

## Consolidated Financial Results for the Third Quarter of Year Ending March 31, 2026

(Consolidated financial information has been prepared in accordance with J-GAAP)

English translation from the original Japanese-language document

February 10, 2026

Company name	: Sanoh Industrial Co., Ltd.
Stock exchange listings	: Tokyo Stock Exchange, Japan
Code number	: 6584
URL	: <a href="https://www.sanoh.com/">https://www.sanoh.com/</a>
Representative	: Genya Takeda, Director & President
Contact person	: Munetoshi Sasaki, Director, Senior Executive Officer & CFO, General Manager of Financial Headquarters Tel. 03-6879-2622
Payment date of Dividend	: —
Supplemental material for Financial Statements	: Available
Schedule for Financial Results Briefing Session	: Not Available

(All amounts are rounded to million yen except percentages, and per share data)

### 1. Consolidated Results for FY2025 Third Quarter (April 1, 2025 to December 31, 2025)

(1) Consolidated Financial Results (% are change from previous year)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Earnings per Share	Diluted EPS
December 2025	117,194	△2.3%	3,649	0.8%	2,658	△13.4%	1,613	45.8%	45.05	-
December 2024	119,977	4.6%	3,620	△34.2%	3,070	△40.1%	1,106	△60.6%	30.91	-

Ref. Comprehensive Income: FY2025 Q3: 2,824 million yen (-%) | FY2024 Q3: 90 million yen (△98.9%)

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
As on December 31, 2025	129,979	49,233	35.1%	1,274.04
As on March 31, 2025	117,138	48,087	37.8%	1,236.34

Ref. Shareholders' Equity: FY2025 Q3: 45,621 million yen | FY2024 Q4: 44,272 million yen

### 2. Dividends

	Annual Cash Dividends per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
Year ended March 2025	—	14.00	—	14.00	28.00
Year ending March 2026	—	14.00	—		
Year ending March 2026 (Forecast)				14.00	28.00

※ Modifications from most recent dividend forecast: No

### 3. Forecast of Consolidated Results for the Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(% are change from previous year)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	Earnings per Share
Full Year	147,000	(7.9%)	5,500	13.2%	4,000	(13.0%)	1,800	144.3%

※ Any modifications from the most recently published business forecast: No

**Notes**

(1) Significant changes in the scope of consolidation during the period: Yes  
 Newly included: 1 company - Sanoh Powertrain México S. de R.L. de C.V.  
 Excluded: 0 companies

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

(3) Changes in accounting policies, accounting estimates, and restatement
 

- ① Changes in accounting policies due to revisions to accounting standards and other regulations: No
- ② Changes in accounting policies due to other reasons: No
- ③ Changes in accounting estimates: No
- ④ Restatement: No

(4) Number of shares issued & outstanding (common shares)
 

FY25Q3	37,112,000	FY24Q4	37,112,000
FY25Q3	1,303,425	FY24Q4	1,303,425
FY25Q3	35,808,575	FY24Q3	35,793,635

※ Review of the Semi-annual Consolidated Financial Statements by a Certified Public Accountant or Auditing Firm: No

※ Explanation on the Appropriate Use of Earnings Forecasts and Other Special Notes

**Cautionary Note on Forward-Looking Statements**

The earnings forecasts are based on information currently available to the Company and on certain assumptions deemed reasonable. These forecasts do not guarantee performance. Actual results may differ significantly due to various factors. For the assumptions underlying the forecasts and cautionary notes, please refer to '(3) Explanation of Future Forecasts and Forward-Looking Statements' in '1. Overview of Business Performance' on page 3 of this document.

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## 1. Overview of Business Performance for the Third Quarter of Year Ending March 31, 2026

### (1) Overview of Operating Results

The economic environment surrounding the automotive industry, in which our Group operates, has remained steady domestically and internationally, despite fluctuating production and sales volumes. On the other hand, several risk factors persist, including rising costs, disruptions in logistics due to instability in the Middle East, and tariffs by the Trump Administration, continue to pose risks.

Amidst this environment, consolidated net sales for the interim period accumulated to ¥117.194 billion (down 2.3% year-on-year), despite sales from new project launches in Japan contributing positively. This is due to decreased sales from customers in China and Europe as well as the impact of currency translation differences due to yen appreciation in North and South America.

