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SANYO DENKI

FY2026 1st Quarter Consolidated Financial and Operating Results <IFRS>

(Overview – English translation of the Japanese original)

July 30, 2025

Company Name: SANYO DENKI CO., LTD.

Code Number: 6516 (Listed on the Tokyo Stock Exchange Prime Market)

(URL: <https://www.sanyodenki.com/>)

Representative: Shigeo Yamamoto, Representative Director, Chairman of the Board & CEO

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Scheduled date for commencement of dividend payments: –

Availability of supplementary briefing material on annual results: None

Schedule of annual results briefing session: None

(Amounts below one million yen are truncated.)

1. Overview of the Consolidated Financial and Operating Results for FY2026 Quarter 1 (from April 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative)

(% indicates changes from the previous corresponding term)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
FY2026 Quarter 1	24,151	4.3	1,767	21.6	1,505	(29.2)	1,051	(22.7)	1,051	(22.7)	1,340	(64.5)
FY2025 Quarter 1	23,158	(25.4)	1,453	(61.7)	2,125	(55.9)	1,361	(60.5)	1,360	(60.5)	3,774	(51.6)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2026 Quarter 1	88.72	88.67
FY2025 Quarter 1	114.18	114.12

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
	¥ Million	¥ Million	¥ Million	%	Yen
FY2026 Quarter 1	146,044	112,651	112,651	77.1	9,522.09
FY2025 Full year	145,628	113,347	113,347	77.8	9,504.59

2. Dividends

	Annual cash dividend per share				
	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
FY2025	–	75.00	–	90.00	165.00
FY2026	–				
FY2026 (Forecast)		100.00	–	110.00	210.00

Note: Revision to the dividend forecast: None

3. Forecast for FY2026 (from April 1, 2025 to March 31, 2026)

(% indicates changes from the previous corresponding term)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
First half	51,800	11.3	5,000	64.1	5,300	105.8	3,800	137.4	318.64
Full year	107,100	9.5	11,550	45.5	11,950	49.3	8,500	50.8	712.76

Note: Revision to the business results forecast: None

4. Others

(1) Significant changes in the scope of consolidation during FY2026 Quarter 1: None

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS: None

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

(3) Number of issued shares (common shares)

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

FY2026 Quarter 1	12,972,187 shares	FY2025	12,972,187 shares
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2) Number of treasury shares at the end of the period

FY2026 Quarter 1	1,141,691 shares	FY2025	1,040,575 shares
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3) Average number of shares outstanding during the period

FY2026 Quarter 1	11,858,081 shares	FY2025 Quarter 1	11,919,489 shares
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* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by a certified public accountant or an auditing firm: None

* Explanation for the appropriate use of performance forecasts and other special notes

Statements in these reports regarding the next fiscal year and other future events are evaluations made based upon the information available at the time these reports were prepared and believed to be reasonable. Accordingly, actual results may vary significantly from the forecast results stated here for a number of factors.

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1. Qualitative Information on Financial Results for FY2026 Quarter 1

(1) Explanation of Operating Results

During the three months ended June 30, 2025, while concerns about an economic slowdown arose due to the implementation of wide-ranging, extreme tariff policies by the United States, the global economy generally grew at a moderate pace.

The Japanese economy showed solid capital investment supported by stable corporate earnings, with industrial production gradually recovering in some sectors.

Under such circumstances, demand from the factory automation market, including ICT equipment, robots, and semiconductor manufacturing equipment, which is the Group's main target market, was recovering, and orders increased.

As a result, consolidated revenue for the three months ended June 30, 2025, totaled ¥24,151 million, up 4.3% from the same period last year. Consolidated operating profit increased by 21.6% to ¥1,767 million, consolidated profit before tax decreased by 29.2% to ¥1,505 million, and profit attributable to owners of parent amounted to ¥1,051 million, down 22.7%.

Orders received increased by 20.7% to ¥25,785 million, and order backlog decreased by 11.8% to ¥37,516 million.

The performance of each segment is as follows.

