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May 17, 2024

To whom it may concern:

Company name: Nifco Inc.
Headquarters: 5-3 Hikarinooka, Yokosuka-shi, Kanagawa
Code Number: 7988 (TSE Prime Section)
Representative Director & CEO
Representative: Masaharu Shibao
Person in charge: Director, Senior Executive Managing Officer & CFO
Toshiki Yauchi

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**Notice Regarding Treasury Share Repurchase and the Purchase of Treasury Shares
through the Off-Auction Share Repurchase Trading (ToSTNeT-3) System
(Repurchase of Treasury Shares Based on the Stipulations of Article 459, Clause 1 of the Companies Act, and
Repurchase of Treasury Shares through a Fully Committed Share Repurchase (Japanese ASR))**

Nifco Inc. (the “Company”) hereby announces that it has passed a resolution at the Board of Directors’ meeting on May 17, 2024 establishing that it will execute a treasury share repurchase in accordance with Article 459, Clause 1 of the Companies Act and Article 36 of the Company’s Articles of Incorporation. The resolution also identifies the specific method that the Company will employ to implement this repurchase.

1. Reason for Treasury Share Acquisition

To enhance capital funds efficiency and enable a flexible financial policy in response to changes in the business environment.

2. Details of the repurchase

The Company will commission the purchase through the Tokyo Stock Exchange’s off-auction share repurchase trading (ToSTNet-3) system at 8:45AM on May 20, 2024, at today’s May 17, 2024 closing price of ¥3,846 (the “benchmark price”), acquiring ¥5,000 millions (the “anticipated monetary sum of the acquisition”) worth of treasury shares. (No other trading system will be used, and there will be no change to the trading time.) This purchase order will only be made during that time.

Nomura Securities Co., Ltd. (“Nomura Securities”) is scheduled to place a sell order of 1,300,000 shares for this acquisition (the “anticipated number of shares acquired”), but as explained below, the shares obtained from Nomura Securities will be adjusted at a later date using the Company’s stock so that the actual purchase price will be equal to

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the average price of the Company stock over a specified period of time (to be explained in further detail below). As such, the final number of shares repurchased may fluctuate.

3. Overview of the resolution on acquisition of own shares

(1)	Class of shares to be acquired	Ordinary shares of the Company
(2)	Total number of shares to be acquired	1,300,000 shares (1.30% of all shares outstanding (excluding treasury shares))
(3)	Total monetary sum of the acquisition	¥4,999,800,000
(4)	Announcement of results	The results of the repurchase will be announced at 8:45AM following the end of the transaction.

(Note 1) The number of shares will not change. Depending on market trends and other similar factors, the Company may not go through with some or all of the repurchase.

(Note 2) The purchase will be executed through a matching sell order for the anticipated number of shares acquired.

(Reference) Total number of shares outstanding and number of treasury shares as of March 31, 2024

Total number of shares outstanding (excluding treasury stock)	99,653,585 shares
Number of treasury shares	603,468 shares

4. Fully Committed Share Repurchase (FCSR, also “Japanese ASR”)

The Company’s goal heading into this repurchase is to ensure that it can acquire ¥5,000 million worth of treasury shares, and the Company has concluded that the FCSR method proposed by Nomura Securities (the “Method”) is the best path for satisfying this need.

Among the methods of acquiring treasury stock through market purchases, there are various schemes to acquire treasury stock through regular trading sessions, such as the Company placing individual orders, the use of discretionary account transactions by securities companies, and the use of trust companies. However, when the Company intends to acquire treasury stock at the total price anticipated, considering the Company’s trading volume in the stock market, it is assumed that these methods will require a certain period of time before the completion of the share repurchase.

Unlike the above method, when purchase orders are placed under ToSTNeT-3 via agency transactions, the transaction is completed in a day, but depending on the volume of sell orders placed by shareholders, it may not be possible to repurchase the desired amount of treasury stock.

Employing the Method will allow the repurchase to be completed in a day. Furthermore, if the sell orders placed by shareholders fall below the anticipated monetary sum, in order to make up for the shortfall, Nomura will issue a sell order after borrowing the Company’s stock from the Company shareholders, thereby ensuring that the Company will be able to repurchase its treasury shares for the anticipated monetary sum. Because Nomura Securities’ stock borrowing will take place after this disclosure, the monetary amount of the sell order is not currently known. However, Nomura has indicated that they should be able to place a sufficient sell order so that the Company can repurchase the anticipated number of treasury shares.