On the earnings front, higher value added from increased sales of tooling and parts related to newly launched projects in Japan, together with reductions in personnel costs resulting from workforce restructuring in Europe and China, contributed positively. These factors largely offset the negative impact of U.S. tariff measures in the Americas, additional one-time expenses, and extra costs arising from customs clearance issues, resulting in operating profit of ¥3.649 billion (up 0.8% year on year). Ordinary profit, however, declined to ¥2.658 billion (down 13.4% year on year), mainly due to the recording of foreign exchange losses. Meanwhile, profit attributable to owners of the parent increased to ¥1.613 billion (up 45.8% year on year). This was primarily driven by the recognition of a gain on a bargain purchase (i.e. negative goodwill) associated with the acquisition of a Mexican subsidiary, which more than offset expenses related to the liquidation of a Chinese subsidiary and restructuring costs at a German subsidiary.

Overview of operating results by segment is as follows:

#### ① Japan

Revenue increased to ¥24.752 billion (up 12.7% year on year), driven by strong contributions from equipment sales and parts sales associated with newly launched projects.

Operating income rose sharply to ¥1.887 billion (up 141.3% year on year). Despite higher personnel costs stemming from wage increases, acquisition-related expenses connected with the Mexican subsidiary, and increased depreciation due to capital investments, profit improved significantly on the back of higher sales.

#### ② Americas

Revenue decreased to ¥49.193 billion (down 4.6% year on year), reflecting the unfavorable impact of foreign exchange translation despite stable sales to Japanese-affiliated customers in North America.

Operating income declined to ¥621 million (down 62.6% year on year), as profitability deteriorated due to the effects of U.S. tariff measures, the recognition of abnormal expenses related to import issues, and cost increases associated with new project launches.

#### ③ Europe

Revenue declined to ¥14.151 billion (down 11.2% year on year), mainly due to sluggish sales volumes among European customers.

An operating loss of ¥40 million was recorded (compared with an operating loss of ¥142 million in the same period of the previous year). While declines in revenue persisted, cost-reduction measures, including personnel cost savings from factory closures implemented since the previous fiscal year, contributed to a significant narrowing of losses.

#### ④ China

Revenue decreased to ¥7.814 billion (down 15.3% year on year), reflecting continued weak sales to Japanese-affiliated customers and the withdrawal from certain business operations.

An operating loss of ¥417 million was recorded (compared with an operating loss of ¥741 million in the same period of the previous year). Although profits declined due to lower sales, reductions in personnel costs from prior workforce restructuring and lower depreciation expenses following fixed asset impairment losses recognized in the previous fiscal year helped mitigate the loss.

#### ⑤ Asia

Revenue amounted to ¥21.283 billion (down 0.1% year on year), supported by stable production operations.

Operating income totaled ¥2.046 billion (down 0.5% year on year), as effective cost controls in response to production fluctuations largely offset the impact of slightly lower sales.

## (2) Overview of Financial Position

### ① Assets, Liabilities and Net Assets

As of the end of the third quarter, total assets stood at JPY 129.979 billion, an increase of JPY 12.841 billion from the previous fiscal year-end. Key factors included:

- a decrease of ¥5.754 billion in cash and deposits;
- an increase of ¥1.604 billion in notes receivable, accounts receivable, and contract assets;
- an increase of ¥1.645 billion in work-in-progress;
- an increase of ¥3.291 billion in raw materials and supplies;
- an increase of ¥4.103 billion in other current assets, including advances and prepaid expenses;
- an increase of ¥4.620 billion in property, plant and equipment;
- an increase of ¥1.847 billion in investment securities due to valuation gains on securities;
- an increase of ¥1.190 billion in deferred tax assets arising from newly consolidated subsidiaries.

Total liabilities stood at JPY 80.746 billion, an increase of JPY 11.696 billion from the previous fiscal year-end.

Key factors included:

- an increase of ¥1.188 billion in notes and accounts payable – trade;
- an increase of ¥8.327 billion in short-term borrowings;
- an increase of ¥2.684 billion in other current liabilities;
- a decrease of ¥2.531 billion in long-term borrowings;
- an increase of ¥1.301 billion in (long-term) lease liabilities.

Net assets increased to JPY 49.233 billion, an increase of JPY 1.146 billion from the previous fiscal year-end.

Key factors included:

- an increase of ¥594 million in retained earnings;
- an increase of ¥1.274 billion in valuation difference on available-for-sale securities;
- a decrease of ¥408 million in foreign currency translation adjustments.

