



May 10, 2024

Dear Investors and Analysts;

Company Name: erez Co., Ltd
Representative: Hitoshi Honna, Representative Director and President
(Code No.: 9517 TSE Prime Market)
Contact: Takanobu Yasunaga, Managing Director
(TEL. +81-3-3243-1167)

Notice Concerning Issuance of New Shares through Third-Party Allotment

erez Co., Ltd. (hereinafter referred to as the "Company") is pleased to announce that the Company resolved at the meeting of the board of directors held on May 10, 2024, to issue new shares (hereinafter referred to as the "Shares") through third-party allotment to JFE Engineering Corporation, TODA CORPORATION, KYUDENKO CORPORATION, and Sumitomo Mitsui Finance and Leasing Company Limited (hereinafter referred to as the "Capital Increase through Third-Party Allotment"), as follows.

Note

1. Outline of the Offering

(1) Payment Date	May 30, 2024
(2) Number of Shares Issued	Common stock of the Company, 14,857,700 shares
(3) Issue Price	798 yen per share
(4) Amount of Fund Raising	11,856,444,600 yen
(5) Method of Offering or Allotment (Scheduled Allottee)	The following number of shares will be allocated to each allottee through third-party allotment. JFE Engineering Corporation: 4,391,400 shares TODA CORPORATION: 4,391,400 shares KYUDENKO CORPORATION: 3,568,700 shares Sumitomo Mitsui Finance and Leasing Company Limited: 2,506,200 shares
(6) Others	Each of the above items is subject to the effectiveness of the notification filed under the Financial Instruments and Exchange Act

2. Purpose and Reason for the Offering

Under the vision for 2030, "～For the realization of a sustainable society～ To become a pioneer in the new era of electric power with renewable energy at its core," the Company Group has continued to grow by integrating and promoting four businesses: fuel business, power generation business, trading business, and power retail business, with renewable energy at the core, in order to secure stable earnings and diversify risks.

Since 2019, the Company has been promoting power generation and fuel development projects overseas, mainly in Southeast Asian countries, as a new challenge. By focusing on this project in Vietnam in particular, the Company aims to both secure a stable power supply and promote de-carbonization in the

country, and contribute to the realization of a sustainable society.

Under these circumstances, the Company has been searching for business partners who are engaged in businesses that are highly compatible with the businesses promoted by the Company Group and have the potential to complement each other's business efforts in the future, with the aim of enhancing the corporate value of both parties by further strengthening relationship.

The Company then approached business partners that had been judged to be conducive to the aforementioned objectives to underwrite its shares, and selected the allottees from among those that expressed a willingness to underwrite its shares as follows.

The Company has concluded that the scheduled allottees are the most suitable because they have good understanding of the business of the Company Group and its social significance, and has the intention to hold the shares for a long period of time.

(JFE Engineering Corporation)

JFE Engineering Corporation is one of Japan's leading engineering companies that has made "contributing to solving climate change issues" a priority management issue. JFE Engineering Corporation also has long played an important role in the construction of power plants for the Company's subsidiaries and affiliates, and has worked closely with the Company. The two companies, which share a common focus on "carbon neutrality" and "de-carbonization," have discussed the future development of renewable energy businesses, and as a result, the possibility of various business alliances, including the development of biomass power plants in Japan and overseas, is anticipated in the future. As a result, the two companies have decided that building a stronger, long-term partnership through the Capital Increase through Third-Party Allotment will contribute to the sustainable growth of both companies and enhance their mutual corporate value.

In addition, in order to further promote collaboration with JFE Engineering Corporation, the two companies agreed to enter into a capital and business alliance agreement on May 10, 2024, in connection with the Capital Increase through Third-Party Allotment. For details, please refer to the "Notice Concerning the Conclusion of Capital and Business Alliance Agreement" dated May 10, 2024.

