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Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]



May 10, 2024

Company name: TENMA CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Code number: 7958

URL: <https://www.tenmacorp.co.jp>

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Scheduled date of the annual general meeting of shareholders: June 26, 2024

Scheduled date of filing the annual securities report: June 26, 2024

Scheduled date of commencing dividend payments: June 10, 2024

Availability of supplementary briefing material on annual financial results: None

Schedule of annual financial results briefing session: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are rounded off.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

| Fiscal year ended | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------|-------------|-------|------------------|--------|-----------------|------|---|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| March 31, 2024 | 92,931 | (8.9) | 1,362 | (54.7) | 3,985 | 4.8 | 3,091 | 10.4 |
| March 31, 2023 | 102,053 | 23.4 | 3,007 | 52.6 | 3,801 | 56.4 | 2,800 | 164.6 |

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥6,522 million [(17.7) %]

Fiscal year ended March 31, 2023: ¥7,929 million [74.4 %]

| Fiscal year ended | Basic earnings per share | Diluted earnings per share | Rate of return on equity | Ordinary profit to total assets | Operating profit to net sales |
|-------------------|--------------------------|----------------------------|--------------------------|---------------------------------|-------------------------------|
| | Yen | Yen | % | % | % |
| March 31, 2024 | 145.13 | — | 3.9 | 3.9 | 1.5 |
| March 31, 2023 | 127.38 | — | 3.7 | 3.9 | 2.9 |

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended March 31, 2024: ¥67 million

Fiscal year ended March 31, 2023: ¥69 million

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of March 31, 2024 | 101,921 | 81,063 | 79.5 | 3,871.02 |
| As of March 31, 2023 | 102,802 | 78,310 | 76.2 | 3,603.34 |

(Reference) Equity: As of March 31, 2024: ¥81,063 million

As of March 31, 2023: ¥78,310 million

(3) Consolidated Cash Flows

| | Net cash provided by (used in) operating activities | Net cash provided by (used in) investment activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|-------------------|---|--|---|--|
| Fiscal year ended | Million yen | Million yen | Million yen | Million yen |
| March 31, 2024 | 5,898 | 1,263 | (4,054) | 26,600 |
| March 31, 2023 | 7,514 | 1,306 | (3,235) | 22,403 |

2. Dividends

| | Annual dividends | | | | | Total dividends | Payout ratio (consolidated) | Dividends to net assets (consolidated) |
|--|--------------------|--------------------|--------------------|----------|-------|--------------------|-----------------------------------|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total | | | |
| Fiscal year ended | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| March 31, 2023 | – | 40.00 | – | 42.00 | 82.00 | 1,795 | 64.4 | 2.3 |
| March 31, 2024 | – | 40.00 | – | 42.00 | 82.00 | 1,752 | 56.5 | 2.2 |
| Fiscal year ending March 31, 2025 (Forecast) | – | 40.00 | – | 42.00 | 82.00 | | 53.7 | |

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|---|-------------|-------|------------------|--------|-----------------|--------|--|--------|-----------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Six months ending September 30, 2024 | 47,000 | (0.6) | 500 | (46.6) | 800 | (54.1) | 400 | (71.1) | 19.10 |
| Full year | 100,000 | 7.6 | 2,200 | 61.6 | 2,800 | (29.7) | 3,200 | 3.5 | 152.81 |

* Notes:

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2024 (changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None

(3) Total number of issued shares (common shares)

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

March 31, 2024: 24,313,026 shares

March 31, 2023: 25,313,026 shares

2) Total number of treasury shares at the end of the period:

March 31, 2024: 3,371,945 shares

March 31, 2023: 3,580,340 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2024: 21,298,137 shares

Fiscal year ended March 31, 2023: 21,982,503 shares

- * The Company's shares owned by the stock granting trust for Officers are included in the treasury shares to be deducted in the calculation of total number of treasury shares at the end of the period.

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|-------------------|-------------|-------|------------------|---|-----------------|-------|-------------|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Fiscal year ended | | | | | | | | |
| March 31, 2024 | 19,901 | (0.6) | (734) | – | 7,516 | 300.2 | 5,934 | 126.2 |
| March 31, 2023 | 20,013 | (2.7) | (1,355) | – | 1,878 | 94.7 | 2,623 | 475.5 |

| | Basic earnings per share | | Diluted earnings per share | |
|-------------------|--------------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Fiscal year ended | | | | |
| March 31, 2024 | 278.62 | | – | |
| March 31, 2023 | 119.32 | | – | |

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of March 31, 2024 | 59,746 | 52,411 | 87.7 | 2,502.76 |
| As of March 31, 2023 | 54,777 | 50,422 | 92.0 | 2,320.08 |

(Reference) Equity: As of March 31, 2024: ¥52,411 million

As of March 31, 2023: ¥50,422 million

- * These consolidated financial results are outside the scope of audit by certified public accountants or audit firms.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to “1. Overview of Business Results, etc., (4) Future Outlook” on page 5 of the Attachments for the assumptions underlying the forecasts and precautions when using the forecasts.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Fiscal Year Under Review

The world economy during the fiscal year under review (from April 1, 2023 to March 31, 2024) remained uncertain due to sluggish demand in Europe against a backdrop of prolonged high inflation, heightened geopolitical risks in the Middle East, and a lack of strength in the recovery of the Chinese economy.