### ② Cash Flow

As of the end of the third quarter, cash and cash equivalents stood at JPY 16.938 billion, reflecting a year-on-year decrease of JPY 5.754 billion.

#### i. Cash flow from Operating Activities:

Net cash provided by operating activities was ¥309 million (vs. a decrease of ¥5.754 billion year-on-year).

Key factors included:

- Income before income taxes: ¥3.199 billion (vs. ¥2.800 billion in the same period last year);
- Depreciation: ¥5.071 billion (vs. ¥4.953 billion in the same period last year);
- Gain on bargain purchase (negative goodwill): ¥2.595 billion (vs. nil in the same period last year);
- Loss on liquidation of subsidiaries: ¥269 million (vs. nil in the same period last year);
- Increase in provision for loss on liquidation of subsidiaries: ¥925 million (vs. nil in the same period last year);
- Increase in trade receivables: ¥648 million (vs. a decrease of ¥1.066 billion in the same period last year);
- Increase in inventories: ¥3.156 billion (vs. an increase of ¥1.606 billion in the same period last year);
- Decrease in trade payables: ¥351 million (vs. an increase of ¥213 million in the same period last year);
- Income taxes paid: ¥1.483 billion (vs. ¥1.115 billion in the same period last year).

#### ii. Cash flow from Investing Activities:

Net cash used in investing activities totaled ¥9.750 billion (vs. ¥5.677 billion in the same period last year).

Key factors included:

- Purchase of property, plant and equipment: ¥6.783 billion (vs. ¥5.900 billion in the same period last year);
- Acquisition of equity interests in subsidiaries resulting in changes in the scope of consolidation: ¥1.338 billion (vs. nil in the same period last year);
- Loans advances: ¥1.510 billion (vs. nil in the same period last year).

#### iii. Cash flow from Financing Activities:

Net cash provided by financing activities amounted to ¥3.701 billion (vs. outflow of ¥1.571 billion in the same period last year). Key factors included:

- Increase in short-term borrowings: ¥8.025 billion (vs. ¥4.741 billion in the same period last year);
- Proceeds from long-term borrowings: ¥2.075 billion (vs. nil in the same period last year);
- Repayment of long-term borrowings: ¥4.536 billion (vs. ¥4.125 billion in the same period last year);
- Dividends paid: ¥1.013 billion (vs. ¥1.014 billion in the same period last year);
- Dividends paid to non-controlling interests: ¥660 million (vs. ¥796 million in the same period last year).

## (3) Explanation of Future Forecasts and Forward-Looking Statements

Taking into consideration recent business trends and other factors, we have decided to maintain the consolidated earnings forecast for the financial year ending March 2026, as announced in the "Consolidated Financial Results for the Financial Year Ended March 31, 2025" dated May 12, 2025.

## 2. Consolidated Financial Statements and Notes

### (1) Consolidated Balance Sheet

(Amounts are rounded to the nearest million)

	As of March 31, 2025	As of December 31, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	22,692	16,938
Notes and accounts receivable - trade, and contract assets	17,826	19,431
Electronically recorded monetary claims - operating	826	887
Finished goods	4,871	5,025
Work in process	6,981	8,626
Raw materials and supplies	12,575	15,866
Other	4,593	8,696
Allowance for doubtful accounts	△17	△25
Total current assets	<u>70,348</u>	<u>75,445</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,865	22,985
Machinery, equipment and vehicles	92,508	96,259
Tools, furniture and fixtures	14,536	15,213
Land	2,924	3,020
Leased assets	3,566	4,679
Construction in progress	5,416	6,553
Accumulated depreciation	△91,533	△95,805
Accumulated impairment	△11,607	△11,610
Total property, plant and equipment	<u>36,674</u>	<u>41,294</u>
Intangible assets		
Leased assets	41	28
Other	646	687
Total intangible assets	<u>687</u>	<u>715</u>
Investments and other assets		
Investment securities	6,707	8,555
Retirement benefit asset	169	171
Deferred tax assets	1,965	3,154
Other	588	645
Total investments and other assets	<u>9,429</u>	<u>12,525</u>
Total non-current assets	<u>46,790</u>	<u>54,534</u>
Total assets	<u>117,138</u>	<u>129,979</u>

(Amounts are rounded to the nearest million)

