

## KUMIAI CHEMICAL INDUSTRY CO., LTD.

### Consolidated Financial Results for the First Quarter Ended January 31, 2024 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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 Stock Exchange Listings: Prime Market of Tokyo Stock Exchange (Securities code: 4996)  
 URL: <https://www.kumiai-chem.co.jp>  
 Representative: Makoto Takagi, President and Representative Director  
 For Inquiry: Koji Yamada, General Manager of General Affairs Department (Telephone: 81-3-3822- 5036)  
 Scheduled Filing of Quarterly Securities Report: March 14, 2024  
 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, 2024)

##### (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, 2024	¥39,298	(8.1)%	¥2,942	(49.3)%	¥3,565	(11.6)%	¥2,488	(27.8)%
Three months ended January 31, 2023	42,750	30.4	5,808	69.3	4,035	2.0	3,445	30.6

Notes: 1. Comprehensive income: Three months ended January 31, 2024: ¥3,752 million [(35.1)%] Three months ended January 31, 2023: ¥5,785 million [108.9%]  
 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, 2024	¥20.67	¥ —
Three months ended January 31, 2023	28.67	—

##### (2) Consolidated Financial Position

(Millions of yen, except percentages)

	Total Assets	Net Assets	Equity Ratio
As of January 31, 2024	¥244,692	¥140,295	54.5%
As of October 31, 2023	226,939	139,845	58.6

(Reference) Shareholders' equity: As of January 31, 2024: ¥133,304 million As of October 31, 2023: ¥133,025 million

#### 2. Cash Dividends for Shareholders of Common Shares

(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, 2023	¥ —	¥18.00	¥ —	¥27.00	¥45.00
Year ending October 31, 2024	—				
Year ending October 31, 2024 (Forecast)		10.00	—	18.00	28.00

Note: Most recently announced revisions to dividend forecast: No

#### 3. Consolidated Earnings Forecast (for the fiscal year ending October 31, 2024)

(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, 2024	¥ 92,000	(3.6)%	¥ 9,000	(28.9)%	¥11,000	(18.5)%	¥ 8,000	(21.9)%	¥66.49
Year ending October 31, 2024	167,000	3.7	12,000	(14.8)	15,000	(37.8)	11,000	(39.0)	91.42

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 shares)

	As of January 31, 2024	As of October 31, 2023
a) Number of shares issued (including treasury shares)	133,184,612 shares	133,184,612 shares
b) Number of treasury shares	12,860,618 shares	12,859,015 shares
	Three months ended January 31, 2024	Three months ended January 31, 2023
c) Average number of shares issued in the period	120,324,619 shares	120,158,474 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 corporate website on Friday, March 8, 2024.*

## 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, 2023 to January 31, 2024), the momentum of the Japanese economy paused, although it had been showing signs of moderate recovery. This was due in part to downward pressure on consumption driven by inflated cost of living and the repercussions of the Noto Peninsula Earthquake. The outlook also remained uncertain due to the economic downturn overseas, primarily in China, intensifying geopolitical risks, and other factors.

Against this backdrop, the Group formulated the Medium-Term Business Plan, “Create the Future—Expanding our Possibilities,” which started in the fiscal year ending October 31, 2024, and made every effort to implement priority measures designed to increase corporate value.

In the period under review, net sales decreased by ¥3,452 million, or 8.1%, year on year, to ¥39,298 million, as sales in the Agricultural Chemicals and Agriculture-Related Business came in lower than in the previous year. Operating income was ¥2,942 million, down ¥2,866 million, or 49.3%, year on year. Ordinary income was ¥3,565 million, down ¥470 million, or 11.6%, year on year, as this year’s significantly lower foreign exchange losses failed to offset the downward impact of lower equity in earnings of affiliates. Net income attributable to owners of the parent amounted to ¥2,488 million, down ¥957 million, or 27.8%, year on year. The percentage of overseas net sales was 61.4%.

Business results by segment were as follows

(Millions of yen, except percentages)

Segment	Three months ended January 31, 2023			Three months ended January 31, 2024			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	¥35,090	82.1%	¥5,817	¥31,946	81.3%	¥2,823	¥(3,143) [(9.0)]	¥(2,995) [(51.5)]
Fine Chemicals Business	5,361	12.5	180	5,415	13.8	263	54 [1.0]	83 [46.0]
Other Business	2,299	5.4	132	1,936	4.9	220	(363) [(15.8)]	88 [66.2]
Total	42,750	100.0	5,808	39,298	100.0	2,942	(3,452) [(8.1)]	(2,866) [(49.3)]

- Notes: 1. Consolidated segment operating income for the cumulative first quarter period of the previous 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).
2. Consolidated segment operating income for the cumulative first quarter period of the current fiscal year includes ¥364 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, although sales of the rice paddy field herbicide EFEEEDA remained strong, total sales in this segment were significantly lower than in the same period of the previous fiscal year as orders had come in earlier due to the planned price revisions in the previous fiscal year.

