, up ¥2,378 million, or 69.3%, year on year. Ordinary income was ¥4,035 million, up ¥81 million, or 2.0%, year on year despite foreign exchange losses. Net income attributable to owners of the parent amounted to ¥3,445 million, up ¥808 million, or 30.6%, year on year. The percentage of overseas net sales was 61.0%.

Business results by segment were as follows

(Millions of yen, except percentages)

Segment	Three months ended January 31, 2022			Three months ended January 31, 2023			YoY	
	Net sales	Composition ratio	Operating income	Net sales	Composition ratio	Operating income	Net sales [% change]	Operating income [% change]
Agricultural Chemicals and Agriculture-Related Business	¥25,063	76.4%	¥3,196	¥35,090	82.1%	¥5,817	¥10,027 [40.0]	¥2,622 [82.0]
Fine Chemicals Business	5,876	17.9	411	5,361	12.5	180	(515) [(8.8)]	(230) [(56.1)]
Other Business	1,849	5.6	193	2,299	5.4	132	451 [24.4]	(61) [(31.4)]
Total	32,787	100.0	3,430	42,750	100.0	5,808	9,963 [30.4]	2,378 [69.3]

Notes: 1. Consolidated segment operating income for the cumulative first quarter period of the previous fiscal year includes ¥370 million in adjustments, mainly corporate expenses that are not allocated to any reportable segment (general and administrative expenses not attributable to any reportable segment).

2. Consolidated segment operating income for the cumulative first quarter period of the current fiscal year includes ¥322 million in adjustments, mainly corporate expenses that are not allocated to any reportable segment (general and administrative expenses not attributable to any reportable segment).

1) Agricultural Chemicals and Agriculture-Related Business segment

In the Japanese market, sales of products for nursery boxes of rice, including the rice paddy field fungicide Disarta and the rice paddy field herbicide Effeeda, remained strong. In addition, orders came in earlier, influenced by the planned price revisions. As a result, total sales in this segment significantly exceeded those in the same period of the previous fiscal year. In markets outside Japan, shipments of Axeev, a herbicide for field crops, increased significantly as demand increased in all the main markets of North America, Australia, Argentina and Brazil due to its high level of effectiveness as a herbicide and the positive market environment.

As a result of the factors above, net sales in the Agricultural Chemicals and Agriculture-Related Business segment came to ¥35,090 million, up by ¥10,027 million (40.0%) compared with the same period of the previous fiscal year. Operating income increased by ¥2,622 million (82.0%) year on year to ¥5,817 million.

2) Fine Chemicals Business segment

Shipments of bismaleimides and some chloroxylene derivatives decreased due to the economic slowdown in China and the U.S. On the other hand, sales of expanded polystyrene and speciality chemicals were in line with the previous fiscal year.

As a result of the factors above, net sales in the Fine Chemicals Business segment came to ¥5,361 million, down by ¥515 million (8.8%) compared with the same period of the previous fiscal year. Operating income decreased by ¥230 million (56.1%) year on year to ¥180 million.

3) Other Business segment

Sales in the Printing Business and the Logistics Business remained strong, and sales in the Construction Business increased significantly due to progress on construction carried over from the previous fiscal year. As a result, net sales in the Other Business segment amounted to ¥2,299 million, up ¥451 million (24.4%) compared with the same period of the previous fiscal year. Operating income decreased ¥61 million (31.4%) year on year to ¥132 million, impacted by cost increases.

(2) Explanation of Financial Position

Total assets on a consolidated basis as of January 31, 2023 stood at ¥208,151 million, up by ¥3,547 million from the end of the previous fiscal year. This was mainly because increases in investment securities and merchandise and finished products exceeded the decrease in notes, accounts receivable-trade, and contract assets.

Liabilities decreased ¥675 million compared with previous fiscal year-end to ¥81,934 million. This was mainly because decreases in accounts payable-other, income taxes payable, and notes and accounts payable-trade exceeded the increase in short-term loans payable.