There have been similar transactions in the United States, but this Japanese ASR is a new endeavor in the Japanese

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market. Interested parties are encouraged to fully understand the details of the Method outlined in this release, as well as the notices regarding the issuance of warrants, which will be disclosed on the Company's website.

Information regarding Nomura Securities' sell order will also be announced on the Tokyo Stock Exchange website (<https://www.jpx.co.jp/markets/public/short-selling/index.html>)

<Outline of the Method>

On May 20, 2024, the Company will execute a repurchase of its treasury shares through ToSTNet-3 at the benchmark per-share price for the anticipated number of shares and anticipated monetary sum (the "Purchase").

To implement the Purchase, following this disclosure, Nomura Securities will borrow shares of the Company's stock from the Company's shareholders and place a sell order. This should enable the Company to acquire the anticipated number of treasury shares even if the Purchase does not elicit sell orders from the shareholders. Because ToSTNet-3 prioritizes general shareholders' sell orders over that of Nomura Securities, a financial instruments firm, Nomura's sell-order execution amount will be reduced by the amount sold by general shareholders.

Nomura Securities has indicated that following the Purchase, it will apply its own judgment and calculation to acquire the Company's shares through channels both inside and outside the securities market in order to return the shares it will borrow. However, the Company has not entered into any agreement with Nomura Securities regarding Nomura Securities' acquisition of the Company's stock.

With respect to the shares to be acquired from Nomura Securities, the Company will enter into a separate adjustment transaction with Nomura Capital Investment Co., Ltd. (NCI) (the "Warrant Holder"), who will be the acquiring party of the warrants that the Company will issue pursuant to the Method (the "Warrant"). The Company's actual per-share acquisition cost will be equal to 99.8% of the arithmetic average of the volume-weighted average price (VWAP) of the Company's stock for each trading day over a set period after the Purchase. The period will begin on May 21, 2024 and end on either the warrant exercise date or the day preceding the Company's receipt of a notice stating that no warrant will be exercised (the "average share price"). Specifically, it has been agreed that this will entail: 1) in the event that the average share price exceeds the benchmark price, an issuance of the Company's shares to the Warrant Holder via Warrant exercise, where the number of such shares is calculated by deducting (a) the number of shares that would be acquired during the Purchase if shares of the Company's stock were bought at the average share price with the monetary sum equivalent to that of the shares acquired from Nomura Securities ("Average price acquisition")) from (b) the number of shares acquired from Nomura Securities during the Purchase (the "number of shares acquired"), or 2) in the event that the average share price falls below the benchmark, an acquisition of the Company's shares at no cost, where the number of such shares is calculated by deducting the "Number of shares acquired" from the "Average price acquisition."

<Mechanism of the adjustment transaction>

① When the average share price is higher than the benchmark price

If the Company's share price rises after the Purchase and the average share price exceeds the benchmark price, the numbers of shares resulting from the following formula will be delivered to the holders of the Warrant (The amount paid upon the Warrant's exercise will be ¥1).

* Because the shares to be delivered upon the Warrant's exercise will come out of the treasury shares that will be acquired by this purchase, no new shares will be issued.

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Number of shares delivered = Number of shares acquired - Average price acquisition

Final number of shares acquired = Number of shares acquired - Number of shares delivered

= Number of shares acquired - (Number of shares acquired - Average price acquisition)

= Average price acquisition

= Planned acquisition price ÷ Average share price

Number of shares acquired: Number of shares purchased from Nomura Securities through ToSTNeT-3

Average price acquisition: Number of shares to be acquired assuming that the Company's shares were acquired at the average share price by the amount purchased from Nomura Securities through ToSTNeT-3

② When the average share price is lower than the benchmark price

If the Company's share price declines and the average share price falls below the benchmark price after the Purchase, the number of shares resulting from the following formula will be acquired from the holders of the Warrant without consideration.

