Consolidated Financial Results for the quarter ended September 30, 2024

(Consolidated financial information has been prepared in accordance with J-GAAP)
English translation from the original Japanese-language document

November 14, 2024

Company name	: Sanoh Industrial Co., Ltd.
Stock exchange listings	: Tokyo Stock Exchange, Japan
Code number	: 6584
URL	: https://www.sanoh.com/
Representative	: Genya Takeda, Representative Director & President
Contact person	: Munetoshi Sasaki, Corporate Vice President and
	: CFO, General Manager of Financial Headquarters
	: Tel. 0280-48-1111
Payment date of Dividend	: December 2, 2024
Explanatory Material for Financial Statements	: Available
Schedule for Financial Results Briefing Session	: Available

(Amounts are rounded to the nearest million yen)

1. Consolidated Results for FY2024 Second Quarter (April 1, 2024 to September 30, 2024)

(1) Consolidated Financial Results

(% are change from previous year)

	Net sales		Operating Income		Ordinary Income		Net income attributable to shareholders of the holding company		Earnings per share	Diluted EPS
Quarter ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
September 2024	81,094	8.8	2,384	(25.2)	2,156	(26.3)	1,153	(13.5)	32.22	–
September 2023	74,555	17.2	3,187	–	2,925	–	1,333	–	36.98	–

Ref. Comprehensive Income: FY2024 Q2: 3,616 million yen (△43.2%) | FY2023 Q2: 6,364 million yen (498.5%)

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As on September 30, 2024	113,311	50,600	41.7	1,321.05
As on March 31, 2024	111,245	48,288	40.2	1,248.37

Ref. Shareholders' Equity: FY2024 Q2: 47,285 million yen | FY2023 Q4: 44,684 million yen

2. Dividends

	Annual cash dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 2024	–	12.50	–	14.00	26.50
Year ending March 2025	–	14.00			
Year ending March 2025 (Forecast)			–	14.00	28.00

※ Modifications from most recent dividend forecast: No

3. Forecast of Consolidated Results for year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% are change from previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Earnings Per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Full Year	162,000	3.3	8,000	(0.7)	7,000	(4.1)	4,200	(0.4)	116.97

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

Notes

(1) Significant Changes in the scope of consolidation during the period: No
Newly included: 0 companies | Excluded: 0 companies

(2) Application of Special Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements: No

(3) Changes in accounting policies, accounting estimates, and restatement
① Changes in accounting policies due to revisions of Accounting Standards: Yes
② Changes in accounting policies other than ① above: No
③ Changes in accounting estimates: No
④ Restatement: No

For more details, please refer to Note 'Changes in Accounting Policies', in '4. Notes to the Consolidated Financial Statements' on page 11 of this document.

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

① Number of issued shares at the end of the period (including treasury stock):	FY24Q2	37,112,000	FY23Q4	37,112,000
② Number of treasury shares at the end of the period:	FY24Q2	1,318,405	FY23Q4	1,318,303
③ Average number of shares outstanding during the period:	FY24Q2	35,793,655	FY23Q2	36,029,450

※ Review of the Quarterly Consolidated Financial Summary by a Certified Public Accountant or Auditing Firm: No

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

Cautionary Note on Forward-Looking Statements

The earnings forecasts are based on information currently available to the Company and on certain assumptions deemed reasonable. These forecasts are not a guarantee of performance. Actual results may differ significantly due to various factors. For the assumptions underlying the forecasts and cautionary notes, please refer to '1 (3) Explanation Regarding Future Forecasts Information such as Consolidated Earnings Forecasts' in 'Overview of Business Performance' on page 5 of this document.