Total net assets amounted to ¥126,217 million, an increase of ¥4,221 million compared with the end of the previous fiscal year. The increase in total net assets was mainly due to increases in foreign currency translation adjustments and retained earnings.

The equity ratio stood at 57.5%, and net assets per share were ¥996.61.

(3) Explanation of Forecast Data, including Consolidated Results Forecasts

No changes have been made to the forecasts for the interim and full-year results for the fiscal year ending October 31, 2023 published at the December 14, 2022 announcement of the financial results for the fiscal year ended October 31, 2022.

2. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of yen	
	As of October 31, 2022	As of January 31, 2023
ASSETS		
Current assets:		
Cash and deposits	22,300	23,126
Notes, accounts receivable–trade, and contract assets	49,702	45,010
Merchandise and finished products	38,411	41,963
Work in process	10,250	10,869
Raw materials and supplies	7,531	8,562
Other current assets	4,748	3,194
Allowance for doubtful accounts	(107)	(42)
Total current assets	132,836	132,683
Fixed assets:		
Property, plant and equipment:		
Buildings and structures, net	13,992	13,859
Machinery, equipment and vehicles, net	10,018	10,063
Land	12,389	12,408
Construction in progress	5,006	5,181
Other property, plant and equipment, net	1,739	1,717
Total property and equipment	43,145	43,227
Intangible fixed assets:		
Goodwill	3,419	3,253
Other intangible assets	1,412	1,343
Total intangible assets	4,831	4,596
Investments and other assets:		
Investments securities	21,038	24,794
Long-term loans	318	318
Deferred tax assets	1,061	1,127
Net defined benefit asset	77	68
Other	1,465	1,504
Allowance for doubtful accounts	(166)	(166)
Total investments and other assets	23,793	27,644
Total fixed assets	71,768	75,468
Total assets	204,604	208,151

	Millions of yen	
	As of October 31, 2022	As of January 31, 2023
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	20,985	19,329
Short-term loan payable	22,653	33,387
Accounts payable-other	8,678	3,601
Income taxes payable	4,765	1,027
Provision for bonuses	1,713	736
Provision for environmental measures	394	493
Other current liabilities	3,680	5,149
Total current liabilities	62,868	63,722
Long-term liabilities:		
Long-term loan payable	12,280	11,435
Deferred tax liabilities	1,398	1,090
Provision for directors' retirement benefits	488	414
Provision for environmental measures	210	60
Net defined benefit liability	4,394	4,332
Asset retirement obligations	42	42
Other long-term liabilities	929	840
Total long-term liabilities	19,741	18,212
Total liabilities	82,609	81,934
NET ASSETS		
Shareholders' equity:		
Capital stock	4,534	4,534
Capital surplus	37,403	37,450
Retained earnings	86,649	88,554
Less treasury stocks, at cost	(9,370)	(9,370)
Total shareholders' equity	119,216	121,169
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	1,485	1,276
Foreign currency translation adjustments	(5,121)	(2,590)
Remeasurements of defined benefit plans	(112)	(105)
Total accumulated other comprehensive loss	(3,748)	(1,418)
Non-controlling interests	6,527	6,466
Total net assets	121,995	126,217
Total liabilities and net assets	204,604	208,151

