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Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]

August 9, 2024

Company name: RIX CORPORATION

Stock exchange listing: Tokyo Stock Exchange and Fukuoka Stock Exchange

Code number: 7525

URL: <https://www.rix.co.jp/en/>

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Scheduled date of commencing dividend payments: –

Preparation of supplementary materials on financial results: None

Holding of financial results briefing: None

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024–June 30, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2024	12,362	8.2	791	6.0	987	1.0	574	(17.4)
June 30, 2023	11,421	13.8	746	36.6	977	32.3	696	41.7

(Note) Comprehensive income: Three Months Ended June 30, 2024: ¥723 million [(27.0)%]

Three months ended June 30, 2023: ¥990 million [70.6%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	71.07	–
June 30, 2023	86.16	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2024	40,665	24,220	58.3
As of March 31, 2024	41,117	24,073	57.4

(Reference) Equity: As of June 30, 2024: ¥23,717 million

As of March 31, 2024: ¥23,583 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2024	Yen —	Yen 70.00	Yen —	Yen 71.00	Yen 141.00
Fiscal year ending March 31, 2025	—				
Fiscal year ending March 31, 2025 (Forecast)		53.00	—	60.00	113.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024–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
First half	25,300	6.9	1,600	(9.0)	1,650	(18.8)	1,080	(23.9)	133.50
Full year	51,000	2.5	3,300	(6.9)	3,400	(13.6)	2,300	(17.3)	284.20

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

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

Newly included: None

Excluded: None

(2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes
For further information, please refer to “(3) Notes to Quarterly Consolidated Financial Statements (Accounting Methods Adopted Particularly for the Preparation of Quarterly Consolidated Financial Statements)” on page 9 of the Attachments.

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

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

3) Changes in accounting estimates: None

4) Retrospective restatement: None

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

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

June 30, 2024: 8,640,000 shares

March 31, 2024: 8,640,000 shares

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

June 30, 2024: 551,310 shares

March 31, 2024: 551,303 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2024: 8,088,695 shares

Three months ended June 30, 2023: 8,081,549 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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, and the Company does not in any way guarantee the achievement of the forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of the Attachments for the assumptions underlying the forecasts and precautions when using the forecasts.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended June 30, 2024, the world economy continued to grow steadily as the high rate of global inflation showed a sign of slowdown. However, the recovery trend in the manufacturing sector varied by demand sector and region; for example, in the US, investment momentum related to artificial intelligence was strong while capital investment momentum was sluggish due to the deteriorating Chinese economy.

In the Japanese economy, pay rises caused by the annual labor talks as well as a record-high number of international visitors to Japan contributed to the recovery of the service industry. Also, in the manufacturing sector as well, capital investment in automation and semiconductor-related equipment was brisk.

Under these economic circumstances, the Group implemented measures under its three-year medium-term plan “GP2026.” As a result, for the three months ended June 30, 2024, the Group recorded net sales totaling ¥12,362 million (up 8.2% year on year), operating profit totaling ¥791 million (up 6.0% year on year), ordinary profit totaling ¥987 million (up 1.0% year on year), and profit attributable to owners of parent totaling ¥574 million (down 17.4% year on year).

Operating results by reportable segment are as follows. The Group manages business performance by industry to which customers belong, and thus designates the following eight industries as reportable segments: “Steel and Iron,” “Automobile,” “Electronics and Semiconductor,” “Rubber and Tire,” “Machine Tools,” “High-performance Material,” “Environment,” and “Paper and Pulp.” Effective from the first quarter of the fiscal year ending March 31, 2025, the profit and loss resulting from the Company’s manufacturer functions, which was previously included in “an adjustment in segment profit (loss),” is now included in the profit and loss of each reportable segment in order to present the segment profit and loss more appropriately from a business management perspective.

(Steel and Iron)

On the global level, the steel and iron industry saw a stagnant trend of crude steel production across the world as the economic downturn in China, the world’s largest producer, had an adverse impact, though India, the world’s second largest producer of crude steel, performed well. In Japan, crude steel production fell due to the impact of automobile production cuts caused by the automobile certification fraud scandal.

The Group focused not only on sales activities in the maintenance sectors but also on the further development of overseas markets. This contributed to an increase in net sales, mainly due to sales of equipment and machinery for blast furnaces in Japan and sales of components for rolling and hot rolling processes at overseas steel mills.