(TODA CORPORATION)

TODA CORPORATION is one of the leading civil engineering and construction companies in Japan with an environmental policy of "contributing to the realization of a globally sustainable society by solving environmental issues". As a result of discussions this time between the two companies regarding future business developments related to renewable energy, the two companies have come to the conclusion that building a stronger, long-term partnership through the Capital Increase through Third-Party Allotment will contribute to the sustainable growth of the two companies and enhance their mutual corporate value, as there is potential for collaboration in the future.

(KYUDENKO CORPORATION)

KYUDENKO CORPORATION is one of the leading comprehensive facility construction companies in Japan, with one of its long-term visions being "the realization of a de-carbonized society". In addition, KYUDENKO CORPORATION and the Company have been cooperating with each other through joint investments in power generation projects in Japan. As a result of discussions this time between the two companies regarding future business developments related to renewable energy, the two companies have

come to the conclusion that building a stronger, long-term partnership through the Capital Increase through Third-Party Allotment will contribute to the sustainable growth of both companies and enhance their mutual corporate value, as there is potential for collaboration in the future.

(Sumitomo Mitsui Finance and Leasing Company Limited)

Sumitomo Mitsui Finance and Leasing Company Limited, an affiliate of Sumitomo Mitsui Financial Group, Inc., is one of the leading leasing companies in Japan, promoting initiatives for renewable energy and expanding the handling of products that lead to de-carbonization as priority issues and focus measures. The Company's subsidiary has a long-term loan from Sumitomo Mitsui Finance and Leasing Company Limited, who has been cooperating with the Company's subsidiary by concluding a business outsourcing agreement for electric power retailing, etc. As a result of discussions this time between the two companies regarding future business developments related to renewable energy, the two companies have come to the conclusion that building a stronger, long-term partnership through the Capital Increase through Third-Party Allotment will contribute to the sustainable growth of both companies and enhance their mutual corporate value, as there is potential for collaboration in the future.

The specific use of funds and the scheduled time of expenditure are described in "3. Amount, Use and Scheduled Time of Expenditure of Funds to be Raised (2) Specific Use of Funds to be Raised" below.

3. Amount, Use and Scheduled Time of Expenditure of Funds to be Raised

(1) Amount of Funds to be Raised

Total Amount to be Paid in (yen)	Estimated Amount of Issuance Costs (yen)	Estimated Net Proceeds (yen)
11,856,444,600	42,000,000	11,814,444,600

(Note)

1. The estimated amount of issuance costs does not include consumption tax, etc.
2. The estimated amount of issuance costs is the total amount of expenses for preparation of securities registration statement and other documents, expenses for registration of changes, and other fees, etc.

(2) Specific Use of Funds to be Raised

The above estimated net proceeds of 11,814,444,600 yen will be used for the following specific purposes.

Specific Use	Amount (million yen)	Scheduled Expenditure Period
Overseas Business Growth Fund (Funds for Construction of Biomass Power Plants and Pellet Factories in Vietnam, etc.)	8,384	June 2024 ~ March 2028
Reduction of Interest-Bearing Debt to Improve Financial Position	3,430	June 2024 ~ March 2025

(Note)

1. The Company plans to manage stable funds such as bank deposits, etc. until the scheduled expenditure period.
2. There is no order of priority for the above specific uses, and the funds will be appropriated from the earliest to the latest.
3. As stated in "2. Purpose and Reason for the Offering" above, the Company expects to have a large demand for funds in order to promote its power generation and fuel development businesses in Vietnam in the future.

On the other hand, Unfortunately, the Company's financial results for FY March 2024 were a

significant loss, its equity ratio decreased by 10.4% from 43.1% to 32.7%, and interest-bearing debt increased by 11.4 billion yen from 44.5 billion yen to 55.9 billion yen as compared to the end of Q1 of FY March 2024. In order to meet the capital needs for power generation and fuel development projects in Vietnam that may arise in the future, the Company plans to use the estimated net proceeds from the Capital Increase through Third-Party Allotment to fund such investments and to reduce interest-bearing debt in order to improve its financial position, which is a prerequisite for such investments.