Number of Additional Shares Acquired = Average price acquisition - Number of Shares Acquired

Final number of shares acquired = Number of shares acquired + Number of additional shares acquired

= Number of shares acquired + (Average price acquisition - Number of shares acquired)

= Average price acquisition

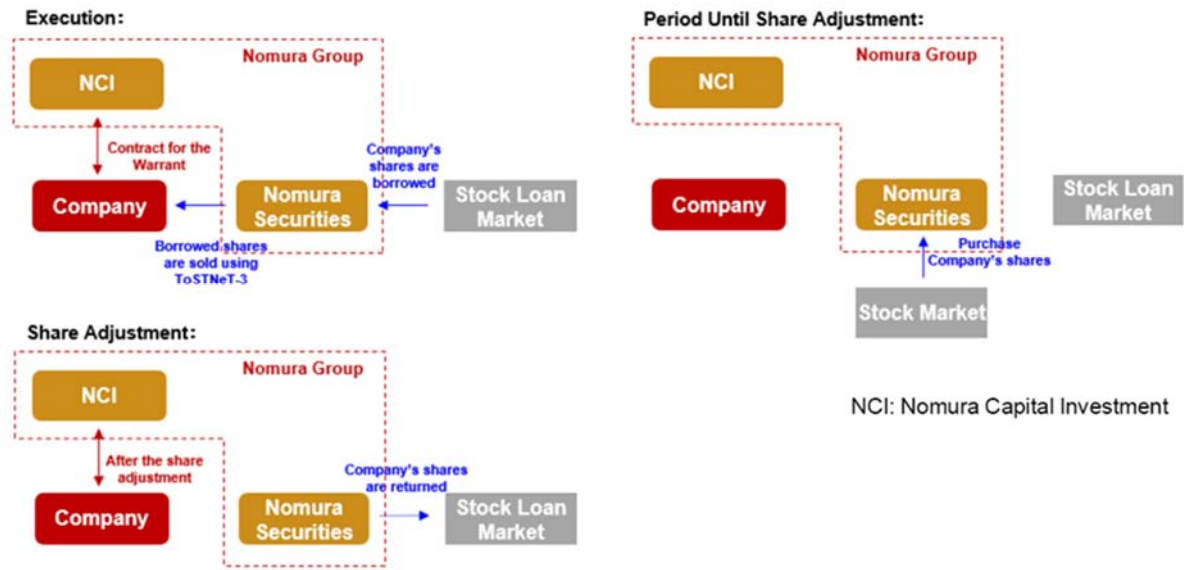
= Planned acquisition price ÷ Average share price

As stated above, the final number of shares to be repurchased is the number of shares acquired (Average price acquisition) if the Company's shares were repurchased at the average price.