	As of March 31, 2025	As of December 31, 2025
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	9,209	10,396
Electronically recorded obligations - operating	4,431	3,872
Short-term borrowings	17,847	26,174
Accounts payable - other	4,171	4,241
Lease liabilities	281	140
Income taxes payable	529	468
Accrued consumption taxes	263	618
Provision for bonuses	1,391	915
Provision for bonuses for directors (and other officers)	30	21
Provision for product warranties	272	344
Provision for loss on liquidation of subsidiaries and associates	—	942
Other	3,453	6,138
<b>Total current liabilities</b>	<b>41,878</b>	<b>54,269</b>
<b>Non-current liabilities</b>		
Long-term borrowings	21,293	18,763
Lease liabilities	253	1,554
Deferred tax liabilities	1,789	2,415
Provision for retirement benefits for directors (and other officers)	154	154
Provision for loss on litigation	40	40
Retirement benefit liability	3,080	2,956
Other	565	597
<b>Total non-current liabilities</b>	<b>27,173</b>	<b>26,478</b>
<b>Total liabilities</b>	<b>69,051</b>	<b>80,746</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,481	3,481
Capital surplus	2,362	2,362
Retained earnings	31,589	32,184
Treasury shares	△968	△968
<b>Total shareholders' equity</b>	<b>36,465</b>	<b>37,059</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,324	4,598
Foreign currency translation adjustment	3,494	3,087
Remeasurements of defined benefit plans	989	878
<b>Total accumulated other comprehensive income</b>	<b>7,807</b>	<b>8,562</b>
<b>Non-controlling interests</b>	<b>3,816</b>	<b>3,612</b>
<b>Total net assets</b>	<b>48,087</b>	<b>49,233</b>
<b>Total liabilities and net assets</b>	<b>117,138</b>	<b>129,979</b>

**(2) Consolidated Income Statement and Consolidated Comprehensive Income Statement**

## Consolidated Income Statement

(Amounts are rounded to the nearest million yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Net sales	119,977	117,194
Cost of sales	102,347	98,949
Gross profit	17,630	18,244
Selling, general and administrative expenses	14,010	14,596
Operating profit	3,620	3,649
Non-operating income		
Interest income	178	162
Dividend income	236	210
Other	162	104
Total non-operating income	576	476
Non-operating expenses		
Interest expenses	615	654
Commission expenses	358	336
Foreign exchange losses	9	450
Other	145	26
Total non-operating expenses	1,126	1,467
Ordinary profit	3,070	2,658
Extraordinary income		
Gain on sale of non-current assets	10	24
Gain on sale of investment securities	467	—
Gain on bargain purchase	—	2,595
Total extraordinary income	476	2,619
Extraordinary losses		
Loss on sale of non-current assets	1	0
Loss on retirement of non-current assets	299	134
Provision for loss on litigation	446	—
Extra retirement payments	—	749
Loss on liquidation of subsidiaries and associates	—	269
Provision for loss on liquidation of subsidiaries and associates	—	925
Total extraordinary losses	746	2,077
Profit before income taxes	2,800	3,199
Income taxes - current	957	1,027
Income taxes - deferred	223	67
Total income taxes	1,180	1,094
Profit	1,619	2,105
Profit attributable to non-controlling interests	513	492
Profit attributable to owners of parent	1,106	1,613

## Consolidated Comprehensive Income Statement

(Amounts are rounded to the nearest million yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
<b>Profit</b>	<b>1,619</b>	<b>2,105</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	△550	1,274
Foreign currency translation adjustment	△949	△444
Remeasurements of defined benefit plans, net of tax	△30	△110
Total other comprehensive income	<u>△1,529</u>	<u>720</u>
<b>Comprehensive income</b>	<b>90</b>	<b>2,824</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△593	2,369
Comprehensive income attributable to non-controlling interests	684	455