4. Views on Reasonableness of Use of Funds

The Company expects that the funds raised through the Capital Increase through Third-Party Allotment will contribute to the growth of the Company's overseas business and improvement of the Company's financial position by being used for the purposes described above in "3. Amount, Use and Scheduled Time of Expenditure of Funds to be Raised (2) Specific Use of Funds to be Raised", and therefore, the Company believes that the use of such funds is reasonable and will contribute to the enhancement of shareholder value.

5. Reasonableness of Terms and Conditions of Issuance, etc.

(1) Basis and Specifics of the Calculation of the Amount to be Paid in

As a result of discussions between the Company and each allottee regarding the number of shares to be allotted and a reasonable amount to be paid in, taking into consideration the scale of the allotment, the share price and liquidity of the Company's common stock over a certain period of time in the past, and other factors, the Company has determined that the amount to be paid in for these shares will be 798 yen per share, the simple average of the closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market over the past 1 month (from April 10, 2024 to May 9, 2024) up to and including the business day immediately before the date of resolution at the board meeting regarding the Capital Increase through Third-Party Allotment (rounded up to the nearest 1 yen). The calculation of the amount to be paid in was based on the average closing price of the Company's common stock for the one-month period up to and including the business day immediately before the date of resolution at the board meeting regarding the Capital Increase through Third-Party Allotment, as a result of discussions with each allottee, and by referring to a leveled average price over a certain period, rather than using the price on the specific day immediately before the business day as the basis. The Company concluded that the average share price was a highly objective basis for the calculation, because it is possible to determine the appropriate value of the Company's shares in the stock market and to determine a fair amount to be paid in by eliminating special factors such as the effects of temporary stock price fluctuations. The reason for using the most recent one-month period as the basis for the calculation is that, compared to the most recent three-month period and the most recent six-month period, the Company has determined that information that may have an impact on the share price has been publicly disclosed, and adopting a certain period that incorporates the most recent economic conditions is the most appropriate to reflect the value of the Company's shares at the current point in time. The issue price is in accordance with the Japan Securities Dealers Association's "Guidelines for Handling Third-Party Allotments," which stipulates that the issue price should, in principle, be at least an amount equal to or greater than the price on the day immediately before the board of directors' resolution multiplied by 0.9. Based on the above, the Company has determined that the issue price is not particularly favorable.

The issue price represents a discount of 3.62% (rounded to the second decimal place; the same applies hereinafter with respect to the calculation of the discount rate or premium rate) to 828 yen, the share

price on the trading day immediately before the date of resolution at the board of director's meeting regarding the Capital Increase through Third-Party Allotment, a premium of 6.68% to 748 yen, which is the simple average of closing prices on the TSE for the most recent three months (from February 9, 2024 to May 9, 2024), and a premium of 8.87% to 733 yen, which is the simple average of closing prices on the TSE for the most recent six months (from November 10, 2023 to May 9, 2024).

The Company's three corporate auditors (including two outside corporate auditors) have expressed the opinion that the amount to be paid in does not constitute a particularly favorable amount and that the amount to be paid in is legitimate.

(2) Basis for Determining that the Number of Shares to be Issued and the Scale of Share Dilution are Reasonable

The number of shares to be issued through the Capital Increase through Third-Party Allotment is 14,857,700 shares (148,577 voting rights), which corresponds to 24.96% of the total number of issued and outstanding shares of 59,517,808 shares (594,784 voting rights) as of March 31, 2024 (24.98% of the total number of voting rights) (all rounded to the second decimal place) and will cause a certain degree of dilution.

However, the Capital Increase through Third-Party Allotment is directly aimed at building a long-term partnership between the Company and each of the allottees, and is expected to contribute to the enhancement of the Company's corporate value and shareholder value in the future. In addition, as stated in "3. Amount, Use and Scheduled Time of Expenditure of Funds to be Raised (2) Specific Use of Funds to be Raised", the proceeds from the Capital Increase through Third-Party Allotment will be used to fund the Company's power generation and fuel development business developments in Southeast Asian countries, particularly Vietnam, and to reduce interest-bearing debt for the purpose of improving its financial position. And the allottees understand the sustainable growth of the Company's business and its significance. Therefore, the Company believes that the long-term relationship between the Company and each of the allottees to be established through the Capital Increase through Third-Party Allotment will contribute to the enhancement of the Company's corporate value and, in turn, the interests of its existing shareholders. Therefore, the Company believes that the size of the dilution of shares due to the Capital Increase through Third-Party Allotment is reasonable.