In the Japanese economy, a moderate recovery is expected, with improvements in corporate earnings due to price pass-throughs of increased costs and a weaker yen, as well as a recovery in personal consumption and expansion of inbound demand due to continued wage increases and a slowdown in the rate of price hikes.

In these circumstances, the Group promoted building a foundation for achievement of the mid- to long-term growth strategy based on the “Third Medium-term Management Plan” released in May 2021. Meanwhile, the Group has been working to optimize and streamline production systems.

As a result, net sales amounted to 92,931 million yen (down 8.9% year on year), and exceeded 87,000 million yen, the goal of the final year of the Third Medium-term Management Plan.

Profitability improved in household synthetic resin products and related products in Japan due to the effect of price revisions and a review of raw material procurement methods, but production efficiency deteriorated in the field of industrial synthetic resin products due to the factors such as many production adjustments by our business partners caused by excess inventory, which led to a decline in factory operating ratios of the Group. As a result, operating profit amounted to 1,362 million yen (down 54.7% year on year), well below the goal of the final year of the Third Medium-term Management Plan of 4,200 million yen. Ordinary profit amounted to 3,985 million yen (up 4.8% year on year) mainly due to gain on sales of securities for pure investment purposes, while profit attributable to owners of parent amounted to 3,091 million yen (up 10.4% year on year).

Operating results by segment are as follows.

(Japan)

In the field of household synthetic resin products and related products, sales declined only slightly, despite a decrease in unit sales of products, due to the effect of price revisions, sales expansion of new products, and an increase in the handling of imported commercial products. In the field of industrial synthetic resin products, overall sales remained almost flat due to a drop in vehicle-related sales in the fourth quarter of the fiscal year under review, although sales had been higher than the same period of the previous year through the nine months ended December 31, 2023.

Profits improved significantly due in part to the effect of price revisions in the field of household synthetic resin products and related products, and the effect of new product sales, as well as a review of raw material procurement methods and improved logistics efficiency.

As a result, net sales for this segment amounted to 19,965 million yen (down 1.1% year on year), and segment profit (operating profit) amounted to 545 million yen (segment loss of 96 million yen in the previous fiscal year).

(China)

In the field of industrial synthetic resin products, despite efforts to expand business areas into fixtures, housing equipment and other areas, sales decreased significantly due to the effects of a shift in production to Southeast Asia and manufacturing adjustments by existing business partners. In the field of household synthetic resin products and related products, sales declined in both physical retail stores and online sales due to sluggish real estate market conditions and personal consumption.

Profits fell below those in the previous fiscal year due to significant decline in sales, despite efforts to improve profitability, including optimizing personnel and increasing operational efficiency.

As a result, net sales for this segment amounted to 20,985 million yen (down 19.8% year on year), and segment profit (operating profit) amounted to 673 million yen (down 55.5% year on year).

(Southeast Asia)

In the field of industrial synthetic resin products, overall sales decreased significantly due to expanded production adjustments at our business partners. In the field of household synthetic resin products and related products, we are working to solidify the foundation for future business expansion in the ASEAN region by starting full-scale production and sales in Indonesia and online sales in Thailand.

Profits fell below those in the previous fiscal year due in part to lower sales and a deterioration in manufacturing efficiency with the launch of new models at certain locations.

As a result, net sales for this segment amounted to 50,879 million yen (down 8.6% year on year), and segment profit (operating profit) amounted to 1,498 million yen (down 47.5% year on year).

(North America)

In May 2023, we acquired shares in Tenma Plastic Mexico, S.A. de C.V., which manufactures automobile parts, etc. in Mexico, as well as in its parent company Tenma America Corporation, which sells automobile parts, etc. in the United States of America, and began to record these companies in our consolidated statements of income from the third quarter of the fiscal year under review. In North America, the Group mainly manufactures and sells safety-related automobile parts. Net sales for this segment amounted to 1,102 million yen.

In terms of profits, North America produced a segment loss (operating loss) of 89 million yen due to continued strong appreciation of the Mexican peso against the U.S. dollar and rising wages in Mexico that acted to increase U.S. dollar-denominated payments costs.

(2) Overview of Financial Position for the Fiscal Year Under Review

(Assets)

The total assets at the end of the fiscal year under review decreased by 880 million yen compared to the end of the previous fiscal year, reaching 101,921 million yen. This was due to factors including decreases in notes and accounts receivable - trade by 2,434 million yen and available-for-sale securities under investment securities by 1,383 million yen, despite increases in construction in progress under property, plant and equipment by 1,024 million yen, construction in progress under other of intangible assets by 582 million yen, and retirement benefit asset by 849 million yen.

(Liabilities)

The total liabilities at the end of the fiscal year under review decreased by 3,633 million yen compared to the end of the previous fiscal year, reaching 20,858 million yen. This was due to factors including a decrease in notes and accounts payable - trade by 2,890 million yen.

(Net assets)

The total net assets at the end of the fiscal year under review increased by 2,753 million yen compared to the end of the previous fiscal year, reaching 81,063 million yen at the end of the fiscal year ended March 31, 2024. This was mainly due to an increase in foreign currency translation adjustment by 3,190 million yen and retained earnings by 1,315 million yen, despite a decrease in capital surplus by 1,872 million yen.

