

Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2025 (Six Months Ended September 30, 2024)

[Japanese GAAP]

Company name: NITTOKU CO., LTD. Listing: Tokyo Stock Exchange
 Stock code: 6145 URL: <https://nittoku.co.jp/english/>
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 Scheduled date of filing of Semi-annual Securities Report: November 14, 2024
 Scheduled date of payment of dividend: December 4, 2024
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

Note: The original disclosure in Japanese was released on November 13, 2024 at 15:30.

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter Ended September 30, 2024 (April 1, 2024–September 30, 2024)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2024	14,244	8.2	39	(97.6)	43	(97.5)	341	(69.1)
Six months ended Sep. 30, 2023	13,162	(15.4)	1,662	25.2	1,711	21.6	1,103	18.6

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2024: (578) (–%)
 Six months ended Sep. 30, 2023: 1,902 (up 55.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2024	18.90	–
Six months ended Sep. 30, 2023	61.08	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2024	59,803	38,835	64.5
As of Mar. 31, 2024	56,785	39,770	69.4

Reference: Shareholders' equity (million yen) As of Sep. 30, 2024: 38,565 As of Mar. 31, 2024: 39,420

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2024	–	17.00	–	17.00	34.00
Fiscal year ending Mar. 31, 2025	–	21.00	–	–	–
Fiscal year ending Mar. 31, 2025 (forecast)	–	–	–	21.00	42.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024–March 31, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	34,000	10.4	2,550	(38.8)	2,550	(40.4)	1,900	(30.8)	105.17

Note: Revisions to the most recently announced consolidated earnings forecast: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly added: 3 companies (Astecnos Co., Ltd., API Hard- & Software GmbH, and Astecnos America Corporation)

Excluded: —

(2) Application of special accounting methods in the preparation of the semi-annual consolidated financial statements:

None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

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

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: For more information, please refer to page 10 of the attachments “2. Semi-annual Consolidated Financial Statements and Notes, (4) Notes to Semi-annual Consolidated Financial Statements (Changes in Accounting Policies).”

(4) Number of issued shares (common stock)

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

As of Sep. 30, 2024:	18,098,923 shares	As of Mar. 31, 2024:	18,098,923 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2024:	26,741 shares	As of Mar. 31, 2024:	32,575 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2024:	18,068,966 shares	Six months ended Sep. 30, 2023:	18,066,549 shares
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* The current quarterly (semi-annual) summary report is not subject to review by certified public accountants or auditing firms.

* Proper use of earnings forecasts and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information currently available to the Company’s management at the time the materials were prepared. As such, they do not constitute an assurance that the Company promises to achieve the future performance. Actual results may differ significantly from these forecasts for a number of reasons. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 4 of the attachments “1. Overview of Results of Operations, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements.”

The Company plans to hold a results presentation for institutional investors and analysts on November 29, 2024. Materials will be available on the Company’s website.

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1. Overview of Results of Operations

(1) Overview of Results of Operations for the Period under Review

During the first half of the fiscal year ending March 31, 2025 (from April 1 through September 30, 2024), the global economy continued to face great uncertainties against the following backdrop: geopolitical risks, such as the situations in Ukraine and the Middle East, the impact of the U.S. presidential election on its fiscal policy and financial market, adjustment pressures in the labor and real estate markets in China, and trends in resources and energy prices.

Against the backdrop of accommodative financial conditions, the business environment surrounding the Group saw a gradual increase in capital investments due to factors such as investments to address labor shortages, digital-related investments, research and development investments in growth areas and decarbonization, investments to strengthen supply chains, capital investments in electrical equipment and safety in the automotive industry, and the need for automation, efficiency, and quality improvement of manufacturing and production systems.

The Group provides technologies and ideas for designing and building users' overall production systems. As a "line builder" that contributes to the efficiency and quality improvements of the entire production process, we also provide integrated production lines that meet each user's specific needs and wants. In addition, we are working to secure superior ready-to-work human resources in niche industries through a "satellite strategy" aimed at securing ready-to-work human resources, such as by opening technical centers in locations where we can gather the human resources we wish to hire.

