

Translation

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Consolidated Financial Results for the First Half of the Fiscal Year Ending July 2026 (Based on Japanese GAAP)

March 13, 2026

Company name:	AXXZIA Inc.	Listing exchange:	Tokyo Stock Exchange
Securities code:	4936	URL:	https://axxzia.co.jp/en
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Scheduled date for filing semi-annual securities report:	March 13, 2026		
Scheduled date for commencing dividend payments:	April 9, 2026		
Preparation of supplementary materials on financial results:	Yes		
Holding of financial results briefing session:	Yes (for institutional investors and analysts)		

(Amounts are rounded down to the nearest million yen, unless otherwise noted)

1. Consolidated Financial Results for the First Half of the Fiscal Year Ending July 2026 (from August 1, 2025 to January 31, 2026)

(1) Consolidated Operating Results (Cumulative) (Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half of the fiscal year ending July 31, 2026	6,774	7.8	-14	-	93	(26.1)	25	(59.5)
First half of the fiscal year ended July 31, 2025	6,287	15.7	117	(80.9)	126	(82.9)	62	(87.5)

(Note) Comprehensive income

First half of the fiscal year ending July 31, 2026: 134 million yen [94.0%]

First half of the fiscal year ended July 31, 2025: 69 million yen [(87.4%)]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First half of the fiscal year ending July 31, 2026	1.10	-
First half of the fiscal year ended July 31, 2025	2.61	-

(Note) Diluted earnings per share has not been provided, as there were no potential shares with dilutive effects.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of January 31, 2026	9,649	7,598	78.7
As of July 31, 2025	9,567	7,575	79.1

(Reference) Total shareholders' equity

As of January 31, 2026: 7,596 million yen As of July 31, 2025: 7,572 million yen

2. Cash Dividends

	Annual dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended July 31, 2025	-	5.00	-	5.00	10.00
Fiscal year ending July 31, 2026	-	5.00			
Fiscal year ending July 31, 2026 (Forecast)			-	5.00	10.00

(Note) Revisions to the most recently announced dividend forecast: No

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending July 2026 (from August 1, 2025 to July 31, 2026)
(Percentage figures indicate year-on-year changes for full year and each quarter)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	14,440	7.1	570	11.0	560	11.1	370	15.4	16.23

(Note) Revisions to the most recently announced earnings forecast: No

* Notes

(1) Changes in significant subsidiaries during the First Half

(changes in specified subsidiaries resulting in change in scope of consolidation): No

Newly consolidated: None

Excluded from consolidation: None

(2) Application of accounting method specific to preparation of semi-annual consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

1) Changes in accounting policies due to revisions to accounting standards and other regulations: No

2) Changes in accounting policies other than those in 1) above: No

3) Changes in accounting estimates: No

4) Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of January 31, 2026	24,107,000 shares	As of July 31, 2025	24,107,000 shares
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2) Number of treasury shares at the end of the period

As of January 31, 2026	1,236,600 shares	As of July 31, 2025	1,236,600 shares
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3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

First half of the fiscal year ending July 31, 2026	22,870,400 shares	First half of the fiscal year ended July 31, 2025	23,822,596 shares
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* This enclosed consolidated financial results for the first half of the fiscal year ending July 2026 is not subject to review procedures by a certified public accountant or audit firm.

* Explanation regarding appropriate use of earnings forecasts, and other notes

(Notes on forward-looking statements)

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual business performance and other results may differ materially due to various factors.

In addition, for the conditions forming the assumptions used in forecasting earnings and precautions regarding the use of earnings forecasts, please refer to "1. Qualitative Information on the Financial Results for the Period under Review (3) Explanations on Consolidated Earnings Forecast and Other Forward-looking Statements" on page 3 of the Attachment.

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1. Qualitative Information on the Financial Results for the Period under Review

(1) Overview of Operating Results

In the first Half of the fiscal year ending July 31, 2026 (August 1, 2025–January 31, 2026), the Japanese economy continued to recover gradually, and personal consumption also showed signs of picking up. However, uncertainties persisted due to factors such as U.S. trade policy, exchange rate movements, and the impact of rising prices.

The cosmetics market in Japan remained strong as inbound consumption was robust, supported by the weaker yen and a significant increase in overseas visitors. However, consumption by Chinese tourists began to decline from November due to the Chinese government's request to refrain from travelling to Japan.