(3) Overview of Cash Flows for the Fiscal Year Under Review

Cash and cash equivalents at the end of the fiscal year under review increased by 4,196 million yen compared to the end of the previous fiscal year, reaching 26,600 million yen.

The following is a summary of cash flows for each activity and related causes.

Cash flows from operating activities

Net cash provided by operating activities was 5,898 million yen (decreased by 1,616 million yen year on year). This was mainly due to 4,768 million yen of depreciation, 4,154 million yen of decrease in trade receivables, 3,881 million yen of profit before income taxes, and 1,161 million yen of decrease in inventories, in spite of 4,093 million yen of decrease in trade payables, 1,728 million yen of gain on sale of investment securities, and 1,105 million yen of income taxes paid.

Cash flows from investing activities

Net cash provided by investing activities was 1,263 million yen (decreased by 43 million yen year on year). This was mainly due to 12,248 million yen of withdrawal of time deposits, 2,912 million yen of proceeds from sale of investment securities, in spite of 6,963 million yen of payments into time deposits, and 4,831 million yen of purchase of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities was 4,054 million yen (decreased by 820 million yen year on year). This was mainly due to dividends paid of 1,776 million yen and increase in treasury shares of 1,472 million yen.

(Reference) Trends in cash flow indicators

| | Fiscal year ended March 31, 2020 | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Equity ratio (%) | 78.4 | 78.9 | 77.9 | 76.2 | 79.5 |
| Equity ratio based on fair value (%) | 41.1 | 55.7 | 57.1 | 49.6 | 46.4 |
| Interest-bearing debt to cash flow ratio (years) | — | — | — | — | — |
| Interest coverage ratio | — | — | — | — | — |

- (Notes) Equity ratio: Shareholders' equity / Total assets
Equity ratio based on fair value: Total market value of shares / Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debts / Operating cash flow
Interest coverage ratio: Operating cash flow / Interest paid

1. The indicators were calculated using consolidated financial figures.
2. The total market value of shares was calculated by multiplying the closing price of the closing date by the total number of shares outstanding (less the treasury shares).
3. Operating cash flow is the figure of net cash provided by (used in) operating activities recorded in the Consolidated Statements of Cash Flows. Interest-bearing debts include all debts recorded on the Consolidated Balance Sheets for which interest is paid. Interest paid is a line item of Consolidated Statements of Cash Flows.
4. Interest-bearing debt to cash flow ratio and interest coverage ratio are omitted due to no interest-bearing debts or interest paid.

(4) Future Outlook

The global economy is expected to remain uncertain, as the situation in the Middle East and Ukraine remains unpredictable, China's real estate downturn shows no clear path out of the recession, and the overall growth rate is expected to remain at a low level. In the Japanese economy, although the labor shortage is likely to be a drag on growth, the economy as a whole is expected to be revitalized, with an expansion of capital investment and an increase in real wages.

Under these circumstances, following the Third Medium-term Management Plan that ended in the fiscal year ended March 31, 2024, the Group is now formulating the Fourth Medium-term Management Plan for the three-year period beginning in the fiscal year ending March 31, 2025 (77th fiscal year), which will be announced by the end of May this year.

We will continue to set a goal of realizing a "rich society in which people and plastics are in harmony" as a long-term vision, and strive to enhance our corporate value by promoting sustainable management.

For the consolidated full-year results for the fiscal year ending March 31, 2025, the Group expects 100,000 million yen in net sales, 2,200 million yen in operating profit, 2,800 million yen in ordinary profit, and 3,200 million yen in profit attributable to owners of parent, as a result of the gradual easing of production adjustments by our business partners, mainly in the field of industrial synthetic resin products, and aggressive cost reduction efforts, in addition to improved production efficiency due to higher factory operating ratios, etc.

(5) Profit Distribution Policy and Payments for the Fiscal Year Under Review and Next Fiscal Year

The Group regards striving to enhance the distribution of profits and the sustainable growth of corporate value as one of the important management issues, while aggressively investing for the achievement of the mid- to long-term growth strategy, and maintaining financial soundness.

Regarding dividends, the Group considers enhancing the return of profits as one of its major management issues, with the goal of maintaining a consolidated dividend on equity ratio (DOE) of 2.5% or more. In addition, continuing the stable provision of dividends has been set as its basic policy, with the aim of further improving the return of profits. Furthermore, the Company's basic policy includes the consideration of increasing dividends through improved performance and the achievement progress of management targets.

Regarding purchase of own shares, while considering changes in free cash flow and situations, the Company deliberates expeditiously and proactively on the option of distribution to the shareholders.

Based on the above dividend policy, we intend to pay a year-end dividend of 42 yen per share in order to make the annual dividend at the end of the fiscal year under review amount to 82 yen per share, which is 2.5% or higher in consolidated dividend on equity ratio (DOE).

In regard to the next fiscal year, we forecast an interim dividend of 40 yen per share and a year-end dividend of 42 yen per share, combined to make an annual dividend of 82 yen.