Table of Contents

1. Overview of Business Performance for the Quarter ended September 30, 2024 4
(1) Overview of Operating Results 4
(2) Overview of Financial Position 5
(3) Explanation of Future Forecasts and Forward-Looking Statements 5
2. Consolidated Financial Statements and Notes 6
(1) Consolidated Balance Sheet 6
(2) Consolidated Income Statement and Consolidated Comprehensive Income Statement 8
(3) Consolidated Cash Flow Statement 10
(4) Notes to the Consolidated Financial Statements 11
(Changes in Accounting Policies) 11
(Segment Information) 11
(Significant Changes Shareholders' Equity) 12
(Assumption of a going concern) 12
(Significant Subsequent Events) 12
(Additional Information) 12
(Earnings per Share) 13

1. Overview of Business Performance for the Quarter ended September 30, 2024

(1) Overview of Operating Results

In the second quarter of consolidated results, Japan's macro-economic environment showed moderate recovery, supported by improved employment and income conditions along with increased domestic demand, despite rising prices. However, uncertainties remain as the foreign exchange rate environment continues to fluctuate, with historic yen depreciation followed by a swift shift to yen appreciation.

Overseas, In the United States, while rising inflation and monetary tightening increased concerns of an economic slowdown, stable employment conditions and strong consumer spending sustained resilience in the economy. China's economy remained sluggish, impacted by a downturn in the real estate market, declining prices, and a delayed recovery in consumer spending. In Europe, while the economy showed signs of stabilization, uncertainty persisted due to rising energy and material costs driven by the prolonged Russia-Ukraine conflict and escalating tensions in the Middle East. In Asia, while there were some effects from economic slowdown in China, steady economic growth is being supported by the recovery of the tourism industry and the strong performance of the electronics sector, resulting in a resilient economic outlook.

In the automobile industry, to which our group belongs, although certain vehicle models experienced shipment suspensions due to certification issues, the effects of production cuts from semiconductor shortages eased, resulting in an increase in vehicle production over the previous fiscal period. Overseas, automotive sales generally rose, with regional variations. However, elevated raw material costs, sustained high energy prices linked to the Russia-Ukraine conflict, currency volatility, and ongoing tensions in the Middle East continue to present risks that could impact supply chains.

As a result, consolidated net sales for the interim period increased to JPY 81.094 billion (up 8.8% YoY). This increase was driven by higher production at Japanese OEMs in North America and favorable currency translation effects from yen depreciation, despite a decline in sales in China due to an accelerated decrease in market share among Japanese OEMs.

In terms of profit, while price adjustments implemented in the previous fiscal period and stable operations, particularly in Americas, contributed to operational stability, operating profit declined. This was due to reduced revenue in China, continued increases in costs for raw materials, labor, and energy, as well as one-time expenses recorded in the Americas segment. As a result, operating profit decreased to JPY 2.384 billion (down 25.2% YoY), and ordinary profit decreased to JPY 2.156 billion (down 26.3% YoY). Net income attributable to owners of the parent company fell to JPY 1.153 billion (down 13.5% YoY), reflecting the decline in ordinary profit.

Overview of operating results by segment is as follows:

① Japan
Revenue reached JPY 14.385 billion (slightly down 0.8% YoY), remaining stable due to steady domestic sales and exports. Operating income declined to JPY 577 million (down 34.4% YoY), impacted by increased labor costs from wage hikes and higher spending on new business investments.

② Americas
Revenue rose significantly to JPY 35.059 billion (up 26.0% YoY), driven by strong sales from Japanese OEMs in North America and favorable currency effects from yen depreciation. Although one-time expenses were incurred, operating income increased to JPY 800 million (up 49.5% YoY), as a result of effective price adjustments, improved operational efficiency, and stable production levels.

③ Europe
Revenue reached JPY 11.386 billion (up 4.7% YoY), as favorable currency effects from yen depreciation offset weaker demand among European manufacturers. Operating income fell to JPY 156 million (down 73.3% YoY), largely due to rising material costs, persistent inflation, labor cost increases, higher system implementation expenses, and delays in price adjustments.