6. Outline of the Scheduled Allottees and Reasons for Selection, etc.

(1) Overview of the Allottees

Number of shares allotted to JFE Engineering Corporation: 4,391,400 shares

(1) Name	JFE Engineering Corporation
(2) Location	2-2-3 Uchisaiwai-Cho, Chiyoda-Ward, Tokyo
(3) Title and Name of Representative	Kazuyoshi Fukuda, Representative Director and President
(4) Business	Engineering Business
(5) Capital	10,000 million yen
(6) Date of Establishment	April 1, 2003
(7) Number of Issued and Outstanding Shares	55,730,000 shares (as of March 31, 2023)

(8) Fiscal Year End	March		
(9) Number of Employees	Approx. 11,000 (including group companies)		
(10) Major Partners	-		
(11) Main Banks	Mizuho Bank, Ltd., MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation		
(12) Major Shareholders and Shareholding Ratio	JFE Holdings, Inc. 100%		
(13) Relationship between the Company and the Allottee	Capital Relationship	N/A	
	Personal Relationship	N/A	
	Business Relationship	There is a track record in engineering, procurement, and construction (EPC) contracts at the Company's subsidiaries and affiliated companies	
	Related Party Status	N/A	
(14) Operating Results and Financial Position for the Last Three Years			
Accounting Period	FY March 2021	FY March 2022	FY March 2023
Net Assets	129,012	130,504	127,138
Total Assets	334,066	336,641	328,148
Net Assets Per Share (yen)	2,314.96	2,314.72	2,281.32
Net Sales	304,240	310,366	300,564
Operating Income	11,061	12,323	7,006
Ordinary Income	18,151	19,659	2,903
Net Income Attributable to Owners of the Parent	32,464	12,089	627
Net Income Per Share (yen)	582.54	216.93	11.26
Dividend Per Share (yen)	81.82	177.48	83.45

(Note)

1. The Company investigated JFE Engineering Corporation's relationship with anti-social forces by information provided by Riskmonster.com (2-16-5 Nihonbashi, Chuo-Ward, Tokyo), an investigative organization with which the Company contracts, and by searching for past newspaper articles, etc. by setting information and keywords reminiscent of anti-social forces and performing a complex search, and confirmed that it has no relationship with anti-social forces.

In addition, JFE Holdings, Inc., the parent company of JFE Engineering Corporation, is listed on the prime market of the Tokyo Stock Exchange, and based on the basic policy toward the elimination of antisocial forces and its development as stated in the "Matters Concerning Internal Control Systems, etc." in the "Report on Corporate Governance" submitted by the parent company to the Tokyo Stock Exchange, the Company has concluded that JFE Engineering Corporation and its officers have no relationship with antisocial forces. Furthermore, in the EPC contract concluded between JFE Engineering Corporation and the Company, the Company has received representations and warranties to the effect that JFE Engineering Corporation has no relationship with antisocial forces.