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

	Millions of yen	
	Three months ended January 31, 2022	Three months ended January 31, 2023
Net sales	32,787	42,750
Cost of sales	24,635	31,705
Gross profits	8,152	11,045
Selling, general and administrative expenses	4,722	5,237
Operating income	3,430	5,808
Non-operating income:		
Interest income	9	39
Dividend income	62	68
Reversal of allowance for doubtful accounts	28	115
Equity in earnings of affiliates	79	2,495
Foreign exchange gains	364	—
Other	30	164
Total non-operating income	572	2,881
Non-operating expenses:		
Interest expenses	36	52
Foreign exchange losses	—	4,599
Other	12	3
Total non-operating expenses	48	4,654
Ordinary income	3,954	4,035
Extraordinary income:		
Gain on disposal of fixed assets	—	1
Subsidy income	—	279
Insurance income	1	2
Total extraordinary income	1	282
Extraordinary loss:		
Loss on disposal of fixed assets	39	16
Loss on valuation of golf club membership	—	0
Total extraordinary loss	39	16
Income before income taxes and non-controlling interests	3,916	4,300
Income taxes	1,241	750
Net income	2,675	3,550
Net income attributable to non-controlling interests	38	105
Net income attributable to owners of parent	2,637	3,445

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Three months ended January 31, 2022	Three months ended January 31, 2023
Net income	2,675	3,550
Other comprehensive income:		
Valuation difference on available-for-sale securities	(152)	(206)
Foreign currency translation adjustment	36	(531)
Remeasurements of defined benefit plans	4	7
Share of other comprehensive income of associates accounted for using equity method	206	2,966
Total other comprehensive income	94	2,235
Comprehensive income	2,769	5,785
(Breakdown)		
Comprehensive income attributable to owners of the parent	2,719	5,774
Comprehensive income attributable to non-controlling interests	51	11

(Segment Information, etc.)

[Segment Information]

For the first quarter ended January 31, 2022 (From November 1, 2021 to January 31, 2022)

1. Information regarding sales and income or loss of reportable segments

Millions of yen

	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Agricultural Chemicals and Agriculture- Related	Fine Chemicals	Total				
Net sales:							
Outside customers	25,063	5,876	30,939	1,849	32,787	—	32,787
Inter-segment	0	7	7	1,319	1,327	(1,327)	—
Total	25,063	5,883	30,946	3,168	34,114	(1,327)	32,787
Segment income/(loss)	3,196	411	3,607	193	3,800	(370)	3,430

(Notes)

1. The Other Business segment was not included under reportable segments. It is comprised of the Leasing Business, Power Generation and Electricity Sales Business, Construction Business, Printing Business, Logistics Business, and Information Services Business.
2. The segment income adjustment of ¥370 million consists of corporate expenses not allocated to each reportable segment. Corporate expenses primarily consist of general administrative expenses that are not attributable to reportable segments.
3. Segment income was reconciled to operating income in the quarterly consolidated statements of income.

For the first quarter ended January 31, 2023 (From November 1, 2022 to January 31, 2023)

1. Information regarding sales and income or loss of reportable segments

Millions of yen

	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Agricultural Chemicals and Agriculture- Related	Fine Chemicals	Total				
Net sales:							
Outside customers	35,090	5,361	40,451	2,299	42,750	—	42,750
Inter-segment	0	13	14	1,041	1,055	(1,055)	—
Total	35,090	5,374	40,464	3,340	43,804	(1,055)	42,750
Segment income/(loss)	5,817	180	5,998	132	6,130	(322)	5,808

(Notes)

1. The Other Business segment was not included under reportable segments. It is comprised of the Leasing Business, Power Generation and Electricity sales Business, Construction Business, Printing Business, Logistics Business, and Information Services Business.
2. The segment income adjustment of ¥322 million consists of corporate expenses not allocated to each reportable segment. Corporate expenses primarily consist of general administrative expenses that are not attributable to reportable segments.
3. Segment income was reconciled to operating income in the quarterly consolidated statements of income.

(Significant Subsequent Event)

[Disposition of Treasury Shares as Restricted Share-Based Remuneration]

The meeting of the Board of Directors held on February 17, 2023 (hereinafter referred to as “the Allotment Resolution Date”) resolved to implement a disposition of treasury shares (hereinafter referred to as “disposition of treasury shares” or “disposition”) as outlined below.