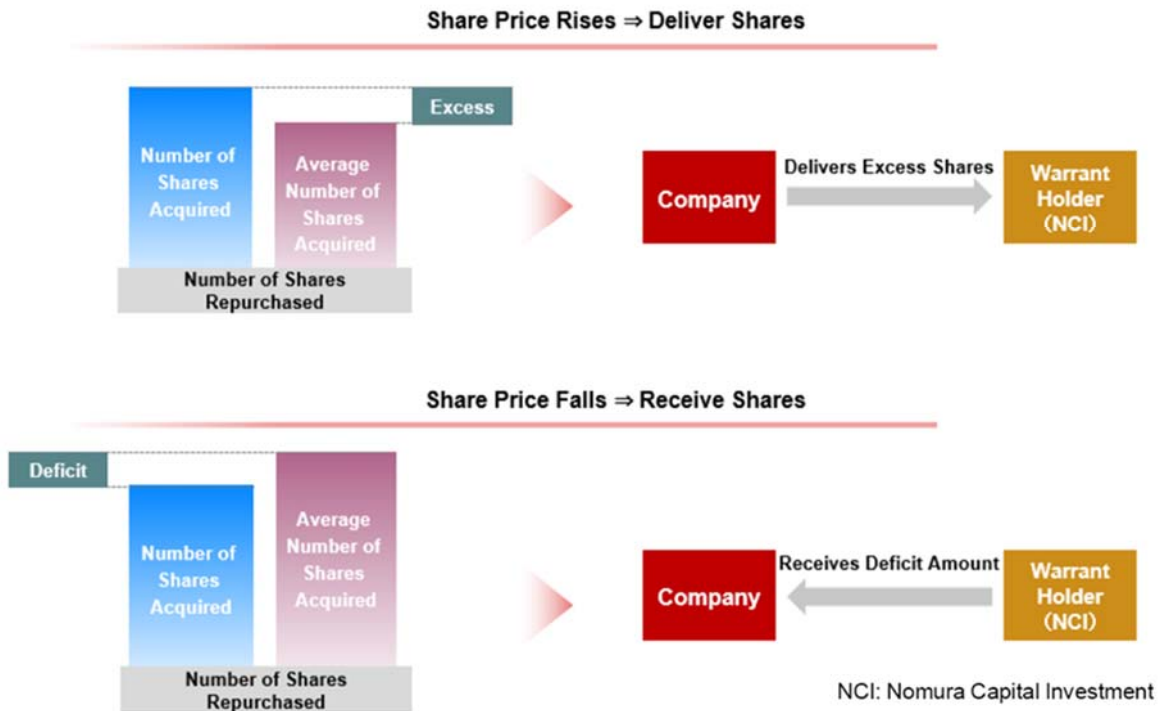
In order to implement the above-mentioned adjustment to the number of acquired shares, the Company will allot a Warrant to the Warrant Holder at no cost. The warrants will be exercised if the average share price exceeds the benchmark price, in which case the Warrant Holder will receive the Company's shares. The number of such shares will be equivalent to what the balance between the two prices would yield. If the average share price is lower than the benchmark, a warrant will not be exercised, and the Company will receive shares of its stock from the Warrant Holder at no cost. The number of such shares will be equivalent to what the balance between the two prices would yield. This adjustment will be executed during the Warrant's exercise period (from June 20, 2024 until September 10, 2024), and a separate disclosure will be made when the number of shares acquired has been finalized. For information regarding the warrant issue, please refer to the Company's electronic public notices.

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<FCSR Structure>



<Share Adjustment Overview>



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Share Adjustment Table:

Average Share Price (A)	Repurchase Value (B)	Average Number of Shares Acquired (C) = (B) ÷ (A)	Number of Shares Repurchased (D)	Number of Shares Delivered (B) - (C)	Additional Number of Shares Acquired (C) - (D)
7,000	4,999,800,000	714,257	1,300,000	585,743	0
6,000	4,999,800,000	833,300	1,300,000	466,700	0
5,100	4,999,800,000	980,353	1,300,000	319,647	0
4,900	4,999,800,000	1,020,367	1,300,000	279,633	0
4,700	4,999,800,000	1,063,787	1,300,000	236,213	0
4,500	4,999,800,000	1,111,067	1,300,000	188,933	0
4,300	4,999,800,000	1,162,744	1,300,000	137,256	0
4,100	4,999,800,000	1,219,463	1,300,000	80,537	0
3,846	4,999,800,000	1,300,000	1,300,000	0	0
3,600	4,999,800,000	1,388,833	1,300,000	0	88,833
3,400	4,999,800,000	1,470,529	1,300,000	0	170,529
3,200	4,999,800,000	1,562,438	1,300,000	0	262,438
3,000	4,999,800,000	1,666,600	1,300,000	0	366,600
2,800	4,999,800,000	1,785,643	1,300,000	0	485,643

*This is an example that assumes that there were no sales from general shareholders and that all of the shares repurchased are from Nomura Securities. The number of shares delivered and the additional number of shares acquired will be rounded down if less than one unit.

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[Q&A regarding Fully Committed Share Repurchase (FCSR)]

Q: What is a Fully Committed Share Repurchase (FCSR)?

A: A Fully Committed Share Repurchase (FCSR) is a method by which a Company acquires its treasury stock by a preannounced method, in which a securities company borrows the Company's shares through the stock lending market, etc., and places a sell order for those shares, followed by an adjustment transaction at a later date regarding the number and yen-amount of shares sold, settling the difference between the number of the Company's treasury shares acquired, assuming they were acquired at the average per-share price, and the number of treasury shares acquired initially.

This method is similar to the Accelerated Share Repurchase (ASR), a method widely utilized in the US, but adapted to the laws and regulations of Japan.

