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March 7, 2025

Consolidated Financial Results for the Three Months Ended January 31, 2025 (Under Japanese GAAP)



Company name: KUMIAI CHEMICAL INDUSTRY CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 4996
 URL: <https://www.kumiai-chem.co.jp>
 Representative: Masaru Yokoyama, President and Representative Director
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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded off to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended January 31, 2025 (from November 1, 2024 to January 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
January 31, 2025	43,381	10.4	4,008	36.3	5,047	41.6	4,003	60.9
January 31, 2024	39,298	(8.1)	2,942	(49.3)	3,565	(11.6)	2,488	(27.8)

Note: Comprehensive income For the three months ended January 31, 2025: ¥5,499 million [46.6%]
 For the three months ended January 31, 2024: ¥3,752 million [(35.1)%]

	Basic earnings per share	Diluted earnings per share (diluted)
Three months ended	Yen	Yen
January 31, 2025	33.26	—
January 31, 2024	20.67	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
January 31, 2025	273,834	155,527	54.2
October 31, 2024	275,474	152,941	53.0

Reference: Equity
 As of January 31, 2025: ¥148,459 million
 As of October 31, 2024: ¥145,917 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended October 31, 2024	—	10.00	—	24.00	34.00
Fiscal year ending October 31, 2025	—				
Fiscal year ending October 31, 2025 (Forecast)		10.00	—	24.00	34.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial result forecasts for the fiscal year ending October 31, 2025 (from November 1, 2024 to October 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending April 30, 2025	88,400	0.3	7,000	(20.7)	8,100	(37.6)	5,800	(37.8)	48.18
Full year	159,300	(1.1)	10,400	(8.4)	14,500	(20.8)	10,900	(19.8)	90.55

Note: Revisions to the financial result forecast most recently announced: None

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of January 31, 2025	133,184,612 shares
As of October 31, 2024	133,184,612 shares

- (ii) Number of treasury shares at the end of the period

As of January 31, 2025	12,811,616 shares
As of October 31, 2024	12,810,323 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended January 31, 2025	120,373,402 shares
Three months ended January 31, 2024	120,324,619 shares

- * Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

- * Proper use of earnings forecasts and other special matters

(Note on forward-looking statements, etc.)

Earnings forecasts contained in this document are based on information available to management as of the date of publication and provisional assumptions made as of such date 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 Consolidated Financial Results Forecast and Other Forward-looking Information under 1. Qualitative Information on Quarterly Financial Results on page 2 of the attached materials.

(How to obtain the financial results supplementary materials)

The supplementary materials for the financial results will be posted on Kumiai's official website on Friday, March 7, 2025.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended January 31, 2025, the Japanese economy continued on a moderate recovery track due to the recovery of corporate capital investments and personal consumption. On the other hand, the outlook is expected to remain uncertain due to intensifying geopolitical risks, including the situations in Ukraine and the Middle East, and the possibility of significant policy changes by the new U.S. administration and other factors.

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

In the period under review, net sales increased by ¥4,084 million (10.4%) year on year, to ¥43,381 million, as sales in all segments came in higher than in the previous year. Operating profit was ¥4,008 million, up ¥1,066 million (36.3%) year on year. Ordinary profit was ¥5,047 million, up ¥1,482 million (41.6%) year on year. Profit attributable to owners of parent amounted to ¥4,003 million, up ¥1,516 million (60.9%) year on year. The percentage of overseas net sales was 58.2%.

Business results by segment were as follows.

(Millions of yen, except percentages)

Segment	Three months ended January 31, 2024			Three months ended January 31, 2025			YoY	
	Net sales	Composition ratio	Operating profit	Net sales	Composition ratio	Operating profit	Net sales [% change]	Operating profit [% change]
Agricultural Chemicals and Agriculture-Related Business	¥31,946	81.3%	¥2,823	¥34,628	79.8%	¥3,604	¥2,682 [8.4]	¥782 [27.7]
Fine Chemicals Business	5,415	13.8	263	5,941	13.7	558	526 [9.7]	294 [111.8]
Other Business	1,936	4.9	220	2,812	6.5	262	876 [45.3]	42 [19.1]
Total	39,298	100.0	2,942	43,381	100.0	4,008	4,084 [10.4]	1,066 [36.3]

- Notes:
1. Consolidated segment operating profit for the three months ended January 31, 2024 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).
 2. Consolidated segment operating profit for the three months ended January 31, 2025 includes ¥416 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 for paddy rice including fungicides DISARTA and herbicide for paddy rice including herbicide EFFEEDA remained strong, and total sales in this segment exceeded those in the same period of the previous fiscal year.