In markets outside Japan, sales volume of AXEEV, a herbicide for field crops, fell due to inventory adjustments in Australia, price reductions as a measure to counter generic products, and a change in the timing of shipments to Argentina, resulting in lower total sales in overseas shipments than in the previous fiscal year.

As a result of the factors above, net sales in the Agricultural Chemicals and Agriculture-Related Business segment came to ¥31,946 million, down by ¥3,143 million (9.0%) compared with the same period of the previous fiscal year. Operating income decreased by ¥2,995 million (51.5%) year on year to ¥2,823 million, due to the decrease in net sales together, an increase in cost of sales, and other factors.

### *2) Fine Chemicals Business segment*

Sales volume of chloroxylene and chlorotoluene derivatives decreased due to the impact of inventory adjustments by customers. On the other hand, sales volume of bismaleimides increased significantly due to a recovery in semiconductor demand. In addition, sales of expanded polystyrene and specialty 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 ¥5,415 million, up by ¥54 million (1.0%) compared with the same period of the previous fiscal year. Operating income increased by ¥83 million (46.0%) year on year to ¥263 million.

### *3) Other Business segment*

Sales in the printing business and the logistics business remained strong, but sales in the construction business decreased due to a reduction in construction work carried over from the previous fiscal year. As a result, net sales in the Other Business segment amounted to ¥1,936 million, down ¥363 million (15.8%) compared with the same period of the previous fiscal year. Operating income increased ¥88 million (66.2%) year on year to ¥220 million, as a result of strenuous cost-cutting efforts.

## **(2) Explanation of Financial Position**

Total assets on a consolidated basis as of January 31, 2024 stood at ¥244,692 million, up by ¥17,753 million from the end of the previous fiscal year. The main factors were increases in merchandise and finished products, notes, accounts receivable-trade, and contract assets, and investments securities.

Liabilities increased ¥17,302 million compared with previous fiscal year-end to ¥104,396 million. The main factors were increases in short-term loan payable and notes and accounts payable-trade, not entirely offset by a decrease in accounts payable-other.

Total net assets amounted to ¥140,295 million, an increase of ¥451 million compared with the end of the previous fiscal year. The increase in total net assets was mainly due to an increase in foreign currency translation adjustments.

The equity ratio stood at 54.5%, and net assets per share were ¥1,107.88.

## **(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, 2024 published at the December 14, 2023 announcement of the financial results for the fiscal year ended October 31, 2023.

## 2. Quarterly Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	Millions of yen	
	As of October 31, 2023	As of January 31, 2024
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	27,080	27,330
Notes, accounts receivable–trade, and contract assets	35,751	41,042
Merchandise and finished products	51,232	61,370
Work in process	12,295	13,744
Raw materials and supplies	9,916	10,285
Other current assets	5,745	2,912
Allowance for doubtful accounts	(25)	(25)
<b>Total current assets</b>	<b>141,995</b>	<b>156,659</b>
<b>Fixed assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures, net	20,781	20,572
Machinery, equipment and vehicles, net	9,737	9,472
Land	12,149	12,140
Construction in progress	2,202	4,069
Other property, plant and equipment, net	2,719	2,643
<b>Total property and equipment</b>	<b>47,587</b>	<b>48,895</b>
<b>Intangible fixed assets:</b>		
Goodwill	2,757	2,591
Other intangible assets	1,232	1,227
<b>Total intangible assets</b>	<b>3,989</b>	<b>3,818</b>
<b>Investments and other assets:</b>		
Investments securities	30,453	32,380
Long-term loans	517	517
Deferred tax assets	1,098	1,093
Net defined benefit asset	56	58
Other	1,514	1,546
Allowance for doubtful accounts	(270)	(275)
<b>Total investments and other assets</b>	<b>33,367</b>	<b>35,319</b>
<b>Total fixed assets</b>	<b>84,944</b>	<b>88,033</b>
<b>Total assets</b>	<b>226,939</b>	<b>244,692</b>