As a result, net sales for the steel and iron industry totaled ¥3,722 million (up 8.7% year on year), and its segment profit totaled ¥465 million (up 5.9% year on year).

(Automobile)

On the global level, production of new energy vehicles remained stable in China, while automobile production also increased in India, which was experiencing rapid economic growth. Production in Japan declined due to the ongoing impact of the automobile certification fraud scandal.

The Group focused on sales and proposal activities in the battery and motor sectors, which are attracting attention in the CASE market. Consequently, net sales increased mainly due to increased sales of devices for domestic battery development lines and overseas battery manufacturing lines, as well as sales of equipment for inspection processes.

As a result, net sales for the automobile industry totaled ¥2,490 million (up 22.4% year on year), and its segment profit totaled ¥322 million (up 51.9% year on year).

(Electronics and Semiconductor)

Globally, a recovery trend could be seen in the semiconductor market with advances in AI-related technology development. In Japan, sales related to semiconductor production equipment increased year-on-year, and there were signs of recovery in the semiconductor market including automotive and power semiconductors, as well as AI-related fields.

The Group focused on sales activities on the frontline and facilities and maintenance sectors, in addition to the repair and recycling businesses. Consequently, overall sales increased due to a continued increase in orders for components for semiconductor etch systems and an increase in repair and recycling projects for semiconductor production equipment peripheral equipment, etc. However, sales of the Company’s original

products with high profit margins did not grow, and its segment profit decreased.

As a result, net sales for the electronics and semiconductor industry totaled ¥1,627 million (up 5.2% year on year), and its segment profit totaled ¥152 million (down 12.5% year on year).

(Rubber and Tire)

In Japan, the rubber and tire industry saw a decline of tire production and sales of tires for new vehicles year on year in conjunction with trends in the automobile industry.

The Group focused on sales activities to development sectors in addition to sales activities related to capital investment.

This resulted in increased sales of machinery and equipment to tire development department, though sales decreased due to a lull in overseas capital investment, which had been brisk during the same period of the previous year.

As a result, net sales for the rubber and tire industry totaled ¥743 million (down 28.4% year on year), and its segment profit totaled ¥88 million (down 36.5% year on year).

(Machine Tools)

In the machine tools industry, the impact of restraint on capital investment due to the economic slowdown in China persisted. However, the Group received numerous orders for high value-added projects including machine tool automation, and the value of orders received was positive compared to the same period of the previous year, indicating a recovery trend in demand.

The Group focused on the development of new uses and sales of equipment to cater to requests for five-axis machine tools and integration of machine tools as well as sales for ancillary equipment. Consequently, the Group secured sales of coolant-related products, though the sales of the Group's original rotary joints declined due to a decrease in machine tool shipments.

As a result, net sales for the machine tools industry totaled ¥554 million (down 17.8% year on year), and its segment profit totaled ¥102 million (down 39.8% year on year).

(High-performance Material)

In the high-performance material industry, domestic production decreased due to suppression of consumption due to price increases, oversupply due to increased ethylene production by Chinese companies, and facilities undergoing periodic repairs.

The Group focused on making further inroads into pharmaceutical and cosmetic industries, as well as driving the repair and recycling businesses. This led to an increase in net sales, mainly due to sales of water treatment-related components to medical equipment-related manufacturers and the sales of exhaust gas treatment equipment to automobile-related product manufacturing facilities, among others.

As a result, net sales for the high-performance material industry totaled ¥589 million (up 42.2% year on year) and its segment profit totaled ¥51 million (up 27.4% year on year).

(Environment)

In the environment industry, orders of environment-related equipment increased year on year especially for the manufacturing industry and foreign customers.

The Group focused on increasing its presence in the environment and energy industries and water treatment-related business, which are regarded as important in recent years. This resulted in capacity expansion projects at water treatment facilities and filters for power plants, etc., contributing to an increase in net sales.

As a result, net sales for the environmental industry totaled ¥688 million (up 53.8% year on year) and its segment profit totaled ¥50 million (up 61.9% year on year).

(Paper and Pulp)

In the paper and pulp industry, exports of paper products continued to increase, though demand for paper products continued to decline especially in Japan as a result of the spread of digitalization and rising prices.

The Group made inroads into biomass material CNF and energy/chemical material fields as well as further development of maintenance business for existing facilities. This resulted in some positive factors including boiler peripheral equipment replacement projects, though net sales did not reach the level of the same period of the previous year.