In markets outside Japan, while sales of herbicide AXEEV to the U.S. and Argentina declined, sales to Australia increased thanks to legal actions against patent infringing products and sales to Brazil also increased due to enhanced sales promotion.

As a result of the factors above, net sales in the Agricultural Chemicals and Agriculture-Related Business segment came to ¥34,628 million, up by ¥2,682 million (8.4%) compared with the same period of the previous fiscal year. Operating profit increased by ¥782 million (27.7%) year on year to ¥3,604 million as a result of increased sales in addition to our cost reduction efforts.

2) Fine Chemicals Business segment

Sales volume of bismaleimides increased due to strong demand in the field of electronic materials for generative AI servers, and sales volume of amines were strong.

As a result of the above, net sales in the Fine Chemicals Business segment came to ¥5,941 million, up by ¥526 million (9.7%) compared with the same period of the previous fiscal year. Operating profit increased by ¥294 million (111.8%) year on year to ¥558 million.

3) Other Business segment

Sales in the printing business and the logistics business remained flat, and orders were steady for new construction in the construction business. As a result, net sales in the Other Business segment amounted to ¥2,812 million, up ¥876 million (45.3%) compared with the same period of the previous fiscal year. Operating profit increased ¥42 million (19.1%) year on year to ¥262 million.

(2) Explanation of Financial Position

Total assets on a consolidated basis as of January 31, 2025 stood at ¥273,834 million, down by ¥1,639 million from the end of the previous fiscal year. The main factor was a decrease in merchandise and finished goods, which exceeded an increase in investment securities.

Liabilities decreased ¥4,225 million compared with previous fiscal year-end to ¥118,308 million. The main factors were decreases in notes and accounts payable – trade and accounts payable – other, which exceeded an increase in short-term borrowings.

Total net assets amounted to ¥155,527 million, an increase of ¥2,585 million compared with the end of the previous fiscal year. The increase in total net assets was mainly due to increases in retained earnings and foreign currency translation adjustment.

The equity ratio stood at 54.2%, and net assets per share were ¥1,233.32.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The financial results forecast for the six months ending April 30, 2025 and full-year results forecast for the fiscal year ending October 31, 2025 has not been changed from the forecast announced on December 13, 2024 with the financial results for the fiscal year ended October 31, 2024.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of October 31, 2024	As of January 31, 2025
Assets		
Current assets		
Cash and deposits	27,404	27,744
Notes and accounts receivable - trade, and contract assets	45,730	45,854
Merchandise and finished goods	75,076	70,554
Work in process	15,451	16,440
Raw materials and supplies	9,648	10,469
Other	5,276	3,506
Allowance for doubtful accounts	(232)	(205)
Total current assets	178,355	174,363
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,005	23,325
Machinery, equipment and vehicles, net	10,744	11,303
Land	12,416	12,453
Construction in progress	3,571	3,000
Other, net	2,470	2,420
Total property, plant and equipment	52,205	52,501
Intangible assets		
Goodwill	2,095	1,929
Other	1,146	1,097
Total intangible assets	3,241	3,027
Investments and other assets		
Investment securities	38,691	40,946
Long-term loans receivable	512	538
Deferred tax assets	1,164	1,206
Retirement benefit asset	61	56
Other	1,593	1,580
Allowance for doubtful accounts	(348)	(382)
Total investments and other assets	41,673	43,944
Total non-current assets	97,119	99,471
Total assets	275,474	273,834

(Millions of yen)

	As of October 31, 2024	As of January 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	25,610	17,814
Short-term borrowings	55,010	64,632
Accounts payable - other	10,243	4,269
Income taxes payable	886	1,559
Provision for bonuses	1,798	661
Provision for environmental measures	113	73
Other	2,360	2,494
Total current liabilities	96,021	91,502
Non-current liabilities		
Long-term borrowings	19,252	19,978
Deferred tax liabilities	1,685	1,342
Provision for retirement benefits for directors (and other officers)	442	433
Retirement benefit liability	4,107	4,120
Asset retirement obligations	44	44
Other	982	889
Total non-current liabilities	26,511	26,806
Total liabilities	122,532	118,308
Net assets		
Shareholders' equity		
Share capital	4,534	4,534
Capital surplus	37,491	37,500
Retained earnings	110,107	111,221
Treasury shares	(9,221)	(9,221)
Total shareholders' equity	142,912	144,034
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,629	1,691
Foreign currency translation adjustment	1,317	2,676
Remeasurements of defined benefit plans	60	58
Total accumulated other comprehensive income	3,006	4,425
Non-controlling interests	7,024	7,068
Total net assets	152,941	155,527
Total liabilities and net assets	275,474	273,834