2. Basic Stance Concerning Choice of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Group applies Japanese GAAP. Regarding application of IFRS (International Financial Reporting Standards), the Group will deliberate in consideration of the application trends of other companies in Japan.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousand yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 30,677,991 | 29,839,839 |
| Notes and accounts receivable - trade | 19,787,672 | 17,353,495 |
| Merchandise and finished goods | 3,669,068 | 3,516,965 |
| Work in process | 688,595 | 696,186 |
| Raw materials and supplies | 5,077,348 | 4,738,130 |
| Other | 1,688,442 | 1,746,516 |
| Allowance for doubtful accounts | (1,258) | (9,229) |
| Total current assets | 61,587,858 | 57,881,901 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 29,611,485 | 31,516,374 |
| Accumulated depreciation | (15,306,160) | (16,994,814) |
| Buildings and structures, net | 14,305,325 | 14,521,560 |
| Machinery, equipment and vehicles | 40,463,755 | 44,855,152 |
| Accumulated depreciation | (31,535,604) | (35,268,332) |
| Machinery, equipment and vehicles, net | 8,928,151 | 9,586,821 |
| Land | 2,586,733 | 2,680,834 |
| Right-of-use assets | 5,205,541 | 5,840,440 |
| Accumulated depreciation | (2,087,090) | (2,966,040) |
| Right-of-use assets, net | 3,118,451 | 2,874,400 |
| Construction in progress | 178,228 | 1,201,919 |
| Other | 9,354,217 | 9,813,666 |
| Accumulated depreciation | (8,444,269) | (8,942,892) |
| Other, net | 909,948 | 870,775 |
| Total property, plant and equipment | 30,026,836 | 31,736,309 |
| Intangible assets | | |
| Other | 2,736,059 | 3,415,789 |
| Total intangible assets | 2,736,059 | 3,415,789 |
| Investments and other assets | | |
| Investment securities | 4,756,915 | 4,029,795 |
| Retirement benefit asset | 2,817,877 | 3,666,542 |
| Deferred tax assets | 177,474 | 370,794 |
| Other | 706,232 | 827,896 |
| Allowance for doubtful accounts | (7,407) | (7,575) |
| Total investments and other assets | 8,451,091 | 8,887,452 |
| Total non-current assets | 41,213,986 | 44,039,550 |
| Total assets | 102,801,844 | 101,921,451 |

(Thousand yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 11,791,252 | 8,901,655 |
| Income taxes payable | 608,039 | 348,194 |
| Provision for bonuses | 868,627 | 853,963 |
| Provision for taxes related expenses | 127,781 | 5,119 |
| Provision for loss on business liquidation | 32,840 | – |
| Other | 4,492,167 | 4,187,092 |
| Total current liabilities | 17,920,707 | 14,296,023 |
| Non-current liabilities | | |
| Long-term accounts payable - other | 13,632 | 2,615 |
| Provision for share awards for directors (and other officers) | 108,326 | 131,778 |
| Provision for share awards for employees | 3,757 | 4,264 |
| Retirement benefit liability | 393,806 | 493,377 |
| Lease liabilities | 3,139,649 | 2,862,949 |
| Asset retirement obligations | 502,178 | 711,614 |
| Deferred tax liabilities | 2,344,388 | 2,290,912 |
| Provision for business restructuring | 64,994 | 64,584 |
| Total non-current liabilities | 6,570,730 | 6,562,093 |
| Total liabilities | 24,491,437 | 20,858,116 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 19,225,350 | 19,225,350 |
| Capital surplus | 14,856,522 | 12,984,521 |
| Retained earnings | 40,582,374 | 41,897,599 |
| Treasury shares | (6,592,755) | (6,713,659) |
| Total shareholders' equity | 68,071,491 | 67,393,811 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,560,749 | 1,384,245 |
| Foreign currency translation adjustment | 7,636,873 | 10,826,530 |
| Remeasurements of defined benefit plans | 1,041,215 | 1,458,657 |
| Total accumulated other comprehensive income | 10,238,837 | 13,669,431 |
| Non-controlling interests | 79 | 94 |
| Total net assets | 78,310,407 | 81,063,335 |
| Total liabilities and net assets | 102,801,844 | 101,921,451 |

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Thousand yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Net sales | 102,052,767 | 92,930,953 |
| Cost of sales | 87,278,001 | 79,821,753 |
| Gross profit | 14,774,765 | 13,109,200 |
| Selling, general and administrative expenses | | |
| Freight and packing costs | 3,443,399 | 3,133,137 |
| Salaries and allowances | 3,012,054 | 3,178,327 |
| Other | 5,312,334 | 5,436,025 |
| Total selling, general and administrative expenses | 11,767,787 | 11,747,488 |
| Operating profit | 3,006,978 | 1,361,712 |
| Non-operating income | | |
| Interest income | 249,013 | 478,345 |
| Gain on sale of investment securities | – | 1,727,539 |
| Dividend income | 136,051 | 151,389 |
| Share of profit of entities accounted for using equity method | 69,268 | 67,357 |
| Foreign exchange gains | 227,684 | 240,790 |
| Other | 281,055 | 182,498 |
| Total non-operating income | 963,071 | 2,847,918 |
| Non-operating expenses | | |
| Interest expenses | 124,113 | 123,547 |
| Depreciation | – | 24,872 |
| Other | 45,106 | 76,255 |
| Total non-operating expenses | 169,219 | 224,674 |
| Ordinary profit | 3,800,830 | 3,984,956 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 40,939 | 92,172 |
| Gain on liquidation of subsidiaries and associates | 696,684 | – |
| Settlement income | 105,000 | – |
| Gain on bargain purchase | – | 136,876 |
| Subsidy income | – | 56,833 |
| Reversal of provision for taxes related expenses | 127,309 | 103,093 |
| Total extraordinary income | 969,932 | 388,975 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 1,959 | 2,887 |
| Loss on retirement of non-current assets | 13,715 | 155,799 |
| Loss on liquidation of subsidiaries and associates | 5,331 | – |
| Provision for loss on litigation | 25,000 | – |
| Provision for loss on business liquidation | 51,000 | 2,700 |
| Provision for taxes related expenses | 120,909 | – |
| Loss related to COVID-19 | 120,277 | – |
| Loss on liquidation of business | – | 4,300 |
| Litigation settlement | – | 43,860 |
| Employee housing reserve contribution | – | 283,445 |
| Total extraordinary losses | 338,191 | 492,991 |
| Profit before income taxes | 4,432,572 | 3,880,940 |
| Income taxes - current | 1,214,336 | 1,180,636 |
| Income taxes - deferred | 418,149 | (390,633) |
| Total income taxes | 1,632,485 | 790,003 |