	Millions of yen	
	As of October 31, 2023	As of January 31, 2024
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	19,067	20,805
Short-term loan payable	37,404	58,090
Accounts payable-other	7,356	4,202
Income taxes payable	1,683	1,548
Provision for bonuses	1,908	787
Provision for environmental measures	201	125
Other current liabilities	4,069	3,908
<b>Total current liabilities</b>	<b>71,688</b>	<b>89,466</b>
<b>Long-term liabilities:</b>		
Long-term loan payable	8,355	8,351
Deferred tax liabilities	1,242	827
Provision for directors' retirement benefits	386	372
Net defined benefit liability	4,401	4,383
Asset retirement obligations	43	43
Other long-term liabilities	980	955
<b>Total long-term liabilities</b>	<b>15,406</b>	<b>14,930</b>
<b>Total liabilities</b>	<b>87,094</b>	<b>104,396</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Capital stock	4,534	4,534
Capital surplus	37,467	37,467
Retained earnings	100,969	100,208
Less treasury shares, at cost	(9,240)	(9,241)
<b>Total shareholders' equity</b>	<b>133,731</b>	<b>132,968</b>
<b>Accumulated other comprehensive income:</b>		
Valuation differences on available-for-sale securities	1,629	1,782
Foreign currency translation adjustments	(2,214)	(1,334)
Remeasurements of defined benefit plans	(120)	(112)
<b>Total accumulated other comprehensive income (loss)</b>	<b>(706)</b>	<b>336</b>
<b>Non-controlling interests</b>	<b>6,819</b>	<b>6,991</b>
<b>Total net assets</b>	<b>139,845</b>	<b>140,295</b>
<b>Total liabilities and net assets</b>	<b>226,939</b>	<b>244,692</b>

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

	Millions of yen	
	Three months ended January 31, 2023	Three months ended January 31, 2024
<b>Net sales</b>	42,750	39,298
<b>Cost of sales</b>	31,705	30,935
<b>Gross profits</b>	11,045	8,363
<b>Selling, general and administrative expenses</b>	5,237	5,421
<b>Operating income</b>	5,808	2,942
<b>Non-operating income:</b>		
Interest income	39	41
Dividend income	68	89
Reversal of allowance for doubtful accounts	115	3
Equity in earnings of affiliates	2,495	845
Other	164	176
<b>Total non-operating income</b>	2,881	1,154
<b>Non-operating expenses:</b>		
Interest expenses	52	64
Foreign exchange losses	4,599	417
Other	3	50
<b>Total non-operating expenses</b>	4,654	531
<b>Ordinary income</b>	4,035	3,565
<b>Extraordinary income:</b>		
Gain on disposal of fixed assets	1	4
Subsidy income	279	—
Insurance income	2	1
<b>Total extraordinary income</b>	282	4
<b>Extraordinary loss:</b>		
Loss on disposal of fixed assets	16	13
Loss on valuation of golf club membership	0	—
<b>Total extraordinary loss</b>	16	13
<b>Income before income taxes and non-controlling interests</b>	4,300	3,556
<b>Income taxes</b>	750	862
<b>Net income</b>	3,550	2,694
<b>Net income attributable to non-controlling interests</b>	105	207
<b>Net income attributable to owners of parent</b>	3,445	2,488

## Consolidated Statements of Comprehensive Income

	Millions of yen	
	Three months ended January 31, 2023	Three months ended January 31, 2024
<b>Net income</b>	3,550	2,694
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	(206)	164
Foreign currency translation adjustment	(531)	17
Remeasurements of defined benefit plans	7	8
Share of other comprehensive income of associates accounted for using equity method	2,966	869
<b>Total other comprehensive income</b>	<b>2,235</b>	<b>1,058</b>
<b>Comprehensive income</b>	<b>5,785</b>	<b>3,752</b>
(Breakdown)		
Comprehensive income attributable to owners of the parent	5,774	3,529
Comprehensive income attributable to non-controlling interests	11	223



(Segment Information, etc.)

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.

For the first quarter ended January 31, 2024 (From November 1, 2023 to January 31, 2024)

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	31,946	5,415	37,362	1,936	39,298	—	39,298
Inter-segment	1	10	10	1,059	1,069	(1,069)	—
Total	31,947	5,425	37,372	2,995	40,367	(1,069)	39,298
Segment income/(loss)	2,823	263	3,086	220	3,306	(364)	2,942

(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 ¥364 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 16, 2024 (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 15, 2024
2) Class and number of shares subject to disposition	54,500 common shares of the Compan
3) Disposition price	808 yen per share
4) Total amount of disposition	44,036,000 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, 22,000 shares

***(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 44,036,000 yen in monetary credit (hereinafter referred to as “the Monetary Credit”) and allot 54,500 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 15, 2024 to March 15, 2054

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, 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, 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 76th business year. In order to eliminate any discretion, the disposition price has been set at 808 yen, which was the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on February 15, 2024 (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.