④ China
Revenue declined significantly to JPY 6.137 billion (down 24.0% YoY), due to accelerated weak sales among Japanese OEMs. The segment recorded an operating loss of JPY 486 million, compared to an operating profit of JPY 91 million in the same period last year. The loss was due to decline in sales and challenges in cost control amid fluctuating production volumes, as well as retirement costs linked to workforce reductions.

⑤ Asia
Revenue increased to JPY 14.127 billion (up 6.3% YoY), primarily driven by higher production at the Indian subsidiary and favorable currency effects from yen depreciation, which outweighed revenue declines in Thailand and Indonesia due to sluggish market conditions. Operating income rose to JPY 1.371 billion (up 29.1% YoY), supported by revenue growth and effective cost management to mitigate production fluctuations.

(2) Overview of Financial Position

① Assets, Liabilities, and Net Assets

As of the end of the Second Quarter, total assets stood at JPY 113.311 billion, marking an increase of JPY 2.066 billion from the previous financial year-end. Key factors include:

- a decrease in cash and deposits by JPY 1.236 billion,
- a decrease in notes receivable, accounts receivable, and contract assets by JPY 314 million,
- an increase in work-in-progress by JPY 357 million,
- an increase in raw materials and supplies by JPY 481 million,
- an increase in other current assets such as advances and prepaid expenses by JPY 1.438 billion,
- an increase in tangible fixed assets such as machinery, equipment, and vehicles by JPY 2.127 billion, and
- a decrease in investment securities by JPY 1.079 billion.

Total liabilities amounted to JPY 62.711 billion, a decrease of JPY 246 million from the end of the previous financial year-end. Key factors include:

- an increase in notes & trade payable by JPY 946 million,
- an increase in accounts payable by JPY 631 million,
- an increase in other current liabilities, such as accrued expenses, by JPY 982 million,
- a decrease in long-term loans payable by JPY 2.497 billion, and
- a decrease in deferred tax liabilities JPY 409 million.

Net assets rose to JPY 50.6 billion, increased by JPY 2.311 billion from the previous financial year-end. Key factors include:

- an increase in foreign currency translation adjustments of JPY 2.739 billion,
- a decrease in valuation differences on available-for-sale securities by JPY 820 million, and
- an increase in retained earnings by JPY 644 million.

② Cash Flow

As of the end of the second quarter, cash and cash equivalents stood at JPY 16.417 billion, reflecting a decrease of JPY 1.236 billion from the end of the previous financial year. This decrease was driven by an increase of JPY 6.926 billion in cash flow from operating activities, offset by a JPY 4.249 billion outflow from investing activities, and a JPY 4.722 billion outflow from financing activities.

i. Cash flow from Operating Activities:
Net cash provided by operating activities increased to JPY 6.926 billion, a rise of JPY 3.428 billion compared to the same period last year.
This increase was primarily driven by:
- Income Before Income Taxes of JPY 1.913 billion (JPY 2.426 million YoY)
- Depreciation of JPY 3.208 billion (JPY 2.933 billion YoY)
- A decrease in Accounts Receivable by JPY 1.763 billion (increase of JPY 2.240 billion YoY)
- A decrease in Inventories by JPY 555 million (decrease of JPY 2.950 billion YoY)
- A decrease in Accounts Payable by JPY 470 million (increase of JPY 79 million YoY)
- Corporate tax payments amounting to JPY 635 million (JPY 1.486 billion YoY)

ii. Cash flow from investing Activities:
Net cash used in investing activities totaled JPY 4.249 billion (JPY 3.432 billion YoY).
The primary outflow was related to the acquisition of tangible fixed assets amounting to JPY 3.914 billion (JPY 3.429 YoY).