Statement of income by segment for the three months ended June 30, 2025 (Million yen)

	San Ace Company	Electronics Company	Motion Company	Others	Adjustments (Note 2)	Total
Revenue (Note 1)	9,727	4,418	8,702	1,303	–	24,151
Cost of sales	6,352	3,609	6,696	1,076	39	17,774
Gross profit	3,375	809	2,005	227	(39)	6,377
Selling, general and administrative expenses	1,844	1,089	1,597	136	–	4,668
Other income and expenses	19	30	9	–	–	58
Operating profit	1,549	(250)	417	90	(39)	1,767

Notes: 1. This shows revenue from external customers for each segment.

2. Adjustments are elimination of intersegment transactions.

1) San Ace Company

Regarding "San Ace" products of San Ace Company, demand for AI servers and network equipment remained strong following the previous fiscal year. Additionally, business for dealers in North America and Japan stayed solid. Meanwhile, demand for servo amplifiers, inverters, robots, and general machine tools did not fully recover, leading to sluggish orders. Orders from European dealers were also slow.

As a result, segment revenue amounted to ¥9,727 million, up 9.9% from the same period last year, and segment profit increased by 20.4% to ¥1,549 million. Orders received increased by 9.4% to ¥8,924 million, and order backlog decreased by 33.4% to ¥11,765 million.

2) Electronics Company

Regarding “SANUPS” products of Electronics Company, demand for renewable energy-related products remained stable, primarily for self-consumption applications. Conversely, demand for social infrastructure related to national resilience and road transportation was somewhat sluggish. Additionally, demand for various machinery equipment, including semiconductor manufacturing equipment, was slow to recover and remained weak.

Regarding “SANMOTION” products of Electronics Company, there was movement in capital investment in the Chinese market, and demand partially recovered for metal processing machines, injection molding machines, and machine tools. On the other hand, demand for semiconductor manufacturing equipment and wafer conveying robots remained generally sluggish, failing to recover to previous levels, despite robust capital investment in AI-related equipment.

As a result, segment revenue amounted to ¥4,418 million, down 10.8% from the same period last year, and segment loss amounted to ¥250 million (compared to segment profit of ¥139 million in the same period last year). Orders received increased by 11.9% to ¥5,046 million, and order backlog decreased by 3.7% to ¥10,620 million.

3) Motion Company

Regarding “SANMOTION” products of Motion Company, demand for electronic part surface mounters was strong. Additionally, there was movement in capital investment in the Chinese market, and demand partially recovered for metal processing machines, injection molding machines, and machine tools. On the other hand, demand for semiconductor manufacturing equipment and wafer conveying robots remained generally sluggish, failing to recover to previous levels, despite robust capital investment in AI-related equipment.

As a result, segment revenue amounted to ¥8,702 million, up 7.7% from the same period last year, and segment profit increased by 777.6% to ¥417 million. Orders received increased by 40.7% to ¥10,266 million, and order backlog increased by 10.1% to ¥13,251 million.

4) Others

Electrical equipment sales business and electrical works contracting business, etc. are classified and recorded under the “Others” segment.

For industrial electrical equipment, control equipment, and materials for electronic equipment, demand for public infrastructure was strong. Additionally, demand related to medical equipment and shipbuilding remained robust. On the other hand, demand for the semiconductor industry and the robotics industry was sluggish.

For electrical works contracting business, demand from the steel industry, which is the Group’s major customer, remained robust, thanks to the execution of inspections and repair works on aging electrical facilities as planned. Meanwhile, demand for electrical facilities works for general industries showed signs of recovery but remained sluggish, failing to recover to previous levels.

As a result, segment revenue amounted to ¥1,303 million, up 2.4% from the same period last year, and segment profit amounted to ¥90 million (compared to segment loss of ¥42 million in the same period last year). Orders received increased by 10.8% to ¥1,547 million, and order backlog increased by 4.1% to ¥1,878 million.

Additionally, revenue from external customers by geographical area where we operate is as follows.