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three months ended January 31

(Millions of yen)

	For the three months ended January 31, 2024	For the three months ended January 31, 2025
Net sales	39,298	43,381
Cost of sales	30,935	33,823
Gross profit	8,363	9,558
Selling, general and administrative expenses	5,421	5,550
Operating profit	2,942	4,008
Non-operating income		
Interest income	41	32
Dividend income	89	93
Reversal of allowance for doubtful accounts	3	—
Share of profit of entities accounted for using equity method	845	886
Foreign exchange gains	—	125
Other	176	100
Total non-operating income	1,154	1,236
Non-operating expenses		
Interest expenses	64	153
Provision of allowance for doubtful accounts	—	29
Foreign exchange losses	417	—
Other	50	16
Total non-operating expenses	531	197
Ordinary profit	3,565	5,047
Extraordinary income		
Gain on disposal of non-current assets	4	5
Subsidy income	—	1
Insurance claim income	1	8
Total extraordinary income	4	13
Extraordinary losses		
Loss on disposal of non-current assets	13	21
Total extraordinary losses	13	21
Profit before income taxes	3,556	5,039
Income taxes	862	943
Profit	2,694	4,096
Profit attributable to non-controlling interests	207	92
Profit attributable to owners of parent	2,488	4,003

Quarterly Consolidated Statements of Comprehensive Income

Three months ended January 31

(Millions of yen)

	For the three months ended January 31, 2024	For the three months ended January 31, 2025
Profit	2,694	4,096
Other comprehensive income		
Valuation difference on available-for-sale securities	164	66
Foreign currency translation adjustment	17	(19)
Remeasurements of defined benefit plans, net of tax	8	(1)
Share of other comprehensive income of entities accounted for using equity method	869	1,359
Total other comprehensive income	1,058	1,404
Comprehensive income	3,752	5,499
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,529	5,423
Comprehensive income attributable to non-controlling interests	223	77

(3) Notes to Quarterly Consolidated Financial Statements

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

(Total income taxes)

Total income taxes were calculated by rationally estimating the effective tax rate after application of tax effect accounting on the profit before income taxes of the consolidated fiscal year, including the consolidated first quarter under review, and multiplying the pretax quarterly profit by this estimated effective tax rate.

Income taxes - deferred are included within income taxes.

(Notes on segment information, etc.)

For the three months ended January 31, 2024 (from November 1, 2023 to January 31, 2024)

1. Information on net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Agricultural Chemicals and Agriculture- Related Business	Fine Chemicals Business	Total				
Net sales							
Net sales to outside customers	31,946	5,415	37,362	1,936	39,298	—	39,298
Inter-segment net sales or transfers	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	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, information services business, and staffing business.
2. The segment income adjustment of ¥(364) million primarily consists of corporate expenses not allocated to each reportable segment. Corporate expenses consist of general administrative expenses that are not attributable to reportable segments.
3. Segment income was reconciled to operating profit in the quarterly consolidated statements of income.

For the three months ended January 31, 2025 (from November 1, 2024 to January 31, 2025)

1. Information on net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Agricultural Chemicals and Agriculture- Related Business	Fine Chemicals Business	Total				
Net sales							
Net sales to outside customers	34,628	5,941	40,569	2,812	43,381	—	43,381
Inter-segment net sales or transfers	1	14	15	1,006	1,021	(1,021)	—
Total	34,629	5,956	40,585	3,818	44,403	(1,021)	43,381
Segment income	3,604	558	4,162	262	4,424	(416)	4,008

- (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 staffing business.
2. The segment income adjustment of ¥(416) million primarily consists of corporate expenses not allocated to each reportable segment. Corporate expenses consist of general administrative expenses that are not attributable to reportable segments.
3. Segment income was reconciled to operating profit in the quarterly consolidated statements of income.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Notes on going concern assumption)

Not applicable.