(Thousand yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|--|---|---|
| Profit | 2,800,087 | 3,090,937 |
| Profit attributable to non-controlling interests | 1 | 9 |
| Profit attributable to owners of parent | 2,800,086 | 3,090,928 |

Consolidated Statements of Comprehensive Income

(Thousand yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|--|---|---|
| Profit | 2,800,087 | 3,090,937 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 563,780 | (176,504) |
| Foreign currency translation adjustment | 4,287,731 | 3,143,830 |
| Remeasurements of defined benefit plans, net of tax | 256,567 | 417,442 |
| Share of other comprehensive income of entities accounted for using equity method | 20,680 | 45,833 |
| Total other comprehensive income | 5,128,758 | 3,430,600 |
| Comprehensive income | 7,928,845 | 6,521,537 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 7,928,840 | 6,521,522 |
| Comprehensive income attributable to non-controlling interests | 5 | 15 |

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31, 2023

(Thousand yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 19,225,350 | 14,856,522 | 39,596,800 | (5,591,856) | 68,086,815 |
| Changes during period | | | | | |
| Dividends of surplus | | | (1,814,512) | | (1,814,512) |
| Profit attributable to owners of parent | | | 2,800,086 | | 2,800,086 |
| Purchase of treasury shares | | | | (1,000,898) | (1,000,898) |
| Disposal of treasury shares | | | | | – |
| Cancellation of treasury shares | | | | | – |
| Net changes in items other than shareholders' equity | | | | | – |
| Total changes during period | – | – | 985,575 | (1,000,898) | (15,324) |
| Balance at end of period | 19,225,350 | 14,856,522 | 40,582,374 | (6,592,755) | 68,071,491 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|--|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 996,970 | 3,328,466 | 784,648 | 5,110,083 | 74 | 73,196,972 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (1,814,512) |
| Profit attributable to owners of parent | | | | | | 2,800,086 |
| Purchase of treasury shares | | | | | | (1,000,898) |
| Disposal of treasury shares | | | | | | – |
| Cancellation of treasury shares | | | | | | – |
| Net changes in items other than shareholders' equity | 563,780 | 4,308,408 | 256,567 | 5,128,754 | 5 | 5,128,759 |
| Total changes during period | 563,780 | 4,308,408 | 256,567 | 5,128,754 | 5 | 5,113,435 |
| Balance at end of period | 1,560,749 | 7,636,873 | 1,041,215 | 10,238,837 | 79 | 78,310,407 |

For the fiscal year ended March 31, 2024

(Thousand yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 19,225,350 | 14,856,522 | 40,582,374 | (6,592,755) | 68,071,491 |
| Changes during period | | | | | |
| Dividends of surplus | | | (1,775,703) | | (1,775,703) |
| Profit attributable to owners of parent | | | 3,090,928 | | 3,090,928 |
| Purchase of treasury shares | | | | (2,522,315) | (2,522,315) |
| Disposal of treasury shares | | 89,623 | | 439,787 | 529,410 |
| Cancellation of treasury shares | | (1,961,624) | | 1,961,624 | – |
| Net changes in items other than shareholders' equity | | | | | – |
| Total changes during period | – | (1,872,001) | 1,315,225 | (120,904) | (677,680) |
| Balance at end of period | 19,225,350 | 12,984,521 | 41,897,599 | (6,713,659) | 67,393,811 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|--|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 1,560,749 | 7,636,873 | 1,041,215 | 10,238,837 | 79 | 78,310,407 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (1,775,703) |
| Profit attributable to owners of parent | | | | | | 3,090,928 |
| Purchase of treasury shares | | | | | | (2,522,315) |
| Disposal of treasury shares | | | | | | 529,410 |
| Cancellation of treasury shares | | | | | | – |
| Net changes in items other than shareholders' equity | (176,504) | 3,189,656 | 417,442 | 3,430,594 | 15 | 3,430,609 |
| Total changes during period | (176,504) | 3,189,656 | 417,442 | 3,430,594 | 15 | 2,752,929 |
| Balance at end of period | 1,384,245 | 10,826,530 | 1,458,657 | 13,669,431 | 94 | 81,063,335 |