(Million yen)

	Japan	North America	Europe	East Asia	Southeast Asia	Total
FY2026 Quarter 1	14,760	5,123	1,431	2,388	448	24,151
FY2025 Quarter 1	14,223	4,223	2,114	2,240	356	23,158

1) Japan

Companies operating in Japan are the Company and its consolidated subsidiaries: SANYO KOGYO CO., LTD., SANYO DENKI Techno Service CO., LTD., and SANYO DENKI IT Solution CO., LTD.

2) North America

The Company has a consolidated subsidiary in North America: SANYO DENKI AMERICA, INC.

3) Europe

The Company's consolidated subsidiaries operating in Europe are SANYO DENKI EUROPE S.A. and SANYO DENKI GERMANY GmbH.

4) East Asia

The Company's consolidated subsidiaries operating in East Asia include SANYO DENKI SHANGHAI CO., LTD., SANYO DENKI (H.K.) CO., LIMITED, SANYO DENKI TAIWAN CO., LTD., SANYO DENKI KOREA CO., LTD., SANYO DENKI ENGINEERING (Shanghai) CO., LTD., SANYO DENKI (Shenzhen) CO., LTD., SANYO DENKI (Zhongshan) CO., LTD., SANYO DENKI ENGINEERING (Shenzhen) CO., LTD., SANYO DENKI (Tianjin) CO., LTD., and SANYO DENKI (Chengdu) CO., LTD.

5) Southeast Asia

The Company's consolidated subsidiaries operating in Southeast Asia include SANYO DENKI PHILIPPINES, INC., SANYO DENKI INDIA PRIVATE LIMITED, and SANYO DENKI (THAILAND) CO., LTD.

(2) Explanation of Financial Position

As for the financial position at the end of the three months ended June 30, 2025, total assets increased by ¥415 million from the end of the previous fiscal year, total liabilities increased by ¥1,111 million, and total equity decreased by ¥696 million.

Major factors of changes in assets were a decrease of ¥960 million in property, plant and equipment, an increase of ¥788 million in other financial assets (non-current assets), and an increase of ¥641 million in retirement benefit assets.

Major factors of changes in liabilities were an increase of ¥616 million in trade and other payables and an increase of ¥615 million in other current liabilities.

Major factors of changes in equity were an increase of ¥974 million in treasury shares, an increase of ¥328 million in retained earnings, and a decrease of ¥61 million in other components of equity.

(Condition of cash flows)

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the three months ended June 30, 2025, increased by ¥631 million from the end of the previous fiscal year to ¥29,530 million. The conditions of each cash flow and factors of changes thereof are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities during the three months ended June 30, 2025, amounted to ¥3,650 million (net cash provided of ¥4,700 million in the same period last year). This is mainly attributable to profit before tax of ¥1,505 million, depreciation and amortization expense of ¥1,323 million, and an increase of ¥1,044 million in trade and other payables.

(Cash flows from investing activities)

Net cash used in investing activities during the three months ended June 30, 2025, amounted to ¥273 million (net cash used of ¥1,776 million in the same period last year). This is mainly attributable to other, net of ¥484 million, purchase of intangible assets of ¥434 million, and purchase of property, plant and equipment of ¥354 million.

(Cash flows from financing activities)

Net cash used in financing activities during the three months ended June 30, 2025, amounted to ¥2,546 million (net cash used of ¥2,127 million in the same period last year). This is mainly attributable to dividends paid of ¥1,074 million, purchase of treasury shares of ¥974 million, and repayments of long-term borrowings of ¥309 million.

(3) Explanation of Forward-looking Information such as Forecast of Consolidated Business Results

No revisions have been made to the business results forecast for the fiscal year ending March 31, 2026, which was announced on April 25, 2025.