(1) Overview of disposition

1) Date of disposition	March 16, 2023
2) Class and number of shares subject to disposition	54,000 common shares of the Compan
3) Disposition price	857 yen per share
4) Total amount of disposition	46,278,000 yen
5) Persons to be allotted shares, number of shares to be allotted, and number of person	Total of 32,500 shares for six Directors (excluding Outside Directors) Executive officers not concurrently serving as Directors: 10, 21,500 shares
6) Other	The Company has submitted a securities notice regarding the disposition of treasury shares based on the Financial Instruments and Exchange Act.

(2) Objectives and reasons for disposition

The meeting of the Board of Directors held on December 14, 2020 resolved to introduce a restricted share-based remuneration plan (hereinafter referred to as “the Plan”) for the Company’s Directors, excluding the Outside Directors (hereinafter referred to as “Eligible Directors”), as a new remuneration system for the Eligible Directors with the objectives of providing a long-term incentive and promoting shareholder value. Furthermore, the 72nd General Meeting of Shareholders held on January 28, 2021 approved the payment of an annual amount of up to 100 million yen in monetary credit to the Eligible Directors as monetary compensation for making the in-kind contribution for the acquisition of restricted shares (hereinafter referred to as “Restricted Share Remuneration”). The Meeting also approved the establishment of a period of 30 years from the date of payment or the date of disposition as the transfer restriction period for the restricted shares in the Plan.

The meeting of the Board of Directors held on February 19, 2021 resolved to introduce the same restricted-share plan as the one for the Eligible Directors for the Company’s executive officers not concurrently serving as Directors (hereinafter referred to collectively with the Eligible Directors as “the Eligible Directors, etc.”), and an outline of the Plan is as follows.

(Outline of the Plan)

The Eligible Directors, etc. will receive issuance or disposition of the Company’s common shares by making in-kind contribution of all of the monetary credit granted by the Company under the Plan. The total number of common shares to be issued or disposed by the Company to the Eligible Directors, etc. under the Plan shall not exceed 150,000 shares per year. The per-share paid-in amount shall be decided by resolution of the Board of Directors. The resolution shall be based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day immediately preceding the resolution (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day), to the extent that it will not constitute an action that is especially advantageous to the concerned Eligible Directors, etc. subscribing to the shares.

In addition, on the issuance or disposition of the Company’s common shares, the Company and each of the Eligible Directors, etc. shall conclude a restricted shares allotment agreement, including the following items.

- 1) The Eligible Directors, etc. shall not transfer, create a security interest on, or otherwise dispose of the common shares of the Company allotted under the restricted shares allotment agreement for a certain period.
- 2) In the event that certain causes arise, the Company shall acquire the common shares without compensation.

On this occasion, it has been decided to grant a total of 46,278,000 yen in monetary credit (hereinafter referred to as “the Monetary Credit”) and allot 54,000 common shares upon payment of the monetary compensation credit, following consultation with the Nomination and Remuneration Committee, composed mainly of Outside Directors. This decision was made taking into consideration the objectives of the Plan, the Company’s business conditions, the scope of responsibilities of the Eligible Directors, etc. and various other circumstances, with the objectives of further increasing the motivation of each of the Eligible Directors and promoting further shareholder value. To provide a long-term incentive and realize the sharing of increased shareholder value, which are the objectives of the Plan, the transfer restriction period is set at 30 years.

In the disposition of treasury shares, the 16 Eligible Directors, etc. who are the planned allottees, will receive the Company’s common shares after disposition of treasury shares (hereinafter referred to as “the Allotted Shares”) by making in-kind contribution of all the Monetary Credit to the Company. The outline of the restricted share allotment agreement (hereinafter referred to as “the Allotment Agreement”) concluded by the Company with each of the Eligible Directors, etc. in relation to the disposition of treasury shares is as follows in (3).