As a result, net sales for the paper and pulp industry totaled ¥220 million (down 12.3% year on year), and its segment profit totaled ¥23 million (down 7.4% year on year).

(2) Explanation of Financial Position

(Assets)

Current assets decreased 2.6% from the end of the previous fiscal year to ¥29,855 million. Primary factors for the decrease include a decrease of ¥165 million in cash and deposits and a decrease of ¥892 million in trade receivables.

Non-current assets increased 3.2% from the end of the previous fiscal year to ¥10,809 million. Primary factors for the increase include an increase of ¥202 million in property, plant and equipment.

As a result, total assets decreased 1.1% from the end of the previous fiscal year to ¥40,665 million.

(Liabilities)

Current liabilities decreased 3.7% from the end of the previous fiscal year to ¥14,862 million. Primary factors for the decrease include an increase of ¥585 million in short-term borrowings, a decrease of ¥562 million in trade payables, a decrease of ¥286 million in income taxes payable, and a decrease of ¥732 million in other.

Non-current liabilities decreased 1.9% from the end of the previous fiscal year to ¥1,582 million.

As a result, total liabilities decreased 3.5% from the end of the previous fiscal year to ¥16,444 million.

(Net Assets)

Net assets increased 0.6% from the end of the previous fiscal year to ¥24,220 million. Primary factors for the increase include an increase of ¥156 million in foreign currency translation adjustment.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

As of now, no revisions have been made to the financial results forecast announced on May 15, 2024. However, should the need to revise the forecast arise, we will promptly disclose the revision.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	7,800,802	7,635,243
Notes receivable – trade	731,318	605,411
Electronically recorded monetary claims – operating	4,103,900	4,208,768
Accounts receivable – trade	14,096,182	13,224,545
Securities	100,000	100,000
Merchandise and finished goods	2,893,226	2,912,696
Work in process	272,114	320,102
Raw materials and supplies	244,287	242,399
Other	406,500	606,768
Allowance for doubtful accounts	(142)	(113)
Total current assets	30,648,188	29,855,822
Non-current assets		
Property, plant and equipment	4,301,022	4,503,544
Intangible assets	733,987	774,705
Investments and other assets		
Investment securities	4,136,941	4,158,262
Other	1,312,945	1,387,837
Allowance for doubtful accounts	(15,164)	(15,164)
Total investments and other assets	5,434,722	5,530,935
Total non-current assets	10,469,732	10,809,185
Total assets	41,117,921	40,665,007
Liabilities		
Current liabilities		
Notes payable – trade	558,626	579,107
Electronically recorded obligations – operating	6,232,507	5,885,079
Accounts payable – trade	4,593,263	4,357,301
Short-term borrowings	1,439,978	2,025,913
Current portion of long-term borrowings	21,600	29,090
Income taxes payable	569,333	283,141
Provision for bonuses	–	389,239
Provision for bonuses for directors (and other officers)	–	28,828
Other	2,016,898	1,284,886
Total current liabilities	15,432,208	14,862,587
Non-current liabilities		
Long-term borrowings	237,192	221,800
Provision for retirement benefits for directors (and other officers)	79,075	81,951
Retirement benefit liability	694,030	720,544
Other	602,231	557,931
Total non-current liabilities	1,612,529	1,582,227
Total liabilities	17,044,737	16,444,815

(Thousand yen)

	As of March 31, 2024	As of June 30, 2024
Net assets		
Shareholders' equity		
Share capital	827,900	827,900
Capital surplus	1,083,828	1,083,828
Retained earnings	20,540,474	20,540,224
Treasury shares	(601,895)	(601,918)
Total shareholders' equity	21,850,307	21,850,034
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,290,735	1,280,064
Foreign currency translation adjustment	386,869	543,113
Remeasurements of defined benefit plans	55,498	43,912
Total accumulated other comprehensive income	1,733,103	1,867,090
Non-controlling interests	489,772	503,067
Total net assets	24,073,183	24,220,192
Total liabilities and net assets	41,117,921	40,665,007