(Notes on quarterly consolidated statements of cash flows)

No quarterly consolidated statements of cash flows have been prepared for the three months ended January 31, 2025. Depreciation and amortization (including amortization of intangible assets except goodwill) and amortization of goodwill for the three months ended January 31 are as shown below.

(Millions of yen)

	For the three months ended January 31, 2024	For the three months ended January 31, 2025
Depreciation and amortization	1,189	1,246
Amortization of goodwill	166	166

(Significant subsequent events)

(Disposal of treasury shares as restricted stock remuneration)

The Company has resolved at the meeting of the Board of Directors held on February 14, 2025 (hereinafter, “Date of Resolution on Allocation”), to dispose of treasury shares (hereinafter, the “Treasury Share Disposal” or the “Disposal”) as follows.

1. Overview of the Disposal

(1) Date of disposal	March 13, 2025
(2) Type and number of shares to be disposed of	53,125 common shares of the Company
(3) Disposal price	¥770 per share
(4) Total disposal amount	¥40,906,250
(5) Allottees, number thereof, and number of shares to be allotted	6 Directors of the Company (excluding Outside Directors): 33,125 shares 9 Executive Officers who do not concurrently serve as Directors: 20,000 shares

2. Purposes and reason for the Disposal

At the meeting of the Board of Directors held on December 14, 2020, the Company resolved to introduce a restricted stock remuneration plan (hereinafter, the “Plan”) as a new remuneration scheme for Directors of the Company, excluding Outside Directors (hereinafter, the “Eligible Directors”) for the purpose of giving Eligible Directors long-term incentives and promoting shared value with shareholders. In addition, at the 72nd Annual General Meeting of Shareholders held on January 28, 2021, the Company was approved to grant monetary claims of up to ¥100 million per year to the Eligible Directors as monetary reward to be used as the property contributed to acquiring the shares with restrictions on transfer based on the Plan (hereinafter, “Restricted Stock Remuneration”) and set a period of 30 years from the payment date or the disposal date as the transfer restriction period for such shares under the Plan.

Furthermore, at the meeting of the Board of Directors held on February 19, 2021, the Company resolved to introduce a plan, that is similar to the Plan designed for the Eligible Directors, for Executive Officers who do not concurrently serve as Directors of the Company (collectively with the Eligible Directors, the “Eligible Directors, etc.”). The following is an overview of the Plan.

(Overview of the Plan)

Eligible Directors, etc. shall pay in all monetary claims granted by the Company based on the Plan, in the form of property contributed in kind and shall receive common shares of the Company through issuance or disposal. The total number of common shares of the Company to be issued or disposed of by the Company to Eligible Directors, etc. under the Plan shall not exceed 150,000 shares per year. The subscription price per common share of the Company shall be determined by the Board of Directors, within a scope in which the amount is not particularly favorable to the Eligible Directors, etc. who accept such common shares. Such amount shall be based on the closing price of common shares of the Company on the Tokyo Stock Exchange on the business day immediately preceding each date of the resolution of the Board of Directors (or, if there was no trade on such day, the closing price on the immediately preceding day on which there was any trade).

In addition, when the Company’s common shares are issued or disposed of based on the Plan, a restricted stock allotment agreement shall be concluded between the Company and the Eligible Directors, etc. Such agreement shall include provisions such as the following: (i) the Eligible Directors, etc. shall not transfer, create a security interest or otherwise dispose of the Company’s common shares, the allotment of which they received based on the restricted stock allotment agreement, for a certain period of time; and (ii) if certain circumstances

have arisen, the Company shall acquire the common shares without consideration.

Following consultation with the Nomination and Remuneration Committee, which is mainly composed of Outside Directors, and taking into consideration the purposes of the Plan, the business performance of the Company, the scope of work responsibilities of each of the Eligible Directors, etc. and a variety of circumstances, the Company has decided to grant monetary claims totaling ¥40,906,250 (hereinafter the “Monetary Claims”) and to allot 53,125 common shares through the payment of monetary remuneration claims, for the purpose of further increasing the motivation of the Eligible Directors, etc. and to promote the further sharing of value with shareholders. To achieve the purpose of the Plan, which is to provide long-term incentives and promote shared value with shareholders, the transfer restriction period is set at 30 years.

In the Treasury Share Disposal, the 15 Eligible Directors, etc. who are the scheduled recipients of the allotment shall pay in all the Monetary Claims to the Company as property contributed in kind and receive the disposal of the Company’s common shares (hereinafter the “Allotted Shares”) based on the Plan. The overview of the restricted stock allotment agreement to be concluded between the Company and the Eligible Directors, etc. in the Treasury Share Disposal (hereinafter the “Allotment Agreement”) is as described in 3. below.