iii. Cash flow from financing Activities:
Net cash used in financing activities amounted to JPY 4.722 billion (JPY 1.387 billion YoY).
The primary factors include:
- A JPY 553 million increase in short-term borrowings (compared to an inflow of JPY 3.358 billion YoY)
- A JPY 3.776 billion outflow due to repayment of long-term borrowings (JPY 2.957 million YoY)
- A JPY 509 million outflow for dividend payments (JPY 455 million YoY)
- A JPY 754 million outflow for dividend payments to non-controlling interests (JPY 640 million YoY)

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

Taking into consideration recent business trends and other factors, we have decided to maintain the consolidated earnings forecast for the financial year ending March 2025, as announced in the "Consolidated Financial Results for the Financial Year Ended March 2024 [Japanese GAAP]" published on May 10, 2024.

2. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Amounts are rounded to the nearest million)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	17,653	16,417
Notes and accounts receivable - trade, and contract assets	19,490	19,176
Electronically recorded monetary claims - operating	863	829
Finished goods	5,119	5,129
Work in process	5,421	5,779
Raw materials and supplies	12,254	12,735
Other	3,581	5,019
Allowance for doubtful accounts	△52	△57
Total current assets	64,329	65,028
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,946	20,664
Machinery, equipment and vehicles	87,588	93,619
Tools, furniture and fixtures	13,897	14,806
Land	2,859	2,929
Leased assets	3,269	3,634
Construction in progress	4,189	4,847
Accumulated depreciation	△86,420	△92,476
Accumulated impairment	△10,183	△10,752
Total property, plant and equipment	35,145	37,272
Intangible assets		
Leased assets	57	49
Other	471	601
Total intangible assets	528	650
Investments and other assets		
Investment securities	8,741	7,662
Retirement benefit asset	159	159
Deferred tax assets	1,873	1,960
Other	471	580
Total investments and other assets	11,244	10,361
Total non-current assets	46,916	48,283
Total assets	111,245	113,311

(Amounts are rounded to the nearest million)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,074	10,020
Electronically recorded obligations - operating	5,355	4,955
Short-term borrowings	17,648	17,898
Accounts payable - other	2,686	3,317
Lease liabilities	457	440
Income taxes payable	531	618
Accrued consumption taxes	588	459
Provision for bonuses	1,226	1,513
Provision for bonuses for directors (and other officers)	24	33
Provision for product warranties	96	120
Other	3,535	4,517
Total current liabilities	41,219	43,890
Non-current liabilities		
Long-term borrowings	14,392	11,894
Lease liabilities	515	413
Deferred tax liabilities	2,472	2,063
Provision for retirement benefits for directors (and other officers)	163	154
Retirement benefit liability	3,223	3,294
Provision for loss on litigation	494	468
Other	479	534
Total non-current liabilities	21,738	18,821
Total liabilities	62,957	62,711
Net assets		
Shareholders' equity		
Share capital	3,481	3,481
Capital surplus	2,362	2,362
Retained earnings	31,872	32,515
Treasury shares	△980	△980
Total shareholders' equity	36,735	37,378
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,671	3,852
Foreign currency translation adjustment	2,586	5,325
Remeasurements of defined benefit plans	692	730
Total accumulated other comprehensive income	7,949	9,907
Non-controlling interests	3,604	3,314
Total net assets	48,288	50,600
Total liabilities and net assets	111,245	113,311

(2) Consolidated Income Statement and Consolidated Comprehensive Income Statement

Consolidated Income Statement

(Amounts are rounded to the nearest million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	74,555	81,094
Cost of sales	64,193	69,351
Gross profit	10,363	11,743
Selling, general and administrative expenses	7,176	9,359
Operating profit	3,187	2,384
Non-operating income		
Interest income	61	120
Dividend income	91	130
Subsidy income	5	―
Foreign exchange gains	41	71
Other	144	156
Total non-operating income	341	478
Non-operating expenses		
Interest expenses	360	428
Commission expenses	232	251
Other	10	27
Total non-operating expenses	602	706
Ordinary profit	2,925	2,156
Extraordinary income		
Gain on sale of non-current assets	7	2
Total extraordinary income	7	2
Extraordinary losses		
Loss on sale of non-current assets	3	1
Loss on retirement of non-current assets	158	244
Provision for loss on litigation	345	―
Total extraordinary losses	506	245
Profit before income taxes	2,426	1,913
Income taxes - current	741	526
Income taxes - deferred	34	△96
Total income taxes	776	429
Profit	1,650	1,484
Profit attributable to non-controlling interests	318	330
Profit attributable to owners of parent	1,333	1,153