(4) Consolidated Statements of Cash Flows

(Thousand yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 4,432,572 | 3,880,940 |
| Depreciation | 4,452,070 | 4,767,961 |
| Settlement income | (105,000) | – |
| Litigation settlement | – | 43,860 |
| Loss on liquidation of business | – | 4,300 |
| Employee housing reserve contribution | – | 283,445 |
| Gain on bargain purchase | – | (136,876) |
| Subsidy income | – | (56,833) |
| Increase (decrease) in provision for bonuses | (18,704) | (44,469) |
| Increase (decrease) in allowance for doubtful accounts | (721) | 7,918 |
| Increase (decrease) in provision for share awards for directors (and other officers) | 46,208 | 23,452 |
| Increase (decrease) in provision for share awards for employees | 3,757 | 507 |
| Increase (decrease) in provision for taxes related expenses | (16,765) | (132,976) |
| Increase (decrease) in provision for business restructuring | (260) | (410) |
| Increase (decrease) in provision for loss on liquidation of subsidiaries and associates | (7,782) | – |
| Decrease (increase) in retirement benefit asset | (234,009) | (247,163) |
| Increase (decrease) in retirement benefit liability | 37,425 | 47,636 |
| Increase (decrease) in provision for loss on business liquidation | 32,840 | (32,840) |
| Interest and dividend income | (385,064) | (629,734) |
| Interest expenses | 124,113 | 123,547 |
| Loss (gain) on liquidation of subsidiaries and associates | (691,353) | – |
| Foreign exchange losses (gains) | 234,620 | 12,488 |
| Loss on retirement of non-current assets | 13,715 | 155,799 |
| Loss (gain) on sale of non-current assets | (38,981) | (89,286) |
| Loss (gain) on sale of investment securities | – | (1,727,539) |
| Loss (gain) on valuation of investments in capital | 8,937 | 21,781 |
| Decrease (increase) in trade receivables | (1,176,245) | 4,153,918 |
| Decrease (increase) in inventories | 205,123 | 1,161,065 |
| Increase (decrease) in trade payables | 1,258,599 | (4,093,019) |
| Share of loss (profit) of entities accounted for using equity method | (69,268) | (67,357) |
| Other, net | 74 | (775,023) |
| Subtotal | 8,105,900 | 6,655,092 |
| Interest and dividends received | 316,782 | 675,234 |
| Settlement received | 105,000 | – |
| Settlement paid | – | (43,860) |
| Payments for loss on litigation | (25,000) | – |
| Payments for employee housing reserve contribution | – | (283,445) |
| Income taxes paid | (989,012) | (1,104,899) |
| Net cash provided by (used in) operating activities | 7,513,670 | 5,898,122 |

(Thousand yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|--|---|---|
| Cash flows from investing activities | | |
| Payments into time deposits | (17,760,192) | (6,963,442) |
| Proceeds from withdrawal of time deposits | 22,076,866 | 12,247,669 |
| Purchase of property, plant and equipment | (2,941,394) | (4,830,808) |
| Proceeds from sale of property, plant and equipment | 76,137 | 152,250 |
| Payments for retirement of property, plant and equipment | (2,052) | (139,246) |
| Purchase of intangible assets | (58,842) | (688,904) |
| Subsidies received | – | 56,833 |
| Purchase of investment securities | (1,718) | (2,075) |
| Proceeds from sale of investment securities | – | 2,911,872 |
| Purchase of shares of unconsolidated subsidiaries | (85,820) | (542,561) |
| Proceeds from liquidation of unconsolidated subsidiaries | 23,803 | – |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | – | (693,696) |
| Payments for investments in investment partnerships | (18,750) | (25,000) |
| Proceeds from collection of loans receivable | 1,162 | 1,767 |
| Loan advances | (3,376) | (221,677) |
| Net cash provided by (used in) investing activities | 1,305,825 | 1,262,984 |
| Cash flows from financing activities | | |
| Net decrease (increase) in treasury shares | (1,000,898) | (1,471,725) |
| Dividends paid | (1,814,226) | (1,776,280) |
| Payments for lease obligations | (419,435) | (806,337) |
| Net cash provided by (used in) financing activities | (3,234,560) | (4,054,342) |
| Effect of exchange rate change on cash and cash equivalents | 1,537,659 | 1,089,641 |
| Net increase (decrease) in cash and cash equivalents | 7,122,594 | 4,196,405 |
| Cash and cash equivalents at beginning of period | 15,280,877 | 22,403,471 |
| Cash and cash equivalents at end of period | 22,403,471 | 26,599,876 |

(5) Notes to Consolidated Financial Statements
(Notes on going concern assumption)
Not applicable.

(Changes in accounting policies)
Not applicable.

(Additional information)

(Share granting trust for Officers)

The Company implemented the “share-based remuneration plan for Officers” for Directors (excluding Outside Directors and Directors who are members of the Audit and Supervisory Committee, hereinafter the same) and Corporate Executive Officers (hereinafter collectively referred to as the “Directors, etc.”) with the aim of achieving the targets by boosting the motivation of Directors, etc., to contribute to the improvement of the Company’s mid- to long-term business performance and enhancement of its corporate value.

(1) Description of the transaction

The Plan is a share-based remuneration plan whereby a trust funded and created by the Company (hereinafter referred to as “Share granting trust for Officers”) shall acquire the Company’s shares and provide each Director the equivalent number of the Company’s shares to the number of points that each Director is granted by the Company through the Share granting trust for Officers. The timing that Directors, etc. are provided the Company’s shares shall be at the time of their retirements in principle.