(3) Outline of the Allotment Agreement

a. Transfer restriction period: From March 16, 2023 to March 16, 2053

b. Cancellation conditions of the transfer restrictions

The transfer restrictions on all of the Allotted Shares will be cancelled on the expiry of the transfer restriction period subject to the condition that the Eligible Director, etc. remains continuously during the transfer restriction period in the position of either a Director, Executive Officer not serving concurrently as a Director, an Audit & Supervisory Board Member, an employee, corporate advisor, counsellor, or a person with any other equivalent position.

c. Handling in the event that the Eligible Director, etc. resigns or retires before the expiry of the transfer restriction period due to the expiry of term of office, mandatory retirement, or any other justifiable cause

1) Timing of cancellation of transfer restrictions

If an Eligible Director, etc. resigns or retires from his or her position as a Director, Executive Officer not serving concurrently as a Director, an Audit & Supervisory Board Member, an employee, corporate advisor, counsellor, or a person with any other equivalent position before the expiry of the transfer restriction period due to the expiry of term of office, mandatory retirement, or any other justifiable cause (including retirement due to death), the transfer restrictions will be cancelled immediately following the retirement or resignation of such Eligible Director, etc.

2) Number of shares subject to cancellation of transfer restrictions

The number of shares subject to cancellation of transfer restrictions shall be the number of the Allotted Shares owned by the Eligible Director, etc. at the time of the retirement or resignation provided for in 1); multiplied by the number of months of the term of office from the Allotment Resolution Date until date of retirement or resignation of the Eligible Director; divided by 12 (if the number so obtained exceeds 1, the number shall be 1). (However, the number of shares shall be rounded down if the calculation produces a fraction that is less than a trading unit.)

d. Acquisition without compensation by the Company

The Company will acquire without compensation the Allotted Shares that are not subject to the cancellation of the transfer restrictions on the transfer restriction expiry or cancellation provided for above in (c).

e. Management of shares

During the transfer restriction period, the Allotted Shares will be managed through a dedicated account that the Eligible Directors, etc. opened at Nomura Securities Co. Ltd. so that they cannot transfer, create a security interest on or otherwise dispose of the Allotted Shares before the expiry of the transfer restriction period. In order to ensure the effectiveness of the transfer restrictions on the Allotted Shares, the Company has concluded an agreement with Nomura Securities on the management of the accounts for the Allotted Shares owned by each Eligible Director, etc. The Eligible Directors, etc. shall agree to the details of account management.

f. Handling in a reorganization, etc.

If, during the transfer restriction period, a merger agreement in which the Company is the absorbed company, a share exchange agreement in which the Company becomes a wholly owned subsidiary, a share transfer plan, or any other matters related to reorganization, etc. are approved by the Company's General Meeting of Shareholders (or by the Company's Board of Directors when approval of the General Meeting of Shareholders is not required for the case), the transfer restrictions will be cancelled based on a resolution of the Board of Directors immediately prior to the business day before the effective date of the reorganization, etc. in the following manner: The transfer restrictions will be cancelled for the number of shares calculated by multiplying the number of the Allotted Shares owned by the Eligible Directors, etc. by the number of months from the Allotment Resolution Date until the reorganization, etc. was approved divided by 12. (However, the number shall be rounded down if the calculation produces a fraction that is less than a trading unit.) In addition, the Company will acquire without compensation all of the Allotted Shares not subject to the transfer restriction cancellation immediately after the transfer restrictions have been cancelled.

(4) Basis for calculating the amount to be paid-in and specific details

Based on the Plan, the disposition of treasury shares to the planned allottees will be carried out in exchange for the Monetary Credit as in-kind contributions provided as Restricted Share Remuneration for the Company's 75th business year. In order to eliminate any discretion, the disposition price has been set at 857 yen, which was the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on February 16, 2023 (the business day immediately before the Board of Directors' resolution). This is the market price on the day immediately before the resolution of the Board of Directors, and it is considered to be a reasonable and not particularly advantageous price.