3. Overview of the Allotment Agreement

(1) Transfer restriction period: March 13, 2025 to March 13, 2055

(2) Conditions for lifting the transfer restrictions

The restrictions on transfer shall be lifted for all the Allotted Shares at the time when the transfer restriction period expires on the condition that the Eligible Directors, etc. hold either the position of Director, Executive Officer who does not concurrently serve as a Director, Audit & Supervisory Board Member, employee, Director, Corporate Adviser, or Executive Adviser of the Company or any position equivalent to these on a continuing basis during the transfer restriction period.

(3) Handling in cases where the Eligible Directors, etc. resign or retire during the transfer restriction period due to the expiration of their term of office, mandatory retirement age or any other justifiable reason

(i) Time when transfer restrictions are lifted

The restrictions on transfer shall be lifted at the time immediately following the resignation or retirement of the Eligible Directors, etc. in the event that Eligible Directors, etc. resign or retire from either the position of Director, Executive Officer who does not concurrently serve as a Director, Audit & Supervisory Board Member, employee, consultant, or advisor of the Company or any position equivalent to these, due to the expiration of the term of office, mandatory retirement age or any other justifiable reason (including resignation or retirement due to death).

(ii) Number of shares subject to the lifting of transfer restrictions

Number of shares obtained by multiplying the number of the Allotted Shares owned by the Eligible Directors, etc. at the time when they resign or retire as set forth in (i), by the number obtained by dividing the period of service (in months) from the month in which the Date of Resolution on Allocation falls to the month in which the date of resignation or retirement of the Eligible Directors, etc. falls by 12 (if the result of the division exceeds 1, it will be 1) (however, if a fraction less than one share unit arises as a result of calculation, this will be rounded off).

(4) Acquisition of the Allotted Shares by the Company without consideration

The Company shall automatically acquire the Allotted Shares for which the restriction on transfer is not lifted at the time when the transfer restriction period expires or when the restriction on transfer is lifted as specified in (3) above without consideration.

(5) Management of shares

The Allotted Shares are managed in a dedicated account opened by the Eligible Directors, etc. at Nomura Securities Co., Ltd. during the transfer restriction period so that the Eligible Directors, etc. are unable to execute a transfer, create a security interest or otherwise dispose of them during the transfer restriction period. The Company has entered into a contract with Nomura Securities Co., Ltd. for the management of the account of the Allotted Shares owned by the Eligible Directors, etc. to ensure the effectiveness of the restriction on transfer, etc.

of the Allotted Shares. The Eligible Directors, etc. shall agree on the content of the management of the account.

(6) Measures to be taken in relation to reorganization, etc.

If, during the transfer restriction period, a merger agreement in which the Company will become the disappearing company, a share exchange agreement or a share transfer plan in which the Company will become a wholly owned subsidiary, or any other matter concerning organizational restructuring is approved at a general meeting of shareholders of the Company (or the Board of Directors of the Company if approval at a general meeting of shareholders of the Company is not needed), the restriction on transfer will be lifted by the resolution of the Board of Directors immediately before the business day preceding the day on which the organizational restructuring takes effect for the number of shares obtained by multiplying the number of Allotted Shares owned by the Eligible Directors, etc. at that point in time by the number obtained by dividing the number of months from the month in which the Date of Resolution on Allocation falls to the month in which the date of approval of reorganization, etc. falls by 12 (if the result of the division exceeds 1, it will be 1) (however, if a fraction of less than one share unit arises as a result of calculation, this will be rounded off). In addition, the Company shall automatically acquire all the Allotted Shares, for which the restriction on transfer is not lifted, immediately after the lifting of transfer restrictions without consideration.

4. Calculation basis of payment amounts and relevant details

The Treasury Share Disposal to the scheduled recipients is conducted by using the monetary claims granted as Restricted Stock Remuneration for the 77th fiscal year of the Company based on the Plan as the property contributed. The disposal price is set at ¥770, which is the closing price of the Company's common shares in the Prime Market of the Tokyo Stock Exchange on February 13, 2025 (business day preceding the date of resolution of the Board of Directors), to make the disposal price a price that eliminates arbitrariness. This is the market share price immediately before the date of resolution of the Board of Directors, and the Company believes that it is reasonable and does not fall under a price that is particularly favorable