(2) Company’s shares remaining in the Trust

The Company’s shares remaining in the Trust are recorded in net assets as treasury shares with the book value of the Trust (excluding the amount of incidental cost). The book value and the number of shares for the previous fiscal year were 77,615 thousand yen and 33,997 shares, and for the fiscal year under review 559,769 thousand yen and 237,504 shares.

(Share-based remuneration plan for Employees)

The Company has introduced a share-based remuneration plan for some employees (hereinafter referred to as “Employees”) for the purpose of striving to increase the Company’s mid- to long-term corporate value by enhancing the welfare and benefits system for employees, while fostering a team spirit among employees, instilling an awareness of management participation, and increasing awareness of the Company’s performance and share price.

(1) Description of the transaction

The Plan is a share-based remuneration plan whereby a trust funded and created by the Company (hereinafter referred to as “Share granting trust for Employees”) shall acquire the Company’s shares and provide employees who meet certain criteria the equivalent number of the Company’s shares to the number of points that such employees are granted by the Company through the Share granting trust for Employees.

(2) Company’s shares remaining in the Trust

The Company’s shares remaining in the Trust are recorded in net assets as treasury shares with the book value of the Trust (excluding the amount of incidental cost). The book value and the number of treasury shares of the Company for the fiscal year under review were 30,797 thousand yen and 13,000 shares.

(Segment information, etc.)
[Segment information]

1. Description of reportable segments

The Group's reportable segments shall be part of its organizational units whose financial information is individually available, and shall be subject to regular review by its Board of Directors for the purpose of deciding the allocation of its managerial resources and evaluating its business performance.

The Group mainly operates in the manufacture and sales of synthetic resin products. The Company is responsible for businesses in Japan, and overseas subsidiaries of China (including Hong Kong) and Southeast Asia (Indonesia, Thailand, and Vietnam) are responsible for each area. Furthermore, Tenma America Corporation and Tenma Plastic Mexico, S.A. de C.V. have been included in the scope of consolidation since the first quarter ended June 30, 2023, so the "North America" segment was added. Each subsidiary is an independent management unit, and engages in its business activities by comprehensively developing strategies.

Therefore, the Group is composed of the segments based on the Company and consolidated subsidiaries. In order to provide appropriate information regarding business activities and business environment, the Group consolidated four segments whose areas of manufacture/sale or elements of products are generally similar, defined as "Japan," "China," "Southeast Asia," and "North America" as reportable segments.

Furthermore, segment information for the previous fiscal year has been created and disclosed according to the reportable segments following the changes.

2. Method of measurement for the amounts of net sales, profits/losses, assets, liabilities, and other items for each reportable segment

The accounting method for the operating segments that are reportable is the same as described in "Basis of preparation of consolidated financial statements." Reportable segment profit figures are based on operating profit. Inter-segment net sales and transfers are mainly based on market prices.

3. Information on net sales and profit (loss) by reportable segment

For the fiscal year ended March 31, 2023

(Thousand yen)

| | Reportable segment | | | | Total |
|---|--------------------|------------|----------------|---------------|-------------|
| | Japan | China | Southeast Asia | North America | |
| Net sales | | | | | |
| Net sales to outside customers | 20,184,793 | 26,177,605 | 55,690,369 | – | 102,052,767 |
| Inter-segment net sales or transfers | 87,159 | 380,050 | 39,191 | – | 506,400 |
| Total | 20,271,952 | 26,557,655 | 55,729,560 | – | 102,559,167 |
| Segment profit (loss) | (95,516) | 1,511,679 | 2,849,979 | – | 4,266,142 |
| Segment assets | 28,591,105 | 26,891,426 | 41,884,761 | – | 97,367,292 |
| Other | | | | | |
| Depreciation | 1,096,133 | 1,127,321 | 2,217,570 | – | 4,441,024 |
| Increase in property, plant and equipment and intangible assets | 810,302 | 339,053 | 1,910,900 | – | 3,060,255 |

For the fiscal year ended March 31, 2024

(Thousand yen)

| | Reportable segment | | | | Total |
|---|--------------------|------------|----------------|---------------|------------|
| | Japan | China | Southeast Asia | North America | |
| Net sales | | | | | |
| Net sales to outside customers | 19,964,639 | 20,984,766 | 50,879,279 | 1,102,269 | 92,930,953 |
| Inter-segment net sales or transfers | 202,017 | 346,007 | 110,470 | – | 658,494 |
| Total | 20,166,656 | 21,330,773 | 50,989,749 | 1,102,269 | 93,589,447 |
| Segment profit (loss) | 544,881 | 672,703 | 1,497,538 | (88,609) | 2,626,513 |
| Segment assets | 32,794,702 | 21,713,678 | 42,191,668 | 1,248,721 | 97,948,769 |
| Other | | | | | |
| Depreciation | 1,164,994 | 1,153,191 | 2,358,800 | 61,766 | 4,738,751 |
| Increase in property, plant and equipment and intangible assets | 2,434,631 | 344,885 | 2,504,627 | 10,457 | 5,294,599 |

4. Difference between the total of reportable segments and the amount recorded in consolidated financial statements, and description of said difference (comparability adjustment)

(Thousand yen)

| Net sales | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|--|----------------------------------|----------------------------------|
| Total of reportable segments | 102,559,167 | 93,589,447 |
| Inter-segment eliminations | (506,400) | (658,494) |
| Net sales in Consolidated Financial Statements | 102,052,767 | 92,930,953 |

(Thousand yen)

| Profit | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|----------------------------------|----------------------------------|
| Total of reportable segments | 4,266,142 | 2,626,513 |
| Inter-segment eliminations | 10,200 | 36,748 |
| Corporate expenses* | (1,269,364) | (1,301,549) |
| Operating profit in Consolidated Financial Statements | 3,006,978 | 1,361,712 |

* Corporate expenses are mainly the expenses of the parent company's management department which does not belong to a reportable segment.