2. Operating results and financial position for the past three years are in millions of yen, except as otherwise noted

Number of shares allotted to TODA CORPORATION Toda Corporation: 4,391,400 shares

(1) Name	TODA CORPORATION		
(2) Location	1-7-1 Kyobashi, Chuo-Ward, Tokyo		
(3) Title and Name of Representative	Seisuke Otani, Representative Director and President		
(4) Business	Surveying, construction, and comprehensive engineering and consulting services related to building and civil engineering projects		
(5) Capital	23,001 million yen		
(6) Date of Establishment	July 10, 1936		
(7) Number of Issued and Outstanding Shares	322,656,796 shares (as of March 31, 2024)		
(8) Fiscal Year End	March		
(9) Number of Employees	6,551 (consolidated) (as of March 31, 2023)		
(10) Major Partners	Murata Manufacturing Company, Ltd., HONDA MOTOR CO., LTD., Mitsubishi Estate Company Limited, Mitsubishi UFJ Financial Group, Inc., Others		
(11) Main Banks	MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation		
(12) Major Shareholders and Shareholding Ratio	Daiichi Shokusan Corporation 13.98% The Master Trust Bank of Japan, Ltd. (Trust Account) 11.75% (As of March 31, 2024)		
(13) Relationship between the Company and the Allottee	Capital Relationship	N/A	
	Personal Relationship	N/A	
	Business Relationship	There are transactions with the Company's subsidiary regarding the sale of electric power	
	Related Party Status	N/A	
(14) Operating Results and Financial Position for the Last Three Years			
Accounting Period	FY March 2021	FY March 2022	FY March 2023
Net Assets	312,533	319,042	323,261
Total Assets	735,789	761,199	815,556
Net Assets Per Share (yen)	1,011.02	1,027.12	1,023.64
Net Sales	507,134	501,509	547,155
Operating Income	27,697	24,385	14,135
Ordinary Income	30,363	28,111	19,039
Net Income Attributable to Owners of the Parent	19,735	18,560	10,995
Net Income Per Share (yen)	64.36	60.43	35.64

Dividend Per Share (yen)	20.00	26.00	27.00
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(Note)

1. TODA CORPORATION is listed on the prime market of the Tokyo Stock Exchange, and based on the basic policy toward the elimination of antisocial forces and its development as stated in the "Matters Concerning Internal Control Systems, etc." in the "Report on Corporate Governance" submitted to the Tokyo Stock Exchange, the Company has concluded that TODA CORPORATION and its officers have no relationship with antisocial forces. In addition, TODA CORPORATION has submitted a written confirmation to the Tokyo Stock Exchange stating that it has no relationship with antisocial forces.
2. Consolidated operating results and consolidated financial position for the last three years are in millions of yen, except as otherwise noted

Number of shares allotted to KYUDENKO CORPORATION: 3,568,700 shares

(1) Name	KYUDENKO CORPORATION		
(2) Location	1-23-35, Nanokawa, Minami-Ward, Fukuoka City, Fukuoka Prefecture		
(3) Title and Name of Representative	Kazuyuki Ishibashi, Representative Director and President, Corporate Officer		
(4) Business	Construction industry		
(5) Capital	12,561 million yen		
(6) Date of Establishment	December 1, 1944		
(7) Number of Issued and Outstanding Shares	70,864,961 shares (as of March 31, 2023)		
(8) Fiscal Year End	March		
(9) Number of Employees	10,504 (consolidated) (as of March 31, 2023)		
(10) Major Partners	Kyushu Electric Power Transmission and Distribution Co., Inc., etc.		
(11) Main Banks	MUFG Bank, Ltd., THE BANK OF FUKUOKA, LTD., THE NISHI-NIPPON CITY BANK, LTD..		
(12) Major Shareholders and Shareholding Ratio	Kyushu Electric Power Company Incorporated 22.55% The Master Trust Bank of Japan, Ltd. (Trust Account) 9.95% The Custody Bank of Japan, Ltd. (Trust Account) 8.79% (As of September 30, 2023)		
(13) Relationship between the Company and the Allottee	Capital Relationship	KYUDENKO CORPORATION owns 4.5% equity share of Okinawa Uruma New Energy Co., Ltd. (the Company's power generation subsidiary in Japan) and 8.0% equity share of Buzen New Energy G.K. (the Company's affiliated company)	
	Personal Relationship	N/A	
	Business Relationship	N/A	
	Related Party Status	N/A	
(14) Operating Results and Financial Position for the Last Three Years			
Accounting Period	FY March 2021	FY March 2022	FY March 2023
Net Assets	221,741	241,194	263,017