## (3) Consolidated Cash Flow Statement

(Amounts are rounded to the nearest million)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,800	3,199
Depreciation	4,953	5,071
Loss on retirement of property, plant and equipment	299	134
Loss (gain) on sale of property, plant and equipment	△8	△24
Interest and dividend income	△414	△372
Interest expenses	615	654
Commission expenses	358	336
Loss (gain) on sale of investment securities	△467	—
Increase (decrease) in provision for loss on litigation	446	—
Increase (decrease) in provision for product warranties	—	68
Gain on bargain purchase	—	△2,595
Extra retirement payments	—	749
Loss on liquidation of subsidiaries and associates	—	269
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	—	925
Decrease (increase) in trade receivables	1,066	△648
Decrease (increase) in inventories	△1,606	△3,156
Increase (decrease) in trade payables	213	△351
Increase (decrease) in provision for bonuses	△187	△496
Increase (decrease) in accounts payable - other	492	895
Increase (decrease) in accrued expenses	756	975
Increase (decrease) in retirement benefit liability	△59	△261
Other, net	△1,469	△1,146
<b>Subtotal</b>	<b>7,787</b>	<b>4,227</b>
Interest and dividends received	414	372
Interest paid	△647	△638
Commission fee paid	△376	△320
Income taxes paid	△1,115	△1,483
Extra retirement payments	—	△1,850
<b>Net cash provided by (used in) operating activities</b>	<b>6,062</b>	<b>309</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△5,900	△6,783
Proceeds from sale of property, plant and equipment	40	66
Purchase of investment securities	△97	△11
Proceeds from sale of investment securities	644	0
Purchase of investment in capital of subsidiaries resulting change in scope of consolidation	—	△1,338
Loan advances	—	△1,510
Other, net	△364	△174
<b>Net cash provided by (used in) investing activities</b>	<b>△5,677</b>	<b>△9,750</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	4,741	8,025
Proceeds from long-term borrowings	—	2,075
Repayments of long-term borrowings	△4,125	△4,536
Dividends paid	△1,014	△1,013
Dividends paid to non-controlling interests	△796	△660
Repayments of lease liabilities	△377	△190
Purchase of treasury shares	△0	—
<b>Net cash provided by (used in) financing activities</b>	<b>△1,571</b>	<b>3,701</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>△12</b>	<b>△13</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>△1,197</b>	<b>△5,754</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>17,653</b>	<b>22,692</b>
<b>Cash and cash equivalents at end of period</b>	<b>16,456</b>	<b>16,938</b>

#### (4) Notes to the Consolidated Financial Statements

##### (Notes on Segment Information)

###### I. Third Quarter of the previous period (April 1, 2024 to December 31, 2024)

###### 1. Information on Sales and Operating income (loss) by reportable segment

(Amounts are rounded to the nearest million yen)

	Reportable Segments						Adjs. (Note 1)	Reported Amount (Note 2)
	Japan	Americas	Europe	China	Asia	Total		
Sales								
External Customers	21,963	51,557	15,941	9,222	21,294	119,977	—	119,977
Internal Sales & Transfers between segments	14,486	14	533	922	788	16,744	△16,744	—
Total	36,449	51,571	16,474	10,145	22,082	136,721	△16,744	119,977
Segment income (loss)	782	1,661	△142	△741	2,056	3,615	5	3,620

(Note 1) The adjustment amounts are as follows:

- (1) The adjustment amount of (16,744) million yen for net sales is the amount for eliminating inter-segment transactions.
- (2) The adjustment amount of 5 million yen in segment income includes inventory adjustments of (101) million yen and fixed asset adjustments of 105 million yen.

(Note 2) Segment income (loss) is adjusted to match operating income in the quarterly consolidated income statement.

###### 2. Information on Impairment Losses on Fixed Assets or Goodwill by Reportable Segment Not Applicable

###### II. Third Quarter ended December 31, 2025 (April 1, 2025 to December 31, 2025)

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

(Amounts are rounded to the nearest million yen)

	Reporting Segments						Adjs. (Note 1)	Reported Amount (Note 2)
	Japan	Americas	Europe	China	Asia	Total		
Sales								
External Customers	24,752	49,193	14,151	7,814	21,283	117,194	—	117,194
Internal Sales & Transfers between segments	14,773	19	498	1,115	707	17,112	△17,112	—
Total	39,525	49,211	14,650	8,930	21,990	134,306	△17,112	117,194
Segment Income (loss)	1,887	621	△40	△417	2,046	4,096	△448	3,649

(Note 1) The adjustment amounts are as follows:

- (1) The adjustment amount of (17,112) million yen for net sales is the amount for eliminating inter-segment transactions.
- (2) The adjustment amount of (448) million yen in segment income includes inventory adjustments of (151) million yen and fixed asset adjustments of (297) million yen.

(Note 2) Segment income (loss) is adjusted to reconcile with operating income in the quarterly consolidated income statements.