In the Chinese cosmetics market, although a modest recovery trend has recently emerged, the outlook remained uncertain due to weak consumer sentiment and intensifying competition from the rise of local Chinese brands.

Under these market conditions, the AXXZIA Group focused on further expanding sales in China, our key market, while advancing efforts to establish a business foundation and strengthen sales activities in regions outside China, including Japan.

In China, we worked to further expand sales of our core products, AGDrink and The Pure Drink, while also promoting the mid-priced inner-care product PQ Drink plus. We also worked to further enhance our brand presence in the Chinese market by obtaining administrative approval for our UV Protection Cream—one of the AGTHEORY cosmetics series for which we are also strengthening sales—as a special cosmetic product permitted to claim specific effects and efficacy.

In Japan, we positioned LisBlanc as a key brand, first renewing its brand concept and revising prices to make the products more affordable, and since October have been expanding sales channels, focusing on cosmetics specialty retailers, as well as working on increasing brand awareness by conducting tie-ups with influencers on social media. We also launched BELLE BAI, the first in-house brand of our consolidated subsidiary M&D Co., Ltd. By shifting its business model from importing and selling cosmetics to selling its own branded products, the Company aims to pursue group synergies and improve profit margins.

In other regions, mainly in Southeast Asia, we actively conducted live sales through influencers and worked to strengthen sales through e-commerce.

As a result of the above, despite the tough business environment because of the tensions between Japan and China, Chinese e-commerce sales grew steadily, and the Company posted net sales of 6,774,883 thousand yen (up 7.8% year on year). Meanwhile, Operating loss was 14,903 thousand yen (operating income of 117,330 thousand yen in the same period of the previous fiscal year), due to the strengthen advertising investment aimed at expanding sales in China and prior investment in Japan. Ordinary income was 93,468 thousand yen (down 26.1% year on year), and profit attributable to owners of parent was 25,160 thousand yen (down 59.5 year on year).

Note that descriptions by segment are omitted, as the Group has a single operating segment engaged in the cosmetics business.

[Summary of Results]

	First half of the fiscal year ended July 2025 Millions of yen	First half of the fiscal year ending July 2026 Millions of yen	Year-on-year changes %
Net sales	6,287	6,774	+7.8
Operating income (loss)	117	-14	-
Ordinary income	126	93	-26.1
Profit attributable to owners of parent	62	25	-59.5

(2) Financial Position

(1) Assets, liabilities and net assets

(Assets)

Total assets at the end of the second quarter ended January 31, 2026 amounted to 9,649,628 thousand yen, an increase of 82,010 thousand yen (+0.9%) from the end of the previous fiscal year. Of this, current assets increased by 122,306 thousand yen (+1.6%) from the end of the previous fiscal year to 7,668,501 thousand yen and non-current assets decreased by 40,295 thousand yen (-2.0%) from the end of the previous fiscal year to 1,981,126 thousand yen.

The changes in current assets were mainly attributable to factors such as cash and deposits increasing by 239,546 thousand yen and merchandise and finished goods decreasing by 164,851 thousand yen. The changes in non-current assets were mainly attributable to factors such as property, plant and equipment decreasing by 39,629 thousand yen, intangible assets decreasing by 30,619 thousand yen and investments and other assets increasing by 29,954 thousand yen.

(Liabilities)

Total liabilities at the end of the second quarter ended January 31, 2026 amounted to 2,050,638 thousand yen, an increase of 58,113 thousand yen (+2.9%) from the end of the previous fiscal year. Of this, current liabilities increased by 95,298 thousand yen (+5.5%) from the end of the previous fiscal year to 1,823,823 thousand yen and non-current liabilities decreased by 37,185 thousand yen (-14.1%) from the end of the previous fiscal year to 226,815 thousand yen.

The changes in current liabilities were mainly attributable to factors such as an increase in short-term borrowings by 50,518 thousand yen and an increase in Income taxes payable by 60,617 thousand yen. The changes in non-current liabilities were mainly attributable to factors such as a decrease in repayments of long-term borrowings by 25,272 thousand yen.