Total Assets	366,532	378,396	446,410
Net Assets Per Share (yen)	3,102.61	3,375.43	3,681.85
Net Sales	391,901	376,563	395,783
Operating Income	32,998	33,137	32,083
Ordinary Income	35,906	36,828	35,462
Net Income Attributable to Owners of the Parent	25,042	26,216	26,349
Net Income Per Share (yen)	353.48	370.05	371.93
Dividend Per Share (yen)	100	100	110

(Note)

1. KYUDENKO CORPORATION is listed on the prime market of the Tokyo Stock Exchange, etc. and based on the basic policy toward the elimination of antisocial forces and its development as stated in the "Matters Concerning Internal Control Systems, etc." in the "Report on Corporate Governance" submitted to the Tokyo Stock Exchange, the Company has concluded that KYUDENKO CORPORATION and its officers have no relationship with antisocial forces. In addition, KYUDENKO CORPORATION has submitted a written confirmation to the Tokyo Stock Exchange stating that it has no relationship with antisocial forces.

2. Consolidated operating results and consolidated financial position for the last three years are in millions of yen, except as otherwise noted

Number of shares allotted to Sumitomo Mitsui Finance and Leasing Company Limited: 2,506,200 shares

(1) Name	Sumitomo Mitsui Finance and Leasing Company Limited	
(2) Location	1-3-2, Marunouchi, Chiyoda-Ward, Tokyo	
(3) Title and Name of Representative	Masaki Tachibana, Representative Director and President	
(4) Business	Leasing and deferred payment business for various goods, operating loan business, etc.	
(5) Capital	15,000 million yen	
(6) Date of Establishment	February 1963	
(7) Number of Issued and Outstanding Shares	95,314,112 shares (as of December 31, 2023)	
(8) Fiscal Year End	March	
(9) Number of Employees	3,847 (consolidated) (as of March 31, 2023)	
(10) Major Partners	-	
(11) Main Banks	Sumitomo Mitsui Banking Corporation	
(12) Major Shareholders and Shareholding Ratio	Sumitomo Mitsui Financial Group, Inc. 50% Sumitomo Corporation 50%	
(13) Relationship between the Company and	Capital Relationship	N/A
	Personal Relationship	N/A

the Allottee	Business Relationship	There is a business outsourcing agreement pertaining to electric power retail operations between the Company's subsidiary and a group company of the allottee
	Related Party Status	N/A

(14) Consolidated Operating Results and Consolidated Financial Position for the Last Three Years

Accounting Period	FY March 2021	FY March 2022	FY March 2023
Net Assets	922,067	1,021,541	1,175,290
Total Assets	7,041,995	7,795,958	9,245,649
Net Assets Per Share (yen)	8,569.72	9,491.87	10,408.70
Net Sales	1,438,293	1,818,535	2,159,316
Operating Income	41,395	116,212	133,197
Ordinary Income	45,096	119,468	136,566
Net Income Attributable to Owners of the Parent	33,627	35,363	50,418
Net Income Per Share (yen)	436.54	404.83	577.17
Dividend Per Share (yen)	145	143	290

(Note)

1. The Company investigated Sumitomo Mitsui Finance and Leasing Company Limited's relationship with anti-social forces by information provided by Riskmonster.com (2-16-5 Nihonbashi, Chuo-Ward, Tokyo), an investigative organization with which the Company contracts, and by searching for past newspaper articles, etc. by setting information and keywords reminiscent of anti-social forces and performing a complex search, and confirmed that it has no relationship with anti-social forces.

Sumitomo Mitsui Financial Group, Inc. and Sumitomo Corporation, the parent companies of Sumitomo Mitsui Finance and Leasing Company Limited are listed on the prime market of the Tokyo Stock Exchange, and based on the basic policy toward the elimination of antisocial forces and its development as stated in the "Matters Concerning Internal Control Systems, etc." in the "Report on Corporate Governance" submitted by the two companies to the Tokyo Stock Exchange, the Company has concluded that Sumitomo Mitsui Finance and Leasing Company Limited and its officers have no relationship with antisocial forces. Furthermore, Sumitomo Mitsui Finance and Leasing Company Limited has posted its "Basic Policy Against Antisocial Forces" on its website, declaring that it is committed to blocking and eliminating any relationship with antisocial forces.