###### 2. Information on assets by reportable segment:

In the Americas segment, the Company acquired all equity interests in Winkelmann Powertrain Mexico S. de R.L. de C.V., which has been included in the scope of consolidation. As a result, assets increased by 7,853 million yen compared to the end of previous financial year.

Note: Winkelmann Powertrain México S. de R.L. de C.V. has been renamed to Sanoh Powertrain México S. de R.L. de C.V.

###### 3. Information on impairment loss on fixed assets or goodwill by reportable segment:

###### (Significant Gain on Bargain Purchase)

In the Americas segment, the Company acquired all equity interests in Winkelmann Powertrain Mexico S. de R.L. de C.V., which has been included in the scope of consolidation. As a result, a gain on bargain purchase (i.e., negative goodwill) of 2,595 million yen has been recorded.

Note: Winkelmann Powertrain México S. de R.L. de C.V. has been renamed to Sanoh Powertrain México S. de R.L. de C.V.

**(Significant Changes in Shareholder's Equity)**

Not applicable

**(Assumption of a Going Concern)**

Not applicable

**(Additional Information)****1. Director Stock Grant Trust**

Pursuant to the resolution of the 112<sup>th</sup> Annual General Meeting of Shareholders held on June 22, 2020, the Company has implemented a stock-based remuneration system (hereinafter referred to as "the System") for directors who meet the eligibility criteria. The objective of this system is to enhance the medium to long-term performance and to foster commitment to increasing corporate value. The accounting treatment for this System follows the "Practical Treatment of Transactions Involving Granting of Own Shares to Employees, etc. through Trusts" (Practical Solution Report No. 30, March 26, 2015).

- Overview of the Transaction

This system involves the establishment of a trust (hereinafter referred to as "the Trust") funded by monetary contributions from the Company. The Trust acquires the Company's shares and allocates a number of shares equivalent to the points granted to each director under the Company's Director Stock Grant Regulations. In principle, shares are delivered to the directors upon their retirement.

- Remaining Shares in the Trust

The Company's shares remaining in the Trust are recorded as treasury shares at the book value in the trust (excluding incidental expenses). As of the end of the previous financial year and the end of the third quarter of the current financial year, the book value and number of treasury shares were JPY 344 million and 411,000 shares, respectively.

**2. Employee Stock Issuance Trust:**

Following the resolution of the Board of Directors on August 27, 2020, the Company has established a stock-based remuneration system (hereinafter referred to as "the System") for employees (excluding directors who also hold executive positions and other specified roles) who meet the eligibility criteria. The accounting treatment for this System follows the "Practical Treatment of Transactions Involving Granting of Own Shares to Employees, etc. through Trusts" (Practical Solution Report No. 30, March 26, 2015).

- Overview of the Transaction

This System involves the establishment of a trust (hereinafter referred to as "the Trust") funded by monetary contributions from the Company. This Trust acquires the Company's shares and allocates a number of shares equivalent to the points granted to each employee under the Company's Employee Stock Grant Regulations. In principle, shares are delivered to the employees upon their retirement.

- Remaining Shares in the Trust

The Company's shares remaining in the Trust are recorded as treasury shares at the book value in the trust (excluding incidental expenses). As of the end of the previous financial year and the end of the third quarter of the current financial year, the book value and number of treasury shares were JPY 145 million and 174,700 shares, respectively.

**(Earnings per Share)**

The basis of calculating earnings per share is as follows:

	FY2024 Q3 (From April 1, 2024 to December 31, 2024)	FY2025 Q3 (From April 1, 2025 to December 31, 2025)
Earnings per share	30.91	45.05
(Basis of Calculation)		
Net Income (in million yen)		
Attributable to the Shareholders of the Parent Company	1,106	1.613
Not Attributable to Common Shareholders	—	—
Attributable to the Shareholders of the Parent Company Relating to Common Shares	1,106	1,613
Average Number of Common Shares Outstanding During the Period (in thousands)	35,794	35,809

(Note 1) Diluted earnings per share are not reported as there are no potentially diluted shares.

(Note 2) The Company has implemented a stock-based remuneration system using a share grant trust (the "Trust"). In calculating the average number of shares outstanding during the period, treasury shares held by the Trust for directors, executive officers, and senior management employees are included.

The average number of treasury shares deducted in the calculation amounted to 600,700 shares in the third quarter of the financial year ending March 2025 and 585,700 shares in the third quarter of the financial year ending March 2026.

**(Significant Subsequent Events)**

Not applicable