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	11,421,477	12,362,558
Cost of sales	8,485,081	9,241,946
Gross profit	2,936,395	3,120,612
Selling, general and administrative expenses	2,189,695	2,329,334
Operating profit	746,699	791,277
Non-operating income		
Interest income	4,996	5,308
Dividend income	38,745	43,151
Share of profit of entities accounted for using equity method	19,497	37,383
Rental income from real estate	5,076	5,108
Foreign exchange gains	136,431	96,540
Other	32,542	11,457
Total non-operating income	237,289	198,949
Non-operating expenses		
Interest expenses	1,602	1,982
Other	4,401	663
Total non-operating expenses	6,003	2,645
Ordinary profit	977,985	987,581
Extraordinary income		
Gain on sale of non-current assets	–	320
Gain on sale of investment securities	56,757	–
Surrender value of insurance policies	9,689	–
Total extraordinary income	66,447	320
Extraordinary losses		
Loss on retirement of non-current assets	0	61
Loss from money transfer scam at foreign subsidiary	–	77,974
Total extraordinary losses	0	78,035
Profit before income taxes	1,044,432	909,865
Income taxes	338,287	324,099
Profit	706,145	585,766
Profit attributable to non-controlling interests	9,806	10,902
Profit attributable to owners of parent	696,338	574,863

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	706,145	585,766
Other comprehensive income		
Valuation difference on available-for-sale securities	237,151	(6,545)
Foreign currency translation adjustment	47,813	157,581
Remeasurements of defined benefit plans, net of tax	(1,886)	(11,586)
Share of other comprehensive income of entities accounted for using equity method	1,488	(1,750)
Total other comprehensive income	284,567	137,699
Comprehensive income	990,712	723,465
Comprehensive income attributable to:		
Owners of parent	963,507	708,850
Non-controlling interests	27,205	14,614

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in Shareholders' Equity)

Not applicable.

(Accounting Methods Adopted Particularly for the Preparation of Quarterly Consolidated Financial Statements)

(Calculation of Tax Expenses)

For calculation of tax expenses, our Group adopts a method whereby the effective tax rate for the profit before income taxes for the fiscal year under review, including the first quarter of the fiscal year ending March 31, 2025, after the application of tax effect accounting is reasonably estimated, and quarterly profit before income taxes is multiplied by such effective tax rate.

(Changes in Accounting Policies)

The Group has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022, hereinafter "Revised Accounting Standard 2022") and other standards from the beginning of the first quarter of the fiscal year ending March 31, 2025.

As for the revision of accounting classification of current income taxes (imposed on other comprehensive income), the Group is in accordance with the transitional treatment stipulated in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and in the proviso of Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, hereinafter "Revised Guidance 2022"). This change in accounting policies has no impact on the quarterly consolidated financial statements.

As for the revision to review the treatment in the consolidated financial statements when deferring for tax purposes gains or losses on sales arising from the sale of subsidiaries' stocks and others between consolidated companies, the Group has also applied the Revised Guidance 2022 from the beginning of the first quarter of the fiscal year ending March 31, 2025. These changes in accounting policies have been applied retrospectively to the quarterly and full-year consolidated financial statements for the previous fiscal year, and had no impact on the quarterly and full-year consolidated financial statements of the previous fiscal year.

(Segment Information, Etc.)

I For the Three Months Ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

1. Information on Net Sales and Profit or Loss by Reportable Segment

(Thousand yen)

	Reportable segment						
	Steel and Iron	Automobile	Electronics and Semiconductor	Rubber and Tire	Machine Tools	High-performance Material	Environment
Net sales							
Net sales to outside customers	3,423,535	2,034,544	1,547,870	1,038,134	674,789	414,548	447,894
Inter-segment net sales or transfers	–	–	–	–	–	–	–
Total	3,423,535	2,034,544	1,547,870	1,038,134	674,789	414,548	447,894
Segment profit (loss)	439,389	212,472	174,585	139,887	170,336	40,178	31,015

	Reportable segment		Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Paper and Pulp	Total				
Net sales						
Net sales to outside customers	251,911	9,833,229	1,588,248	11,421,477	–	11,421,477
Inter-segment net sales or transfers	–	–	–	–	–	–
Total	251,911	9,833,229	1,588,248	11,421,477	–	11,421,477
Segment profit (loss)	25,475	1,233,342	181,903	1,415,245	(668,545)	746,699

(Notes) 1. The “Other” category is a business segment which is not included in the reportable segments and includes businesses for the food industry and shipbuilding industry.