In response to the recent social requirement that firms contribute to SDGs and pursue ESG management, the Company provides users with production systems that enable them to save energy, materials, electricity, and space and to achieve high productivity and safety. We are also working at IMD Co., Ltd., our affiliate, on the research of motors without insulating media that enable the reduction of motor waste and at the Company on the research of production systems for such motors. Through these activities, we contribute to global environmental conservation and the international community.

The Group is working with users to develop cutting-edge equipment for their automation projects involving new products in response to new technological innovations, mainly in the mobility industry. Also, the scale of production equipment is larger, and the delivery times are longer than in the past. In the previous fiscal year, we had many repeated projects, and our revenue grew significantly due to the implementation of digital transformation and various other productivity improvement measures. In the first half of the current fiscal year, however, a large percentage of projects involved the elements of new development (evolution and change of user-developed products). Such projects require more time to respond to specification changes and quality adjustments, additional costs to meet acceptance inspection conditions, and modifications after delivery, which resulted in several events of prolonged delivery times and additional costs. Also, partly due to increased selling, general and administrative expenses, such as personnel expenses associated with an increase in the number of employees, profits in the first half of the current fiscal year significantly decreased year on year. Nevertheless, we are confident that these projects will lead to repeat orders.

As a result of the above, for the first half of the current fiscal year, the Group reported net sales of 14,244 million yen (up 8.2% year on year), operating profit of 39 million yen (down 97.6% year on year), ordinary profit of 43 million yen (down 97.5% year on year), and profit attributable to owners of parent of 341 million yen (down 69.1% year on year) on a consolidated basis.

In this business environment, results by business segment were as follows.

Winding System & Mechatronics Business

The Group has pursued a business model of providing a production system that helps users improve their competitive advantage in the global market. To this end, we provide a variety of production line construction by means of production systems that enable high-performance multi-axis synchronous control through the use of our proprietary OS, based on the technology to integrate multiple processes such as coil winding, handling, assembly, and inspection through a transfer system. We must promptly cater to individual users' unique and diverse needs and wants. In doing so, we are striving to raise the barriers to entry for competitors and further improve our

competitiveness and market presence by globally promoting our Black Ocean strategy—a strategy to promote collaboration and co-creation with users and suppliers through open innovation in niche areas. As a result of such efforts, the Company has expanded its capabilities in the mechatronics business into areas not involving a coil winding process, such as handler equipment for the semiconductor industry, winders for the battery industry, and the construction of assembly lines for capacitors and modules for the automotive industry.

In recent years, with the rapid progress of digitalization, devices and tools have become more sophisticated and advanced. In this business, the Group has successfully transformed itself from a conventional “production facility manufacturer” to a “line builder.” This involves providing technologies and ideas for the design and building of overall production systems of users as well as contributing to production efficiency and quality improvements for the entire process.

As mentioned above, profits significantly decreased year on year during the first half of the current fiscal year, partly due to the prolonged delivery period associated with new development activities, several cost-intensive events, and an increase in selling, general and administrative expenses.

As a result of the above, the Winding System & Mechatronics Business segment, which accounts for about 94% of the Group’s total net sales, reported net sales of 13,402 million yen (up 14.3% year on year) and segment profit (operating profit) of 386 million yen (down 76.7% year on year) on a consolidated basis.

On a non-consolidated basis, orders received increased to 11,115 million yen (up 15.2% year on year), net sales decreased to 7,353 million yen (down 17.2% year on year), and the order backlog at the end of the second quarter increased to 22,342 million yen (up 7.9% year on year).

Contactless IC Tag & Card Business

During the first half of the current fiscal year, net sales of contactless IC cards decreased by 16.4% year on year. Net sales of FA tags and battery tags, which are used to manage production lines, decreased by 88.3% year on year, partly due to the increased tag inventories that users had arranged in advance when semiconductors were in short supply.

As a result, net sales of the Contactless IC Tag & Card Business came in at 842 million yen (down 41.2% year on year), and segment profit (operating profit) came in at 191 million yen (down 62.9% year on year) on a consolidated basis.

On a non-consolidated basis, orders received decreased to 797 million yen (down 16.0% year on year), net sales decreased to 844 million yen (down 41.0% year on year), and the order backlog at the end of the second quarter increased to 546 million yen (up 11.8% year on year).