2. Condensed Consolidated Financial Statements and Primary Notes

(1) Condensed Consolidated Statements of Financial Position

(Million yen)

	Note	As of March 31, 2025	As of June 30, 2025
Assets			
Current assets			
Cash and cash equivalents		28,898	29,530
Trade and other receivables		29,143	28,610
Other financial assets		1,594	1,107
Inventories		34,151	34,397
Other current assets		1,074	1,341
Total current assets		94,862	94,986
Non-current assets			
Property, plant and equipment		24,592	23,632
Intangible assets		4,940	5,127
Right-of-use assets		2,699	2,456
Investment property		1,503	1,503
Other financial assets		11,845	12,634
Retirement benefit assets		4,423	5,065
Deferred tax assets		613	542
Other non-current assets		146	95
Total non-current assets		50,765	51,057
Total assets		145,628	146,044
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		16,649	17,265
Borrowings		3,263	3,100
Lease liabilities		850	829
Other financial liabilities		36	127
Income taxes payable		368	225
Other current liabilities		2,364	2,979
Total current liabilities		23,533	24,529
Non-current liabilities			
Borrowings		1,537	1,390
Lease liabilities		1,631	1,420
Net defined benefit liability		557	574
Deferred tax liabilities		4,080	4,541
Other non-current liabilities		940	935
Total non-current liabilities		8,747	8,863
Total liabilities		32,280	33,392
Equity			
Share capital		9,926	9,926
Share premium		11,518	11,530
Retained earnings		84,726	85,055
Treasury shares		(3,500)	(4,474)
Other components of equity		10,674	10,613
Total equity attributable to owners of parent		113,347	112,651
Non-controlling interests		0	0
Total equity		113,347	112,651
Total liabilities and equity		145,628	146,044

(2) Condensed Consolidated Statements of Income and Comprehensive Income
Condensed Consolidated Statements of Income
Three months ended June 30, 2024 and 2025

(Million yen)

	Note	From April 1, 2024 to June 30, 2024	From April 1, 2025 to June 30, 2025
Revenue		23,158	24,151
Cost of sales		17,187	17,774
Gross profit		5,970	6,377
Selling, general and administrative expenses		4,666	4,668
Other income		152	62
Other expenses		2	3
Operating profit		1,453	1,767
Finance income		730	231
Finance costs		58	493
Profit before tax		2,125	1,505
Income tax expense		764	453
Profit		1,361	1,051
Profit attributable to:			
Owners of parent		1,360	1,051
Non-controlling interests		0	(0)
Profit		1,361	1,051
Earnings per share			
Basic earnings per share (yen)		114.18	88.72
Diluted earnings per share (yen)		114.12	88.67

Condensed Consolidated Statements of Comprehensive Income
Three months ended June 30, 2024 and 2025

(Million yen)

	Note	From April 1, 2024 to June 30, 2024	From April 1, 2025 to June 30, 2025
Profit		1,361	1,051
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		(153)	604
Remeasurements of defined benefit plans		92	350
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		2,474	(665)
Total other comprehensive income		2,413	288
Comprehensive income		3,774	1,340
Comprehensive income attributable to:			
Owners of parent		3,773	1,340
Non-controlling interests		1	0
Comprehensive income		3,774	1,340

(3) Condensed Consolidated Statements of Changes in Equity
Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(Million yen)

	Note	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	
						Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at April 1, 2024		9,926	11,494	79,373	(3,518)	5,767	—
Profit		—	—	1,360	—	—	—
Other comprehensive income		—	—	—	—	(153)	92
Comprehensive income		—	—	1,360	—	(153)	92
Purchase of treasury shares		—	—	—	(1)	—	—
Dividends		—	—	(894)	—	—	—
Share-based payment expenses		—	12	—	—	—	—
Transfer to retained earnings		—	—	92	—	0	(92)
Total transactions with owners and other		—	12	(801)	(1)	0	(92)
Balance at June 30, 2024		9,926	11,506	79,932	(3,519)	5,613	—

	Note	Other components of equity		Total equity attributable to owners of parent	Non-controlling interests	Total equity
		Exchange differences on translation of foreign operations	Total			
Balance at April 1, 2024		7,314	13,082	110,358	14	110,373
Profit		—	—	1,360	0	1,361
Other comprehensive income		2,473	2,412	2,412	0	2,413
Comprehensive income		2,473	2,412	3,773	1	3,774
Purchase of treasury shares		—	—	(1)	—	(1)
Dividends		—	—	(894)	—	(894)
Share-based payment expenses		—	—	12	—	12
Transfer to retained earnings		—	(92)	—	—	—
Total transactions with owners and other		—	(92)	(883)	—	(883)
Balance at June 30, 2024		9,788	15,402	113,248	16	113,264

Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(Million yen)

	Note	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	
						Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at April 1, 2025		9,926	11,518	84,726	(3,500)	3,969	–
Profit		–	–	1,051	–	–	–
Other comprehensive income		–	–	–	–	604	350
Comprehensive income		–	–	1,051	–	604	350
Purchase of treasury shares		–	–	–	(974)	–	–
Dividends		–	–	(1,073)	–	–	–
Share-based payment expenses		–	11	–	–	–	–
Transfer to retained earnings		–	–	350	–	0	(350)
Total transactions with owners and other		–	11	(723)	(974)	0	(350)
Balance at June 30, 2025		9,926	11,530	85,055	(4,474)	4,573	–

	Note	Other components of equity		Total equity attributable to owners of parent	Non-controlling interests	Total equity
		Exchange differences on translation of foreign operations	Total			
Balance at April 1, 2025		6,705	10,674	113,347	0	113,347
Profit		–	–	1,051	(0)	1,051
Other comprehensive income		(665)	288	288	0	288
Comprehensive income		(665)	288	1,340	0	1,340
Purchase of treasury shares		–	–	(974)	–	(974)
Dividends		–	–	(1,073)	–	(1,073)
Share-based payment expenses		–	–	11	–	11
Transfer to retained earnings		–	(350)	–	–	–
Total transactions with owners and other		–	(350)	(2,036)	–	(2,036)
Balance at June 30, 2025		6,039	10,613	112,651	0	112,651

(4) Condensed Consolidated Statements of Cash Flows

(Million yen)

	Note	From April 1, 2024 to June 30, 2024	From April 1, 2025 to June 30, 2025
Cash flows from operating activities			
Profit before tax		2,125	1,505
Depreciation and amortization expense		1,470	1,323
Interest and dividend income		(246)	(205)
Interest expenses		58	10
Decrease (increase) in trade and other receivables		4,616	90
Decrease (increase) in inventories		(439)	(661)
Increase (decrease) in trade and other payables		(1,165)	1,044
Other, net		(411)	619
Subtotal		6,007	3,726
Interest received		95	78
Dividend received		148	161
Interest paid		(59)	(9)
Income taxes paid		(1,492)	(306)
Net cash flows from operating activities		4,700	3,650
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,196)	(354)
Purchase of intangible assets		(220)	(434)
Proceeds from sales of property, plant and equipment and intangible assets		1	1
Proceeds from sales of other financial assets		0	29
Other, net		(362)	484
Net cash flows from investing activities		(1,776)	(273)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		(467)	–
Repayments of long-term borrowings		(567)	(309)
Purchase of treasury shares		(1)	(974)
Dividends paid		(894)	(1,074)
Other, net		(196)	(188)
Net cash flows from financing activities		(2,127)	(2,546)
Effect of exchange rate changes on cash and cash equivalents		1,147	(198)
Net increase (decrease) in cash and cash equivalents		1,944	631
Cash and cash equivalents at beginning of period		26,687	28,898
Cash and cash equivalents at end of period		28,631	29,530

(5) Notes on Condensed Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Segment Information, etc.)

1 Overview of reportable segments

The Group's business segments are determined on the basis that separate financial information of such segments are available and examined periodically by the Board of Directors to make decisions regarding the allocation of management resources and assess the business performances of such segments.

Based on the characteristics of the businesses we operate, the Group has established four reportable segments, namely San Ace Company, Electronics Company, Motion Company, and Others.

Segment	Main business
San Ace Company	Design, manufacturing, and sales of cooling fans, etc.
Electronics Company	Design, manufacturing, and sales of power supplies, servo amplifiers, and stepping drivers, etc.
Motion Company	Design, manufacturing, and sales of servo motors and stepping motors, etc.
Others	Electrical equipment sales and electrical works contracting, etc.