(Thousand yen)

| Assets | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|----------------------------------|----------------------------------|
| Total of reportable segments | 97,367,292 | 97,948,769 |
| Corporate assets *1 | 13,678,754 | 13,182,044 |
| Other adjustment *2 | (8,244,202) | (9,209,362) |
| Total assets in Consolidated Financial Statements | 102,801,844 | 101,921,451 |

*1 Corporate assets are mainly the assets of the parent company's management department which does not belong to a reportable segment.

*2 Other adjustment is mainly the amount of transaction elimination.

(Thousand yen)

| Other | Total of reportable segments | | Adjustment | | Amount recorded in consolidated financial statements | |
|---|--|--|--|--|--|--|
| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
| Depreciation | 4,441,024 | 4,738,751 | 11,046 | 29,210 | 4,452,070 | 4,767,961 |
| Increase in property, plant and equipment and intangible assets | 3,060,255 | 5,294,599 | 9,753 | 1,855 | 3,070,008 | 5,296,454 |

* The adjustment of increase in property, plant and equipment and intangible assets is mainly the capital expenditure and the transaction elimination of the parent company's management department which does not belong to a reportable segment.

(Per share information)

| Item | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|--------------------------|--|--|
| Net assets per share | 3,603.34 yen | 3,871.02 yen |
| Basic earnings per share | 127.38 yen | 145.13 yen |

(Notes) 1. Diluted earnings per share is not described as dilutive shares do not exist.

2. For the purpose of calculating the basic earnings per share, the treasury shares remaining in trust posted as treasury shares in shareholders' equity are included in the treasury shares deducted in the calculation of the average number of shares during the fiscal year under review. For the purpose of calculating the net assets per share, the treasury shares so remaining in trust are included in the treasury shares deducted from the total number of shares issued at the end of the fiscal year under review.

For the purpose of calculating the basic earnings per share, the average number of treasury shares, so deducted, during the previous fiscal year was 33,997 shares, and during the fiscal year under review was 217,917 shares. For the purpose of calculating the net assets per share, the number of treasury shares, so deducted, as of the end of the previous fiscal year was 33,997 shares, and as of the end of the fiscal year under review was 250,504 shares.

3. The basis for the calculation of basic earnings per share is as follows.

| Item | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|--|--|--|
| Basic earnings per share | | |
| Profit attributable to owners of parent (Thousand yen) | 2,800,086 | 3,090,928 |
| Amount not attributable to common shareholders (Thousand yen) | — | — |
| Profit attributable to owners of parent relevant to common shares (Thousand yen) | 2,800,086 | 3,090,928 |
| Average number of common shares during period (Shares) | 21,982,503 | 21,298,137 |

4. Calculation basis for net assets per share is as follows.

| Item | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|--|--|
| Net assets per share | | |
| Total of net assets (Thousand Yen) | 78,310,407 | 81,063,335 |
| Main items of the difference (Thousand yen) (Of which Non-controlling interests) | 79 (79) | 94 (94) |
| Net assets relevant to common shares (Thousand yen) | 78,310,328 | 81,063,242 |
| Total number of issued common shares (Shares) | 25,313,026 | 24,313,026 |
| Total number of treasury shares of common shares (Shares) | 3,580,340 | 3,371,945 |
| Number of common shares used to calculate net asset per share (Shares) | 21,732,686 | 20,941,081 |

(Significant subsequent events)

(Purchase of the Company's own shares)

The Company resolved matters pertaining to the acquisition of treasury shares based on the provisions of Article 156 of the Companies Act as applied by replacing the terms and phrases pursuant to the provisions of Article 165, Paragraph 3 of the same act at the Board of Directors meeting held on May 10, 2024 as follows.

- | | |
|---|--|
| 1. Reason for purchase of treasury shares | In order to enable expeditious capital policy corresponding to changes in the business environment, along with improving capital efficiency. |
| 2. Class of shares for purchase | Common shares of the Company |
| 3. Total shares for purchase | 1,400,000 shares (upper limit) (6.61% of total shares outstanding, excluding treasury shares) |
| 4. Total purchase cost of the shares | 2,700,000,000 yen (Maximum) |
| 5. Purchase period | May 13, 2024 to March 31, 2025 |
| 6. The method of acquisition | Market buying in the Tokyo Stock Exchange |

(Cancellation of treasury shares)

The Company resolved to cancel treasury shares based on the provisions of Article 178 of the Companies Act at the Board of Directors meeting held on May 10, 2024 as follows.

- | | |
|--|--|
| 1. Class of shares for cancellation | Common shares of the Company |
| 2. Total number of shares to be cancelled | 2,000,000 shares (8.23% of total shares outstanding before cancellation) |
| 3. Total shares outstanding after cancellation | 22,313,026 shares |
| 4. Scheduled date of cancellation | May 31, 2024 |