(2) Overview of Financial Position for the Period under Review

1) Assets

Current assets increased by 1,302 million yen from the end of the previous fiscal year to 40,496 million yen. This was mainly attributable to increases of 2,473 million yen in work in process and 1,252 million yen in cash and deposits, which were partially offset by decreases of 1,766 million yen in electronically recorded monetary claims-operating and 806 million yen in notes and accounts receivable-trade.

Non-current assets increased by 1,715 million yen from the end of the previous fiscal year to 19,307 million yen. This was mainly attributable to increases of 1,413 million yen in buildings and structures, net, 1,028 million yen in land, 237 million yen in goodwill, and 189 million yen in machinery, equipment and vehicles, net, which were partially offset by a decrease of 1,269 million yen in investment securities.

As a result, total assets increased by 3,018 million yen from the end of the previous fiscal year to 59,803 million yen.

2) Liabilities

Current liabilities increased by 2,365 million yen from the end of the previous fiscal year to 15,888 million yen. This was mainly attributable to increases of 1,401 million yen in contract liabilities and 965 million yen in current portion of long-term borrowings.

Non-current liabilities increased by 1,588 million yen from the end of the previous fiscal year to 5,079 million yen. This was mainly attributable to an increase of 1,727 million yen in long-term borrowings.

Consequently, total liabilities increased by 3,953 million yen from the end of the previous fiscal year to 20,968 million yen.

3) Net assets

Total net assets decreased by 935 million yen from the end of the previous fiscal year to 38,835 million yen.

Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the first half of the current fiscal year increased by 1,211 million yen from the end of the previous fiscal year to 15,715 million yen. The cash flow components during the first half of the current fiscal year and the main reasons for changes are described below.

Cash flows from operating activities

Net cash provided by operating activities was 1,741 million yen (compared with 70 million yen used for the same period of the previous fiscal year). The main factors include an increase in inventories of 1,295 million yen and the recording of gain on sale of investment securities of 427 million yen, despite a decrease in trade receivables of 3,129 million yen.

Cash flows from investing activities

Net cash provided by investing activities was 532 million yen (compared with 670 million yen used for the same period of the previous fiscal year). The main factors include proceeds from sale of investment securities of 934 million yen, despite purchase of property, plant and equipment of 414 million yen.

Cash flows from financing activities

Net cash used in financing activities was 871 million yen (compared with 480 million yen used for the same period of the previous fiscal year). The main factors include repayments of long-term borrowings of 340 million yen and dividends paid of 307 million yen.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements

The earnings forecasts are based on information available at the time of the release of this report. Actual results may differ from these forecasts for a number of reasons. There are no revisions to the full-year consolidated earnings forecast for the fiscal year ending March 31, 2025, released on August 9, 2024.

2. Semi-annual Consolidated Financial Statements and Notes**(1) Semi-annual Consolidated Balance Sheet**

	(Millions of yen)	
	Prior fiscal year (As of Mar. 31, 2024)	Second quarter of current fiscal year (As of Sep. 30, 2024)
Assets		
Current assets		
Cash and deposits	15,028	16,280
Notes and accounts receivable-trade	6,910	6,104
Electronically recorded monetary claims-operating	2,514	748
Securities	301	283
Work in process	11,094	13,567
Raw materials and supplies	2,702	2,379
Other	713	1,203
Allowance for doubtful accounts	(72)	(71)
Total current assets	39,193	40,496
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,132	6,545
Machinery, equipment and vehicles, net	1,039	1,229
Land	2,811	3,839
Other, net	700	607
Total property, plant and equipment	9,683	12,221
Intangible assets		
Goodwill	—	237
Other	181	216
Total intangible assets	181	454
Investments and other assets		
Investment securities	4,991	3,722
Retirement benefit asset	681	691
Deferred tax assets	46	111
Other	2,006	2,104
Total investments and other assets	7,726	6,630
Total non-current assets	17,591	19,307
Total assets	56,785	59,803