2 Information on reportable segments

Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(Million yen)

	Reportable segment						
	San Ace Company	Electronics Company	Motion Company	Others	Total	Adjustments (Note 2)	Consolidated
Revenue							
Revenue from external customers	8,847	4,955	8,083	1,272	23,158	–	23,158
Intersegment revenue or transfers (Note 1)	–	–	–	465	465	(465)	–
Total	8,847	4,955	8,083	1,737	23,623	(465)	23,158
Segment profit (loss)	1,286	139	47	(42)	1,431	22	1,453
Finance income	–	–	–	–	–	–	730
Finance costs	–	–	–	–	–	–	58
Profit before tax	–	–	–	–	–	–	2,125

Notes: 1. Intersegment transaction prices are based on prevailing market prices.

2. Adjustments of segment profit of ¥22 million are elimination of intersegment transactions.

Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(Million yen)

	Reportable segment						
	San Ace Company	Electronics Company	Motion Company	Others	Total	Adjustments (Note 2)	Consolidated
Revenue							
Revenue from external customers	9,727	4,418	8,702	1,303	24,151	–	24,151
Intersegment revenue or transfers (Note 1)	–	–	–	522	522	(522)	–
Total	9,727	4,418	8,702	1,826	24,674	(522)	24,151
Segment profit (loss)	1,549	(250)	417	90	1,807	(39)	1,767
Finance income	–	–	–	–	–	–	231
Finance costs	–	–	–	–	–	–	493
Profit before tax	–	–	–	–	–	–	1,505

Notes: 1. Intersegment transaction prices are based on prevailing market prices.

2. Adjustments of segment profit of ¥(39) million are elimination of intersegment transactions.

(Material Subsequent Events)

Disposal of treasury shares for restricted stock compensation

At the meeting of its Board of Directors held on July 16, 2025, the Company resolved to dispose of treasury shares (hereinafter, the “Treasury Share Disposal”) to allocate restricted stock to officers as restricted stock compensation.

1. Outline of the disposal

(1) Payment date	August 7, 2025
(2) Type and total number of shares to be disposed of	8,144 shares of the Company's common stock
(3) Disposal price	¥9,770 per share
(4) Total value of the shares to be disposed of	¥79,566,880
(5) Allottees	4 Directors of the Company (excluding Outside Directors): 4,021 shares 9 Operating Officers of the Company: 4,123 shares

2. Purpose and reason for the disposal

As per the “Announcement concerning Elimination of Officer Retirement Benefits System and Introduction of Restricted Share-Based Remuneration Plan” dated May 17, 2022, the Company resolved at the meeting of its Board of Directors held on May 17, 2022 to introduce a restricted stock compensation plan (hereinafter, the “Plan”) to its Directors (excluding Outside Directors, hereinafter the “Eligible Director (s)”) to provide an incentive for the sustained improvement of corporate value.

Taking into consideration the purpose of the Plan, its business performance and other factors, the Company subsequently resolved to pay a total of ¥79,566,880 in monetary compensation claim (hereinafter, the “Monetary Compensation Claim”) to the Eligible Directors and its Operating Officers (hereinafter, the “Eligible Director(s), etc.”), who are allottees. Similarly, the Company resolved at the meeting of its Board of Directors held on July 16, 2025 to allot 8,144 shares of the Company’s common stock (hereinafter, the “Allotted Stock”) to 13 Eligible Directors, etc., allottees, by having them contribute all of their Monetary Compensation Claims to the Company as property in kind based on the Plan. For the sustained improvement of corporate value over the medium to long term, which is the purpose of the introduction of the Plan, the transfer restriction is imposed until officers retire or resign from the position of Director, Audit & Supervisory Board Member, or Operating Officer of the Company.

<Overview of restricted stock allotment agreement>

The Company shall conclude with each of the Eligible Directors, etc. a restricted stock allotment agreement. The details are as follows.

(1) Transfer Restriction Period

An Eligible Director, etc. shall not transfer, create a security interest on, make a living donation of or otherwise dispose of the Allotted Stock from the payment date of the Allotted Stock to the later of the date of retirement or resignation from the position of Director, Audit & Supervisory Board Member or Operating Officer, or the date when the Company’s annual securities report for the fiscal year to which the payment date belongs (or the Company’s semi-annual securities report if the payment date falls within six months from the beginning of the Company’s fiscal year) is submitted (hereinafter, the “Transfer Restriction Period”).