2. An adjustment of ¥(668,545) thousand in segment profit (loss) is for general and administrative expenses which are not attributable to the reportable segments.

3. Segment profit (loss) is adjusted with operating profit on the Quarterly Consolidated Statements of Income.

2. Information on Impairment Losses on Non-current Assets and Goodwill by Reportable Segment (Significant Impairment Losses on Non-current Assets)

Not applicable.

II For the Three Months Ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

1. Information on Net Sales and Profit or Loss by Reportable Segment

(Thousand yen)

	Reportable segment						
	Steel and Iron	Automobile	Electronics and Semiconductor	Rubber and Tire	Machine Tools	High-performance Material	Environment
Net sales							
Net sales to outside customers	3,722,508	2,490,952	1,627,985	743,007	554,926	589,653	688,817
Inter-segment net sales or transfers	–	–	–	–	–	–	–
Total	3,722,508	2,490,952	1,627,985	743,007	554,926	589,653	688,817
Segment profit (loss)	465,169	322,820	152,678	88,821	102,554	51,173	50,204

	Reportable segment		Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Paper and Pulp	Total				
Net sales						
Net sales to outside customers	220,920	10,638,773	1,723,785	12,362,558	–	12,362,558
Inter-segment net sales or transfers	–	–	–	–	–	–
Total	220,920	10,638,773	1,723,785	12,362,558	–	12,362,558
Segment profit (loss)	23,583	1,257,006	215,389	1,472,395	(681,118)	791,277

- (Notes) 1. The “Other” category is a business segment which is not included in the reportable segments and includes businesses for the food industry and shipbuilding industry.
2. An adjustment of ¥(681,118) thousand in segment profit (loss) is for general and administrative expenses which are not attributable to the reportable segments.
3. Segment profit (loss) is adjusted with operating profit on the Quarterly Consolidated Statements of Income.

2. Changes in Methods of Calculating Profit or Loss of Reportable Segments

Effective from the first quarter of the fiscal year ending March 31, 2025, the profit and loss resulting from the Company’s manufacturer functions, which was previously included in “an adjustment in segment profit (loss),” is now included in the profit and loss of each reportable segment in order to present the segment profit and loss more appropriately from a business management perspective.

The segment information for the first quarter of the previous fiscal year is disclosed based on the calculation methods after the change.

3. Information on Impairment Losses on Non-current Assets and Goodwill by Reportable Segment (Significant Impairment Losses on Non-current Assets)

Not applicable.

(Notes on Statements of Cash Flows)

Quarterly consolidated statements of cash flows have not been prepared for the first quarter of the current fiscal year.

Depreciation (including amortization related to intangible assets) for the three months ended June 30, 2024 are as follows:

(Thousand yen)

	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Depreciation	94,587	113,984

(Significant Subsequent Events)

(Disposal of Treasury Shares as Restricted Share Remuneration)

At the Board of Directors' meeting held on July 9, 2024, the Company resolved to dispose of treasury shares as restricted share remuneration (the "Disposal of Treasury Shares") as follows.

1. Overview of the Disposal

(1) Payment date	August 7, 2024
(2) Class and number of shares to be disposed of	9,684 common shares of the Company
(3) Disposal price	¥3,060 per share
(4) Total disposal price	¥29,633,040
(5) Allottee	5 Directors(*) of the Company 7,396 shares 3 Executive officers of the Company 2,288 shares *Excluding Directors serving as Audit and Supervisory Committee Members and External Directors

2. Purpose of and Reason for the Disposal

At the 76th Annual General Meeting of Shareholders of the Company held on June 23, 2022, it was approved to introduce a share remuneration system (the "System") where restricted shares are delivered to the Company's Directors (excluding Directors serving as Audit and Supervisory Committee Members and External Directors; the "Eligible Directors") so as to share both the merits and risks of stock price fluctuations between Eligible Directors and shareholders, and to further encourage Eligible Directors to contribute to improving the stock price and corporate value. Other matters approved at the meeting in accordance with the System include that the total amount of monetary remuneration receivables to be paid as remuneration, etc. relating to restricted shares for Eligible Directors shall be set to up to 30 million yen per annum; the maximum number of restricted shares to be allocated to Eligible Directors in each fiscal year shall be a total of 30,000 shares; and the transfer restriction period shall be a period from the day when the restricted shares are delivered until the day of retirement of office as both the Company's Director and Executive Officer.