Consolidated Comprehensive Income Statement

(Amounts are rounded to the nearest million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	1,650	1,484
Other comprehensive income		
Valuation difference on available-for-sale securities	1,044	△820
Foreign currency translation adjustment	3,648	2,914
Remeasurements of defined benefit plans, net of tax	21	39
Total other comprehensive income	4,714	2,133
Comprehensive income	6,364	3,616
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,794	3,111
Comprehensive income attributable to non-controlling interests	570	505

(3) Consolidated Cash Flow Statement

(Amounts are rounded to the nearest million)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	2,426	1,913
Depreciation	2,933	3,208
Loss on retirement of property, plant and equipment	158	244
Loss (gain) on sale of property, plant and equipment	△4	△1
Interest and dividend income	△152	△250
Interest expenses	360	428
Commission expenses	232	251
Increase (decrease) in provision for loss on litigation	345	―
Decrease (increase) in trade receivables	△2,240	1,763
Decrease (increase) in inventories	2,950	555
Increase (decrease) in trade payables	79	△470
Increase (decrease) in provision for bonuses	56	273
Increase (decrease) in accounts payable - other	△967	285
Increase (decrease) in accrued expenses	547	409
Increase (decrease) in retirement benefit liability	75	△6
Other, net	△1,248	△554
Subtotal	5,551	8,047
Interest and dividends received	172	250
Interest paid	△397	△465
Commission fee paid	△222	△271
Payments for settlement	△190	―
Income taxes paid	△1,486	△635
Net cash provided by (used in) operating activities	3,428	6,926
Cash flows from investing activities		
Purchase of property, plant and equipment	△3,429	△3,914
Proceeds from sale of property, plant and equipment	42	19
Purchase of investment securities	△59	△88
Other, net	14	△266
Net cash provided by (used in) investing activities	△3,432	△4,249
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,358	553
Repayments of long-term borrowings	△2,957	△3,776
Dividends paid	△455	△509
Dividends paid to non-controlling interests	△640	△754
Repayments of lease liabilities	△183	△236
Purchase of treasury shares	△303	△0
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	△207	―
Net cash provided by (used in) financing activities	△1,387	△4,722
Effect of exchange rate change on cash and cash equivalents	1,098	810
Net increase (decrease) in cash and cash equivalents	△293	△1,236
Cash and cash equivalents at beginning of period	12,837	17,653
Cash and cash equivalents at end of period	12,543	16,417

(4) Notes to the Consolidated Financial Statements

(Changes in Accounting Policies)

Application of "Accounting Standard for Corporate, Residence, and Business Taxes"

We have applied the "Accounting Standards for Corporate Taxes, Local Resident Taxes, Enterprise Taxes, etc." (ASBJ Statement No. 27, October 28, 2022; "2022 Revised Accounting Standards") and other standards from the beginning of the year in this second quarter consolidated accounting period. Regarding the amendment to the classification of corporate taxes, etc. (taxation on other comprehensive income), we are following the transitional treatment set forth in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standards and the transitional treatment set forth in the proviso of Paragraph 65-2 (2) of the "Guidelines for the Implementation of Accounting Standards for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; "2022 Revised Implementation Guidelines"). Additionally, the amendment concerning the treatment of deferred tax gains and losses from intra-group sales of subsidiary shares has been applied to the consolidated financial statements from the beginning of the year in this second quarter consolidated accounting period, in line with the "2022 Revised Implementation Guidelines". There are no impacts of this change in accounting policy on the consolidated financial statements.