	(Millions of yen)	
	Prior fiscal year (As of Mar. 31, 2024)	Second quarter of current fiscal year (As of Sep. 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,913	2,090
Electronically recorded obligations-operating	2,105	2,892
Income taxes payable	1,201	226
Contract liabilities	5,450	6,851
Provision for bonuses	722	641
Current portion of long-term borrowings	399	1,364
Other	1,730	1,821
Total current liabilities	13,523	15,888
Non-current liabilities		
Long-term borrowings	1,584	3,312
Retirement benefit liability	1	4
Deferred tax liabilities	1,186	1,204
Other	719	558
Total non-current liabilities	3,491	5,079
Total liabilities	17,014	20,968
Net assets		
Shareholders' equity		
Share capital	6,884	6,884
Capital surplus	2,528	2,550
Retained earnings	24,722	24,756
Treasury shares	(29)	(24)
Total shareholders' equity	34,106	34,168
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,178	1,618
Foreign currency translation adjustment	2,846	2,541
Remeasurements of defined benefit plans	289	237
Total accumulated other comprehensive income	5,314	4,397
Non-controlling interests	349	269
Total net assets	39,770	38,835
Total liabilities and net assets	56,785	59,803

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income**Semi-annual Consolidated Statement of Income**

(Millions of yen)

	First six months of prior fiscal year (Apr. 1, 2023–Sep. 30, 2023)	First six months of current fiscal year (Apr. 1, 2024–Sep. 30, 2024)
Net sales	13,162	14,244
Cost of sales	8,753	10,986
Gross profit	4,408	3,258
Selling, general and administrative expenses	2,746	3,219
Operating profit	1,662	39
Non-operating income		
Interest income	46	35
Dividend income	35	31
Insurance claim income	–	40
Other	54	54
Total non-operating income	135	161
Non-operating expenses		
Interest expenses	13	30
Foreign exchange losses	55	66
Company funeral-related expenses	–	40
Other	17	20
Total non-operating expenses	86	157
Ordinary profit	1,711	43
Extraordinary income		
Gain on sale of investment securities	–	427
Total extraordinary income	–	427
Profit before income taxes	1,711	470
Income taxes-current	685	178
Income taxes-deferred	(68)	(37)
Total income taxes	617	141
Profit	1,093	329
Loss attributable to non-controlling interests	(9)	(12)
Profit attributable to owners of parent	1,103	341

Semi-annual Consolidated Statement of Comprehensive Income

(Millions of yen)

	First six months of prior fiscal year (Apr. 1, 2023–Sep. 30, 2023)	First six months of current fiscal year (Apr. 1, 2024–Sep. 30, 2024)
Profit	1,093	329
Other comprehensive income		
Valuation difference on available-for-sale securities	133	(559)
Foreign currency translation adjustment	725	(295)
Remeasurements of defined benefit plans, net of tax	(51)	(52)
Total other comprehensive income	808	(907)
Comprehensive income	1,902	(578)
Comprehensive income attributable to:		
Owners of parent	1,896	(574)
Non-controlling interests	5	(3)

(3) Semi-annual Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of prior fiscal year (Apr. 1, 2023–Sep. 30, 2023)	First six months of current fiscal year (Apr. 1, 2024–Sep. 30, 2024)
Cash flows from operating activities		
Profit before income taxes	1,711	470
Depreciation	511	604
Amortization of goodwill	–	26
Increase (decrease) in allowance for doubtful accounts	58	(3)
Increase (decrease) in provision for bonuses	103	(173)
Increase (decrease) in retirement benefit liability	(19)	2
Decrease (increase) in retirement benefit asset	(77)	(85)
Interest and dividend income	(81)	(66)
Foreign exchange losses (gains)	(30)	24
Subsidy income	(11)	(0)
Decrease (increase) in trade receivables	(460)	3,129
Decrease (increase) in inventories	(3,341)	(1,295)
Increase (decrease) in trade payables	610	332
Loss (gain) on sale of investment securities	–	(427)
Increase (decrease) in contract liabilities	1,083	1,006
Other, net	(75)	(692)
Subtotal	(20)	2,853
Interest and dividends received	77	65
Interest paid	(13)	(30)
Income taxes paid	(127)	(1,147)
Subsidies received	11	0
Net cash provided by (used in) operating activities	(70)	1,741
Cash flows from investing activities		
Payments into time deposits	(724)	(67)
Proceeds from withdrawal of time deposits	733	100
Proceeds from redemption of securities	–	80
Purchase of property, plant and equipment	(189)	(414)
Proceeds from sale of property, plant and equipment	23	17
Purchase of intangible assets	(53)	(48)
Purchase of investment securities	(316)	(89)
Proceeds from sale of investment securities	16	934
Purchase of insurance funds	(279)	(281)
Proceeds from maturity of insurance funds	119	45
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(76)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	332
Other, net	(0)	–
Net cash provided by (used in) investing activities	(670)	532
Cash flows from financing activities		
Repayments of long-term borrowings	–	(340)
Dividends paid	(270)	(307)
Other, net	(209)	(223)
Net cash provided by (used in) financing activities	(480)	(871)
Effect of exchange rate change on cash and cash equivalents	448	(190)
Net increase (decrease) in cash and cash equivalents	(772)	1,211
Cash and cash equivalents at beginning of period	12,023	14,503
Cash and cash equivalents at end of period	11,251	15,715