(Net assets)

Total net assets at the end of the second quarter ended January 31, 2026 amounted to 7,598,990 thousand yen, an increase of 23,897 thousand yen (+0.3%) from the end of the previous fiscal year. This was mainly attributable to factors such as a payment of 114,352 thousand yen in dividends, an increase in foreign currency translation adjustment by 109,891 yen, and an increase in retained earnings resulting from the recording of profit attributable to owners of parent amount to 25,160 thousand yen. Consequently, the equity ratio came to 78.7% (in contrast to 79.1% at the end of the previous fiscal year).

(2) Cash flows

Cash and cash equivalents ("net cash") at the end of the second quarter ended January 31, 2026 increased by 650,745 thousand yen from the end of the previous fiscal year to 4,221,946 thousand yen.

The status of cash flows in the period under review and their contributing factors.

(Cash flows from operating activities)

Net cash provided by operating activities during the first half of the fiscal year ending July 2026 amounted to 302,986 thousand yen (in contrast with net cash provided amounting to 358,999 thousand yen during the same period previous year). This was mainly attributable to decrease in cash from profit before income taxes of 93,005 thousand yen, a decrease in inventories of 225,587 thousand yen and an increase in increase/decrease in consumption taxes payable/consumption taxes refund receivable of 125,836 thousand yen, while cash decreasing from trade receivables increasing by 78,839 thousand yen and trade payables decreasing by 47,871 thousand yen.

(Cash flows from investing activities)

Net cash provided by investing activities during the first half of the fiscal year ending July 2026 amounted to 399,022 thousand yen (in contrast with net cash used amounting to 304,418 thousand yen during the same period previous year). This was mainly attributable to factors such as payments into time deposits of 3,601 thousand yen, proceeds from withdrawal of time deposits of 430,000 thousand yen, purchase of property, plant and equipment of 20,321 thousand yen and purchase of intangible assets of 2,719 thousand yen.

(Cash flows from financing activities)

Net cash used in financing activities during the first half of the fiscal year ending July 2026 amounted to 151,046 thousand yen (in contrast with net cash used amounting to 1,223,938 thousand yen during the same period previous year). This was mainly attributable to factors such as an increase in short-term borrowings by 50,000 thousand yen, repayments of long-term borrowings by 67,040 thousand yen and dividends paid of 114,211 thousand yen.

(3) Explanations on Consolidated Earnings Forecast and Other Forward-looking Statements

With regard to the earnings forecast for the fiscal year ending July 31, 2026, no change has been made to the forecast for the entire fiscal year announced on September 12, 2025 in the Consolidated Financial Results for the Fiscal Year Ended July 2025. Please note that the forecast has been prepared based on the information available as of today and certain assumptions deemed to be reasonable. Accordingly, actual business results may differ from the forecast figures due to various factors arising going forward.

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2. Semi-Annual Consolidated Financial Statements and Significant Notes Thereto

(1) Semi-Annual Consolidated Balance Sheets

	(Thousands of yen)	
	Previous fiscal year (As of July 31, 2025)	First half ended January 31, 2026 (As of January 31, 2026)
Assets		
Current assets		
Cash and deposits	3,990,101	4,229,648
Accounts receivable - trade	930,811	1,013,938
Merchandise and finished goods	1,674,161	1,509,310
Work in process	5,664	6,681
Raw materials and supplies	267,859	231,929
Income taxes refund receivable	16,800	3
Other	673,172	686,838
Allowance for doubtful accounts	(12,375)	(9,848)
Total current assets	7,546,195	7,668,501
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	719,331	700,793
Leased assets, net	108,733	98,332
Land	396,595	396,595
Other, net	192,982	182,291
Total property, plant and equipment	1,417,643	1,378,013
Intangible assets		
Goodwill	104,621	90,355
Other	107,371	91,017
Total intangible assets	211,992	181,373
Investments and other assets		
Deferred tax assets	237,808	254,405
Other	153,977	167,334
Total investments and other assets	391,785	421,740
Total non-current assets	2,021,422	1,981,126
Total assets	9,567,617	9,649,628

(Thousands of yen)