2. Consolidated operating results and consolidated financial position for the last three years are in millions of yen, except as otherwise noted

(2) Reason for Selecting the Allottees

The reason for selecting the allottees is as described in "2. Purpose and Reason for the Offering" above.

(3) Holding Policy of the Allottees

The Company has confirmed from each of the allottees that the allottees will acquire the Shares on the assumption that they will continue to hold the Shares over the medium to long term.

The Company plans to obtain a written commitment from the scheduled allottees that if they transfer all or part of the shares of the Company's common stock to be issued through the Capital Increase through Third-Party Allotment within two years of the payment date (May 30, 2024), they will immediately report the details of such transfer to the Company in writing, that the Company will report the details of such report to the Tokyo Stock Exchange, Inc. and that the contents of such report will be made available for public inspection.

(4) Details of the Confirmed Assets Required for Payment by the Scheduled Allottees

(JFE Engineering Corporation)

Based on the status of total assets, net assets, cash and deposits, etc. as stated in the financial results announcement (for FY March 2023) released on June 27, 2023, the Company has confirmed that JFE Engineering Corporation has necessary and sufficient funds to pay for the Capital Increase through Third-Party Allotment and has determined that there will be no problem in paying for the Capital Increase through Third-Party Allotment.

(TODA CORPORATION)

Based on the status of total assets, net assets, cash and deposits, etc. as stated in the Annual Securities Report (for FY March 2023) submitted on June 30, 2023, the Company has confirmed that TODA CORPORATION has necessary and sufficient funds to pay for the Capital Increase through Third-Party Allotment and has determined that there will be no problem with the payment for the Capital Increase through Third-Party Allotment.

(KYUDENKO CORPORATION)

Based on the status of total assets, net assets, cash and deposits, etc. as stated in the Annual Securities Report (for FY March 2023) submitted on June 29, 2023, the Company has confirmed that KYUDENKO CORPORATION has necessary and sufficient funds to pay for the Capital Increase through Third-Party Allotment, and has determined that there will be no problem in paying for the Capital Increase through Third-Party Allotment.

(Sumitomo Mitsui Finance and Leasing Company Limited)

Based on the status of total assets, net assets, cash and deposits, etc. as stated in the financial results announcement (for FY March 2023) released on May 12, 2023, the Company has confirmed that Sumitomo Mitsui Finance and Leasing Company Limited has necessary and sufficient funds to pay for the Capital Increase through Third-Party Allotment, and has determined that there will be no problem in paying for the Capital Increase through Third-Party Allotment.

7. Major Shareholders and Shareholding Ratios after the Offering

Before the Capital Increase through Third-Party Allotment (as of March 31, 2024)		After the Capital Increase through Third-Party Allotment	
DAIWA CM SINGAPORE LTD (TRUST A/C)	8.99%	DAIWA CM SINGAPORE LTD (TRUST A/C)	7.19%
KISCO Corporation	6.73%	JFE Engineering Corporation	5.91%
UEDA YAGI TANSHI Co., Ltd.	5.78%	TODA CORPORATION	5.91%
The Master Trust Bank of Japan, Ltd. (Trust Account)	5.04%	KISCO Corporation	5.38%
UH Partners 2, Inc.	4.96%	KYUDENKO CORPORATION	4.80%

CBC Co., Ltd.	4.91%	UEDA YAGI TANSHI Co., Ltd.	4.62%
UH Partners 3, Inc.	4.53%	The Master Trust Bank of Japan, Ltd. (Trust Account)	4.04%
Sumitomo Realty & Development Co., Ltd.	4.18%	UH Partners 2, Inc.	3.97%
HANWA CO., LTD	4.10%	CBC Co., Ltd.	3.93%
Taiheiyo Cement Corporation	3.68%	UH Partners 3, Inc.	3.62%
NITTAN CAPITAL GROUP LIMITED	2.15%	Sumitomo Mitsui Finance and Leasing Company Limited	3.37%

(Note) Shareholding ratio is calculated based on the number of shares on the shareholders' register as of March 31, 2024 (excluding treasury stock), rounded to two decimal places.