(4) Notes to Semi-annual Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

First six months of the current fiscal year (Apr. 1, 2024–Sep. 30, 2024)

Not applicable.

Changes in Accounting Policies

First six months of the current fiscal year (Apr. 1, 2024–Sep. 30, 2024)

(Application of the accounting standards for current income taxes)

The Company has applied the revised “Accounting Standard for Current Income Taxes, etc.” (Accounting Standard Board of Japan (“ASBJ”) Statement No. 27, October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standard”), “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, October 28, 2022), and “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022) from the beginning of the first six month of the current fiscal year.

Previously, the Company had recorded corporate tax, inhabitant tax, enterprise tax, etc., on income and other items (hereinafter referred to as “income taxes”) in profit or loss in the amount calculated in accordance with laws and regulations. However, the Company has decided to record income taxes on income separately in profit or loss, shareholder’s equity, and other comprehensive income according to the transactions, etc. that generate the income taxes. With regard to income taxes recorded in other comprehensive income, the Company has decided to record the corresponding tax amount when the transactions, etc., that cause the income taxes to be imposed are recorded in profit or loss. If the transactions subject to tax are related to shareholders’ equity or other comprehensive income in addition to profit or loss, but it is difficult to calculate the amount of income taxes imposed on shareholders’ equity or other comprehensive income, the amount of such taxes is recorded in profit or loss.

Revisions regarding the classification of income taxes are in accordance with the transitional treatment stipulated in the proviso to Article 20-3 of the 2022 Revised Accounting Standard.

The effect of this change in accounting policy on the semi-annual consolidated financial statements is immaterial.

Segment and Other Information**I. First six months of prior fiscal year (Apr. 1, 2023–Sep. 30, 2023)****1. Information related to net sales and profit or loss for each reportable segment (Millions of yen)**

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Net sales			
External sales	11,730	1,431	13,162
Inter-segment sales and transfers	–	–	–
Total	11,730	1,431	13,162
Segment profit	1,654	516	2,171

2. Reconciliation of amounts shown on the semi-annual consolidated statement of income with total profit or loss for reportable segments (Millions of yen)

Profit	Amount
Total for reportable segments	2,171
Corporate expenses (Note)	(509)
Operating profit on the semi-annual consolidated statement of income	1,662

Note: Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segments.

II. First six months of current fiscal year (Apr. 1, 2024–Sep. 30, 2024)**1. Information related to net sales and profit or loss for each reportable segment (Millions of yen)**

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Net sales			
External sales	13,402	842	14,244
Inter-segment sales and transfers	–	–	–
Total	13,402	842	14,244
Segment profit	386	191	577

2. Reconciliation of amounts shown on the semi-annual consolidated statement of income with total profit or loss for reportable segments (Millions of yen)

Profit	Amount
Total for reportable segments	577
Corporate expenses (Note)	(537)
Operating profit on the semi-annual consolidated statement of income	39

Note: Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segments.

Material Subsequent Events

The Company has resolved, at a meeting of the Board of Directors held on November 13, 2024, the matters concerning the acquisition of own shares pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, paragraph (3) of the same Act.

(1) Reason for acquisition of own shares

To strengthen shareholder returns, improve capital efficiency, and implement a flexible capital policy.

(2) Details of matters related to acquisition

1) Class of shares to be acquired	Common stock of the Company
2) Total number of shares to be acquired	Up to 1,200,000 shares
3) Total amount of share acquisition costs	Up to 3,000 million yen
4) Acquisition period	From November 14, 2024 to February 13, 2025
5) Acquisition method	Market purchase on the Tokyo Stock Exchange

This summary report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.