	Previous fiscal year (As of July 31, 2025)	First half ended January 31, 2026 (As of January 31, 2026)
Liabilities		
Current liabilities		
Accounts payable - trade	225,019	178,137
Short-term borrowings	449,481	500,000
Current portion of long-term borrowings	133,472	91,704
Accounts payable - other	531,448	508,156
Income taxes payable	101,720	162,337
Provision for bonuses	44,907	37,266
Provision for shareholder benefit program	16,908	13,697
Other	225,565	332,523
Total current liabilities	1,728,524	1,823,823
Non-current liabilities		
Long-term borrowings	168,458	143,186
Deferred tax liabilities	-	2,922
Other	95,542	80,706
Total non-current liabilities	264,000	226,815
Total liabilities	1,992,524	2,050,638
Net assets		
Shareholders' equity		
Share capital	2,155,505	2,155,505
Capital surplus	2,057,304	2,057,303
Retained earnings	4,020,454	3,931,262
Treasury shares	(838,300)	(838,300)
Total shareholders' equity	7,394,964	7,305,771
Accumulated other comprehensive income		
Foreign currency translation adjustment	177,101	286,992
Total accumulated other comprehensive income	177,101	286,992
Non-controlling interests	3,027	2,759
Share acquisition rights	-	3,465
Total net assets	7,575,092	7,598,990
Total liabilities and net assets	9,567,617	9,649,628

(2) Semi-Annual Consolidated Statement of Income and Consolidated Statements of Comprehensive Income
Semi-Annual Consolidated Statement of Income
(Consolidated Results for the First Half)

(Thousands of yen)

	First half of the fiscal year ended July 31, 2025 (August 1, 2024 - January 31, 2025)	First half of the fiscal year ending July 31, 2026 (August 1, 2025 - January 31, 2026)
Net sales	6,287,382	6,774,883
Cost of sales	1,771,675	1,766,366
Gross profit	4,515,706	5,008,516
Selling, general and administrative expenses	4,398,376	5,023,419
Operating income (loss)	117,330	(14,903)
Non-operating income		
Interest and dividend income	11,458	5,297
Foreign exchange gains	-	104,900
Subsidy income	31,200	-
Other	3,248	5,868
Total non-operating income	45,907	116,065
Non-operating expenses		
Interest expenses	9,256	7,262
Commission for purchase of treasury shares	1,535	-
Foreign exchange losses	12,454	-
Share of loss of entities accounted for using equity method	12,922	-
Other	523	430
Total non-operating expenses	36,692	7,693
Ordinary income	126,545	93,468
Extraordinary losses		
Loss on retirement of non-current assets	5,004	463
Total extraordinary losses	5,004	463
Profit before income taxes	121,541	93,005
Income taxes - current	55,633	79,029
Income taxes - deferred	5,763	(10,916)
Total income taxes	61,396	68,112
Profit	60,144	24,892
Profit (loss) attributable to non-controlling interests	(2,037)	(267)
Profit attributable to owners of parent	62,181	25,160

Semi-Annual Consolidated Statements of Comprehensive Income
(Consolidated Results for the First Half)

(Thousands of yen)

	First half of the fiscal year ended July 31, 2025 (August 1, 2024 - January 31, 2025)	First half of the fiscal year ending July 31, 2026 (August 1, 2025 - January 31, 2026)
Profit	60,144	24,892
Other comprehensive income		
Foreign currency translation adjustment	9,315	109,891
Total other comprehensive income	9,315	109,891
Comprehensive income	69,460	134,784
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	71,497	135,052
Comprehensive income attributable to non-controlling interests	(2,037)	(267)

(3) Semi-Annual Consolidated Cash Flows

(Thousands of yen)