8. Future Outlook

Although the impact of the Capital Increase through Third-Party Allotment the Company's forecast for the current fiscal year is minor, the Company believes that it will contribute to the long-term enhancement of the Company's corporate value.

9. Matters Relating to Procedures under the Code of Business Conduct

Because (1) the dilution ratio is less than 25% and (2) the capital increase does not involve a change in controlling shareholders, the Company is not required to obtain an opinion from an independent third party and to confirm the intent of shareholders as stipulated in Rule 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange.

10. Financial Results and Equity Financing for the Last Three Years

(1) Operating Results for the Last Three Years (Consolidated)

	FY March 2021	FY March 2022	FY March 2023
Net Sales	141,885	230,502	296,312
Operating Income	15,720	12,498	14,884
Ordinary Income	14,852	13,761	15,295
Net Income Attributable to Owners of the Parent	6,285	9,653	9,186
Net Loss	-	-	-
Net Income Per Share (yen)	116.29	163.44	155.22
Dividend Per Share (yen)	18	22	22
Net Assets Per Share (yen)	747.48	942.26	1,047.73

(Note) Consolidated operating results and consolidated financial position for the last three years are in millions of yen, except as otherwise noted.

(2) Number of Outstanding Shares and Number of Dilutive Shares at Present (as of March 31, 2024)

	Number of Shares	Percentage to Outstanding Shares
Number of Outstanding Shares	59,517,808 shares	100%.
Number of Dilutive Shares at Current Conversion Price (Exercise Price)	-	-
Number of Dilutive Shares	-	-

at Lower Limit Conversion Price (Exercise Price)		
Number of Dilutive Shares at Upper Limit Conversion Price (Exercise Price)	-	-

(3) Recent Stock Prices

(1) Status during the Last Three Years

	FY March 2021	FY March 2022	FY March 2023
Opening Price (yen)	1,222	1,850	1,740
High Price (yen)	2,199	3,200	3,055
Low Price (yen)	1,049	1,455	1,691
Closing Price (yen)	1,846	1,732	1,831

(2) Status during the Last 6 Months

	November 2023	December 2023	January 2024	February 2024	March 2024	April 2024
Opening Price (yen)	747	649	777	789	721	700
High Price (yen)	771	800	873	870	754	865
Low Price (yen)	593	524	725	722	670	663
Closing Price (yen)	659	781	826	722	693	836

(iii) Share Price on the Business Day Immediately before the Date of Resolution for Issuance

	May 9, 2024
Opening Price (yen)	844
High Price (yen)	848
Low Price (yen)	813
Closing Price (yen)	828

(4) Equity Financing in the Last Three Years

N/A

11.Outline of New Share Issuance

(1) Type and Number of Shares to be Offered

Common stock of the Company, 14,857,700 shares

(2) Amount to be Paid in for the Offered Shares

798 yen per share

(3) Total Amount to be Paid in

11,856,444,600 yen

(4) Application Deadline

May 29, 2024

(5) Payment Date

May 30, 2024

(6) Amount of Capital and Capital Reserve to be Increased

Amount of Capital to be Increased: 5,928,222,300 yen

Amount of Capital Reserve to be Increased: 5,928,222,300 yen

(7) Method of Offering and Allotment

Through third-party allotment.

(8) Payment Handling Location

Sumitomo Mitsui Banking Corporation, Nihonbashi Branch

(9) Others

- ① In the event that revisions to the Companies Act or other laws necessitate the replacement of terms in these terms and conditions or other measures, the Company will take necessary measures.
- ② Each of the above items shall be subject to the effectiveness of the notification filed under the Financial Instruments and Exchange Act.