(Segment Information)

I. Second Quarter of the previous period (April 1, 2023 to September 30, 2023)

1. Information on Sales and Operating Income by reportable segment.

	Reportable Segments						Adjs. (Note 1)	Reported Amount (Note 2)
	Japan	Americas	Europe	China	Asia	Total		
Sales								
External Customers	14,498	27,816	10,872	8,076	13,293	74,555	—	74,555
Internal Sales & Transfers between segments	9,421	4	186	455	399	10,465	(10,465)	—
Total	23,919	27,821	11,058	8,531	13,692	85,021	(10,465)	74,555
Segment income	879	535	582	91	1,061	3,150	37	3,187

(Note 1) The adjustment amounts are as follows:
(1) The adjustment amount of (10,465) million yen for net sales is the amount for eliminating inter-segment transactions.
(2) The adjustment amount of 37 million yen in segment operating income includes inventory adjustments of JPY 34 million and fixed asset adjustments of JPY 3 million.

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

2. Information on impairment loss on fixed assets or goodwill by reportable segment:
Not applicable

II. Second Quarter ended September 30, 2024 (April 1, 2024 to September 30, 2024)

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

	Reporting Segments						Adjs. (Note 1)	Reported Amount (Note 2)
	Japan	Americas	Europe	China	Asia	Total		
Sales								
External Customers	14,385	35,059	11,386	6,137	14,127	81,094	—	81,094
Internal Sales & Transfers between segments	9,921	9	372	660	530	11,492	(11,492)	—
Total	24,306	35,069	11,758	6,798	14,656	92,587	(11,492)	81,094
Segment Income (loss)	577	800	156	(486)	1,371	2,417	(33)	2,384

(Note 1) The adjustment amounts are as follows:
(1) The adjustment amount of (11,492) million yen for net sales is the amount for eliminating inter-segment transactions.
(2) The adjustment amount of (33) million yen for segment profit or loss includes an adjustment amount of (82) million yen for inventories and an adjustment amount of 49 million yen for fixed assets.

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

2. Information on impairment loss on fixed assets or goodwill by reportable segment:
Not applicable

(Significant Changes Shareholders' Equity)
Not applicable

(Assumption of a Going Concern)
Not applicable

(Significant Subsequent Events)
Not applicable

(Additional Information)

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

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

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

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

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

   - Remaining Shares in the Trust
     The Company's shares remaining in the Trust are recorded as treasury shares at the book value in the trust (excluding incidental expenses). As of the end of the previous financial year and the end of the Second Quarter of the current financial year, the book value and number of treasury shares were JPY 158 million and 189,700 shares, respectively.

(Earnings per Share)

The basis of calculating earnings per share for the quarter is as follows:

	FY23Q2 (April 1, 2023, to September 30, 2023)	FY24Q2 (April 1, 2024, to September 30, 2024)
Earnings per Share	36.98	32.22
(Basis of Calculation)		
Net Income Attributable to the Shareholders of the Parent Company	1,333	1,153
Not Attributable to Common Shareholders (in Million Yen)	—	—
Attributable to the Shareholders of the Parent Company Relating to Common Shares	1,333	1,153
Average Number of Common Shares Outstanding During the Period (in thousands)	36,029	35,794

Notes

1. Diluted earnings per share is not reported as there are no dilutive potential shares.
2. The Company has implemented a stock-based remuneration system using a share grant trust (the "Trust"). In calculating the average number of shares outstanding during the period, treasury shares held by the Trust for directors, executive officers, and senior management employees are included. The average number of treasury shares deducted in the calculation amounted to 365,142 shares in the Second Quarter of Financial Year ending March 2023 and 600,700 shares in the Second Quarter of Financial Year ending March 2024.