	First half of the fiscal year ended July 31, 2025 (August 1, 2024 - January 31, 2025)	First half of the fiscal year ending July 31, 2026 (August 1, 2025 - January 31, 2026)
Cash flows from operating activities		
Profit before income taxes	121,541	93,005
Depreciation	79,638	83,245
Amortization of goodwill	14,266	14,266
Increase (decrease) in allowance for doubtful accounts	(2)	(2,527)
Interest and dividend income	(11,458)	(5,297)
Interest expenses	9,256	7,262
Foreign exchange losses (gains)	13,521	(38,010)
Decrease (increase) in trade receivables	(121,362)	(78,839)
Decrease (increase) in inventories	84,807	225,587
Decrease (increase) in prepaid expenses	25,737	(10,195)
Increase (decrease) in trade payables	(53,022)	(47,871)
Increase (decrease) in accounts payable	(33,209)	(19,237)
Increase (decrease) in income taxes payable - factor based tax	357	2,571
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	172,582	125,836
Other, net	69,095	(34,503)
Subtotal	371,750	315,292
Interest and dividends received	12,514	3,956
Interest paid	(9,404)	(7,234)
Income taxes refund (paid)	(15,861)	(9,028)
Net cash provided by (used in) operating activities	358,999	302,986
Cash flows from investing activities		
Payments into time deposits	(631,802)	(3,601)
Proceeds from withdrawal of time deposits	438,156	430,000
Purchase of property, plant and equipment	(101,252)	(20,321)
Purchase of intangible assets	(9,266)	(2,719)
Other, net	(254)	(4,335)
Net cash provided by (used in) investing activities	(304,418)	399,022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	50,000	50,000
Repayments of long-term borrowings	(119,415)	(67,040)
Purchase of treasury shares	(902,552)	-
Dividends paid	(243,938)	(114,211)
Proceeds from share issuance to non-controlling shareholders	6,000	-
Others, net	(14,031)	(19,794)
Net cash provided by (used in) financing activities	(1,223,938)	(151,046)
Effect of exchange rate change on cash and cash equivalents	(11,810)	99,782
Net increase (decrease) in cash and cash equivalents	(1,181,167)	650,745
Cash and cash equivalents at beginning of period	4,489,982	3,571,201
Cash and cash equivalents at end of period	3,308,814	4,221,946

(4) Notes to Semi-Annual Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Notes on Changes in Accounting Policies)

Not applicable.

(Change in presentation)

Not applicable.

(Additional Information)

Not applicable.

(Segment Information, Etc.)

[Segment information]

I. First half of the fiscal year ended July 2025 (August 1, 2024 - January 31, 2025)

The information is omitted as the Company has a single operating segment engaged in the cosmetics business.

II. First half of the fiscal year ending July 2026 (August 1, 2025 - January 31, 2026)

The information is omitted as the Company has a single operating segment engaged in the cosmetics business.

(Significant Subsequent Events)

Through a meeting of its Board of Directors held on January 23, 2026, the Company resolved to issue stock acquisition rights as set forth below, and subsequently issued these rights on February 9, 2026.

Resolution of the Board of Directors Dated January 23, 2026 (Fifth Series Stock Acquisition Rights)

Date of resolution	January 23, 2026
Category and number of recipients (persons)	One employee of the Company
Number of stock acquisition rights*	40
Number of treasury stock acquisition rights*	-
Class and number of shares subject to the stock acquisition rights*	Common stock — 40,000 shares ^(Notes 1 and 2)
Exercise price per share*	JPY421 ^(Note 3)
Exercise period*	From October 25, 2030 through January 23, 2036
Issue price and amount to be recorded as share capital in the event new shares are issued upon exercise of rights:	Issue price: JPY421 Amount to be recorded as share capital: JPY211
Conditions for exercise of stock acquisition rights*	(Note 4)
Transferability*	Acquisition of these stock acquisition rights by transfer requires approval from the Company's Board of Directors.
Matters governing the granting of stock acquisition rights in the event the Company undergoes a corporate reorganization*	(Note 5)

*Details current as of the issuance date of the stock acquisition rights (February 9, 2026)

(Notes)

1. Each stock acquisition right corresponds to one thousand (1,000) shares.
2. If, following the allotment date of these stock acquisition rights, the Company conducts a share split (including a gratis allotment of its common shares; the same applies below) or a consolidation of shares, the number of shares subject to these stock acquisition rights shall be adjusted using the following formula. However, such adjustment shall be made only with respect to the number of shares underlying stock acquisition rights that remain unexercised at that time, and any fraction of less than one-hundredth (1/100) of one share resulting from this adjustment shall be rounded down. The adjusted number of shares shall apply i) in the case of a stock split, from the day following the record date for the stock split pursuant to Article 183, Paragraph 2, Item 1 of Japan's Companies Act; ii) in the case of a gratis allotment, from the day following the effective date (or, where a record date has been set for the allotment, such date); and iii) in the case of a share consolidation, from the day following the effective date of the share consolidation.

Adjusted number of shares = Number of shares before adjustment × Ratio of split or consolidation

Furthermore, if, following the allocation date of these stock acquisition rights, the Company carries out a merger, share exchange, or company split, or if any other substantially similar event occurs that necessitates an adjustment to the number of shares, the number of shares shall be adjusted as appropriate.

3. If, following the allotment date of the stock acquisition rights, the Company carries out a stock split or share consolidation, the exercise price shall be adjusted in accordance with the following formula, and any fraction of less than one Japanese yen (¥1) arising from this adjustment shall be rounded up.