Q: Why did the Company not choose one of the common methods of acquiring stock on the open market? :

A: We consider the FCSR method proposed by Nomura Securities to be the best path to achieve our goal of ensuring the acquisition of treasury shares in the yen-amount we have determined.

Q: Will the Company be able to ensure the acquisition of treasury shares in the yen-amount determined?

A: It is anticipated that the yen-amount of the Company's acquisition will be achieved through sell orders by general shareholders and by Nomura Securities, both on ToSTNeT-3. Although the yen-value of sell orders by Nomura Securities will depend on the number of treasury shares it can borrow on the stock lending market and elsewhere, it is our understanding that Nomura Securities believes it to be possible at this time to place a sell order in the yen-amount we have determined, so we believe it should be possible to acquire treasury shares in the yen-amount determined, even in the event that general shareholders do not respond with sell orders.

Q: Will Nomura Securities place a sell order of shares it owns?

A: It is our understanding that Nomura Securities anticipates placing a sell order for the Company's shares that it has borrowed on the stock lending market and elsewhere, following this disclosure.

Q: Why is Nomura Capital Investment (NCI) not selling your Company's shares on ToSTNeT-3?

A: If NCI were to sell the Company's shares, it would not be deemed a sale by a financial instruments firm on its own account, so the sell orders of general shareholders would not be prioritized over the sell order by NCI. In this respect, having Nomura Securities sell the shares means that the sell orders of general shareholders will be prioritized over that of Nomura Securities, a financial instruments firm selling on its own account.

Q: What will Nomura Securities do after it sells your Company's shares on ToSTNeT-3?

A: It is not our place to know what Nomura Securities will do, but it is our understanding that Nomura Securities intends to acquire our Company's shares through channels through open-market and off-market transactions until it has returned the shares it has borrowed.

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Q: When Nomura Securities sells your Company's shares on ToSTNeT-3, what is the relative priority vis a vis sell orders by general shareholders?

A: Sell orders by general shareholders have priority over sell orders by Nomura Securities, a financial instruments firm selling on its own account.

Q: Has your Company entered into any agreement with Nomura Securities regarding its acquisition of your Company's stock after your Company has executed its treasury shares repurchase?

A: The Company has not entered into any agreement with Nomura Securities regarding its acquisition of the Company's stock. As stated above, it is our understanding that Nomura Securities intends to acquire our Company's shares through open-market and off-market transactions, but it is not our place to know what Nomura Securities will do.

Q: Why is there a need to issue a warrant?

A: The issue of a warrant to the warrant holder is a means of adjusting the number of shares acquired in the FCSR. In the event that the "average share price" — the share price based on the average price of our Company's shares between May 21, 2024 and the day before the warrant holder exercises its warrant — exceeds the acquisition price on ToSTNeT-3, the warrant makes it possible for our Company to agilely allot to the warrant holder a number of shares in our Company equivalent in value to the difference.

Q: What happens if the average share price is lower than the acquisition price on ToSTNeT-3?

A: In the event that the average share price is lower than the acquisition price on ToSTNeT-3, the warrant is not exercised and no stock is allotted to the warrant holder. On the other hand, because the warrant holder is able to acquire more shares than it acquired from Nomura Securities on ToSTNeT-3, the Company will acquire from the warrant holder at no cost a number of shares equivalent to the difference.

Q: What is the average share price?

A: It is the arithmetic mean of the volume-weighted average price (VWAP) of the Company's shares for each trading day from May 21, 2024 to the day before the warrant holder exercises its warrant or the day preceding the Company's receipt of a notice stating that no warrant will be exercised, multiplied by 0.998 ; it is the actual cost per share of the Company's shares in this treasury share repurchase.

Q: What will the final acquisition results be?

A: The final acquisition results will depend on whether and how many shares are sold by general shareholders. The treasury shares acquired from general shareholders will be acquired at the benchmark per-share price, but the treasury shares acquired from Nomura Securities will be subject to an adjustment transaction at a later date, so the acquisition results will depend on subsequent changes in the share price. Regarding the treasury shares acquired from Nomura Securities, the Company will either allot shares to the warrant holder or receive shares from the warrant holder at no cost so that the final per-share acquisition price will be the same as the average share price in terms of economic impact. In the event that there are no sell orders from general shareholders, the

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number of shares acquired will be the number obtained by dividing the yen-amount intended for this acquisition by the average share price.