(2) Conditions for lifting the transfer restriction

On the condition that an Eligible Director, etc. has continuously served in the position of the Company’s Director or Operating Officer during the period up until the closing of the first Annual General Meeting of Shareholders to be held after the payment date of the Allotted Stock, if the Eligible Director, etc. retires or resigns from the position of Director, Audit & Supervisory Board Member or Operating Officer for the reason deemed legitimate, the Company shall lift the transfer restriction on all of the Allotted Stock that the Eligible Director, etc. has upon the expiration of the Transfer Restriction Period.

However, in the event that an Eligible Director, etc. retires or resigns for reasons deemed legitimate during the period before the closing of the first Annual General Meeting of Shareholders to be held after the payment date of the Allotted Stock, the Company shall lift the transfer restriction for part of the Allotted Stock that the Eligible Director, etc. has at the time concerned. The number of Allotted Stock for which the transfer restrictions will be lifted shall be calculated by multiplying the number of Allotted Stock with the number of months divided by twelve (if the calculated amount exceeds one, it shall be one) from the month including the date of the Annual General Meeting of Shareholders immediately preceding the payment date to the month including the date when the Eligible Director, etc. retired or resigned (if the calculation results in a fraction of a share, such fraction shall be rounded down).

(3) Conditions for the acquisition without compensation

The Company shall acquire the Allotted Stock, as a matter of course, without any compensation, in the event that an Eligible Director, etc. retires or resigns for reasons that are not deemed legitimate during the period before the closing of the first Annual General Meeting of Shareholders to be held after the payment date of the Allotted Stock.

Furthermore, the Company shall acquire, without any compensation, any Allotted Stock for which transfer restrictions has not been lifted as of the time of the lifting of the transfer restriction based on the provision of (2) above, as a matter of course.

(4) Treatment in the event of organizational restructuring, etc.

Notwithstanding the provision of (1) above, in the event that during the Transfer Restriction Period, an approval is given at the General Meeting of Shareholders of the Company (or at the meeting of the Board of Directors of the Company in case that an approval by the General Meeting of Shareholders is not required regarding the organizational restructuring, etc.) for proposals regarding a merger agreement in which the Company becomes a non-surviving company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other organizational restructuring, etc., the Company shall by resolution of the Board of Directors of the Company, lift the transfer restriction for part of the Allotted Stock that the Eligible Director, etc. has at the said approval date (hereinafter the “Approval Date of Restructuring, etc.”), at the time immediately preceding the business day immediately preceding the effective date of the said reorganization, etc. The number for Allotted Stock for which the transfer restrictions will be lifted shall be calculated by multiplying the number of Allotted Stock with the number of months divided by twelve (if the calculated amount exceeds one, it shall be one) from the month including the date of the Annual General Meeting of Shareholders immediately preceding the payment date to the month including the Approval Date of Restructuring, etc. (if the calculation results in a fraction of a share, such fraction shall be rounded down). In such cases, the Company shall acquire, without any compensation, any Allotted Stock for which the transfer restriction has not been lifted immediately after the transfer restriction was lifted, as a matter of course.

(5) Management of shares

Eligible Directors, etc. shall open exclusive accounts with Mizuho Securities Co., Ltd. to enter or record the Allotted Stock in a manner designated by the Company, and shall keep and maintain all of the Allotted Stock in such exclusive accounts until the transfer restriction is lifted.

3. Basis for calculation of the payment amount and its specific details

In order to eliminate arbitrariness, the disposal price for the Treasury Share Disposal is set at ¥9,770, which is the closing price of shares of the Company's common stock on the Tokyo Stock Exchange on July 15, 2025, the business day immediately preceding the meeting of the Board of Directors. This is the market price of shares of the Company's common stock immediately prior to the resolution of the Board of Directors, and the Company believes that this price is reasonable and not especially favorable to the Company.