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of split (or consolidation)}}$$

If, following the allotment date of these stock acquisition rights, the Company issues new common shares or disposes of treasury shares at a price below market value (excluding gratis allotments of shares, the issuance of new shares or disposal of treasury shares upon exercise of stock acquisition rights, and the transfer of treasury shares pursuant to a share exchange), the exercise price shall be adjusted in accordance with the following formula, and any fraction of less than one Japanese yen (¥1) arising from this adjustment shall be rounded up.

For the purposes of this issuance of stock acquisition rights, “market value” shall mean the average of the daily closing prices of the Company’s common shares in regular trading on the Financial Instruments Exchange over the 30 trading-day period (excluding days for which no closing price is available) beginning with date 45 days before the date upon which the adjusted exercise price becomes applicable. The average shall be calculated to one hundredth of one Japanese yen and rounded down to the nearest hundredth.

The adjusted exercise price resulting from the above shall apply, where there is a record date for the offering or allotment, from the following day, or otherwise from the day following the effective date of the issuance or disposal of shares (or, where Article 209, Paragraph 1, Item 2 of Japan’s Companies Act applies, from the day after the end of the period specified therein).

$$\text{Adjusted exercise price} = \text{Exercise price before adjustment} \times \frac{\text{Number of issued shares outstanding} + \frac{\text{Number of newly issued shares} \times \text{Amount paid in per share}}{\text{Market value}}}{\text{Number of issued shares outstanding} + \text{Number of newly issued shares}}$$

In the above formula, “number of issued shares outstanding” means the total number of issued common shares in the Company less the number of treasury shares included among the Company’s common shares. In the event of a disposal of treasury shares included among the Company’s common shares, “number of newly issued shares” shall be read as “number of treasury shares subject to disposal.”

In addition to the foregoing, if, following the allotment date of these stock acquisition rights, the Company enters into a merger with another company, conducts a share exchange, carries out a company split, or if any other substantially similar event necessitating an adjustment to the exercise price occurs, the Company may appropriately adjust the exercise price within a reasonable range.

4. Conditions Governing Exercise of Stock Acquisition Rights

- ① A holder of these stock acquisition rights must retain the position of either a director or employee of the Company or its affiliated companies when exercising these rights. However, this requirement shall not apply if the Company specifically approves the exercise.
- ② If any of the following events occur, the holder of the relevant stock acquisition rights may not exercise such rights. However, this restriction shall not apply if the Company specifically approves the exercise.
 - a. The holder is sentenced to imprisonment or a more severe criminal penalty
 - b. The holder directly or indirectly establishes a corporation engaged in a competing business, becomes an officer or employee of such a corporation, or otherwise competes with the Company or any of its affiliates, regardless of the form of such competition; however, this restriction shall not apply where the prior written approval of the Company has been obtained.
 - c. The holder damages the credibility of the Company or any of its affiliates through a violation of laws or regulations or other misconduct
 - d. If the holder becomes subject to attachment, provisional attachment, provisional disposition, compulsory execution, or a petition for auction (i.e., seizure, asset-preservation measures, or other court enforcement proceedings affecting the holder’s assets), or becomes subject to a disposition for delinquency of public taxes and levies (i.e., tax-collection enforcement for unpaid taxes or similar public dues).
 - e. If the holder suspends payments or becomes unable to pay, or any bill or check drawn or accepted by the holder is dishonored
 - f. If a petition is filed for the commencement of bankruptcy proceedings, civil rehabilitation proceedings, or any other similar proceedings against the holder
 - g. If the holder is found to be an anti-social force (meaning an organized crime group, a member of an organized crime group, a quasi-member of an organized crime group, a company affiliated with an organized crime group, a corporate racketeer, or any other group or individual that seeks economic gain through violence, force, or fraudulent means; the same conditions shall apply below), or is found to have engaged in any interaction or involvement with anti-social forces, including through the provision of funds or otherwise
 - h. If the holder has committed conduct subject to disciplinary action under the Company’s or a Company-affiliated entity’s applicable employment rules
- ③ Exercise of these Stock Acquisition Rights by an heir of the holder shall not be permitted.
- ④ If the exercise of these stock acquisition rights would cause the total number of the Company’s issued shares to exceed the total number of shares authorized to be issued by the Company at that time, such stock acquisition rights may not be exercised.
- ⑤ Fractions of less than one Stock Acquisition Right may not be exercised; rights must be exercised in whole units.
- ⑥ Stock acquisition rights may not be exercised if the corresponding allotment agreement is breached.

5. Treatment of Stock Acquisition Rights in the Event of Organizational Restructuring

If the Company carries out an “organizational restructuring,” meaning a merger (limited to cases in which the Company is

dissolved as a result of the merger), an absorption-type company split (limited to cases in which the Company is the splitting company), an incorporation-type company split, a share exchange, or a share transfer (in each case limited to conditions under which the Company becomes a wholly owned subsidiary), holders of these stock acquisition rights shall, as of the effective date of the organizational restructuring, be granted stock acquisition rights from the relevant successor company or parent company (as defined under Article 236, Paragraph 1, Item 8, Sub-items a through e of Japan's Companies Act) on the terms set out below. However, such delivery of replacement rights shall occur only if the relevant reorganization agreement or plan (for example, the merger agreement, split plan, share exchange agreement, or share transfer plan) explicitly states the new company will issue its own stock acquisition rights to the holders under the conditions described below.

- ① Number of stock acquisition rights from the restructured company to be delivered
Each holder shall receive a number of replacement rights equivalent to the number of these share acquisition rights already held.
 - ② Class of restructured company's shares subject to these stock acquisition rights
Common shares of the restructured company
 - ③ Number of shares in restructured company subject to stock acquisition rights
The number shall be determined in accordance with item two (②) above, taking into account the conditions of the organizational restructuring.
 - ④ Value of consideration to be contributed upon exercise of stock acquisition rights
For each Stock Acquisition Right granted, the amount payable on exercise shall be equal to the result obtained by multiplying the post-restructuring exercise price determined under section three (3.) above, adjusted to reflect the terms of the organizational restructuring, by the number of shares in the restructured company underlying the same right as determined under item three (③) above.
 - ⑤ Period during which stock acquisition rights may be exercised
The exercise period shall extend from the later of i) the first day of the exercise period specified above (October 25, 2030) or ii) the effective date of the organizational restructuring, and will continue until the end date of exercise period specified above (January 23, 2036).
 - ⑥ Increases in stated capital and legal capital surplus upon issuance of shares on exercise
Any increase in stated capital and/or legal capital surplus resulting from the issuance of shares upon exercise of these stock acquisition rights will be determined in accordance with the details labeled "Issue price and amount to be recorded as share capital in the event new shares are issued upon exercise of rights" above.
 - ⑦ Restriction on acquisition of stock acquisition rights by transfer
Any acquisition of these stock acquisition rights via transfer shall require approval by resolution of the Board of Directors of the restructured company (or, if the restructured company does not have a Board of Directors, approval by resolution of a general meeting of its shareholders).
 - ⑧ Other conditions governing exercise of Stock Acquisition Rights
To be determined in accordance with section four (4.) above
 - ⑨ Grounds and conditions governing acquisition of stock acquisition rights
To be determined in accordance with section six (6.) below
 - ⑩ Any other terms and conditions shall be determined in accordance with the terms and conditions of the restructured company.
6. Matters governing acquisition of stock acquisition rights
- ① If a merger agreement under which the Company is dissolved, a split agreement or split plan for a company split under which the Company is the splitting company, or a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary is approved at a shareholders meeting (or, where approval by a shareholders meeting is not required, by resolution of the Board of Directors), the Company may acquire all of these stock acquisition rights without consideration on a date separately determined by the Company's Board of Directors.
 - ② In the event a written agreement is concluded between holders of a majority (i.e., more than half) of the Company's issued and outstanding shares and a specific third party (including shareholders of the Company) to the effect that such shares will be transferred to said third party simultaneously or in effect simultaneously, the Company may acquire these stock acquisition rights without compensation.
 - ③ If the Company approves a shareholder request for a "cash-out of shares, etc." (as defined under Article 179-3, Paragraph 1 of Japan's Companies Act), the Company may acquire these Stock Acquisition Rights without consideration.
 - ④ If, prior to exercise, a holder becomes ineligible to exercise stock acquisition rights under the provisions set forth under section four (4. Conditions Governing Exercise of Stock Acquisition Rights), the Company may acquire those rights without consideration.