Q: At what point will the warrant holder exercise the warrant or determine that it will not exercise the warrant?

A: It is our understanding that the warrant holder will exercise its warrant or determine that it will not exercise its warrant at such time when Nomura Securities has prospects for returning the shares it has borrowed. We are planning to disclose information on exercise of the warrant or the decision that the warrant will not be exercised when one or the other decision has been made.

Q: Under what circumstances will the warrant be exercised?

A: It will be exercised in the event that the average per-share price is higher than the benchmark price, which is the acquisition price on ToSTNeT-3. It should be noted that the warrant may be exercised between June 20, 2024 and September 10, 2024.

Q: Upon exercise of the warrant, will there be an increase in the number of shares outstanding?

A: The number of shares to be allotted upon exercise of the warrant is capped at the number of shares acquired from Nomura Securities on ToSTNeT-3; considering the acquisition of treasury shares on ToSTNeT-3 together with exercise of the warrant, there will be no increase in the number of shares outstanding.

Q: What will the warrant holder do with the shares it obtains through exercise of its warrant?

A: It is not our place to know what the warrant holder will do, but it is our understanding that the shares will be used to return the shares borrowed by Nomura Securities.

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[The Warrant to be issued by the Company in connection with its Fully Committed Share Repurchase (FCSR effort)]

1. Overview of offering

(1) Allocation date	June 3, 2024
(2) Total number of warrants issued	1
(3) Monetary amount to be paid	No payment of monies required in exchange for warrant
(4) Number of exercisable shares resulting from issuance	<p>Number of exercisable shares: 1,300,000 shares (maximum)*</p> <p>*The maximum figure is based on a scenario where the purchase offer does not yield any sell orders from general shareholders, and the average price acquisition is zero.</p> <p>*Because the shares to be delivered upon the Warrant’s exercise will come out of the treasury shares that will be acquired by this purchase, no new shares will be issued.</p>
(5) Amount of monies to be paid upon the Warrant’s exercise	¥1
(6) Method for calculating the number of shares delivered upon exercise	<p>Number of shares delivered = (i) Number of shares acquired - (ii) average price acquisition</p> <p>*All numbers of shares will be rounded down to the nearest share unit. If the calculation produces a negative value, the number of shares delivered will be 0.</p> <p>(i) The number of shares acquired will be the number of shares the Company purchases from Nomura Securities in the share repurchase it will execute on May 20, 2024 through the ToSTNeT-3 system administered by the Tokyo Stock Exchange (“TSE”), capped at 1,300,000 shares.</p> <p>(ii) The average price acquisition will be the value derived from the following formula, with any fractional shares rounded down</p> $\text{Average price acquisition} = \frac{\text{(1) Repurchase value}}{\text{(2) Average share price}}$ <p>① The repurchase value will be the total value of the shares that the Company will acquire from Nomura Securities in the share repurchase it will execute on May 20, 2024 through the ToSTNeT-3 system administered by TSE, capped at ¥5bn.</p> <p>② Average share price is calculated by taking the arithmetic average of the VWAP of the Company’s share price, as published by TSE, for each trading day over the course of the average share price computation period, and multiplying this value by 0.998. Average</p>

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	<i>share price computation period</i> refers to the period beginning on May 21, 2024 and ending on the day preceding the Warrant's exercise date.
(7) Offering/allocation method (Prospective allottee)	Third-party allotment to Nomura Capital Investment
(8) Other matters	If the prospective allottee elects not to exercise the Warrant, the Company will acquire without contribution a certain number of Company shares (subject to its share price performance) from the prospective allottee. For further details, please refer to the paragraphs entitled "2. The features of the Warrant" and "(3) Other matters" (the latter falling under the "Prospective Allottee, etc." section).

2. The features of the Warrant

(1) The structure of the Warrant, the number of shares delivered upon exercise, and the amount of monies to be paid upon exercise

- There will be a total of one Warrant issuance, in which a single Warrant will be issued.
- The number of shares delivered will depend on the average share price; the higher the average is relative to today's closing price, the higher the number of shares delivered.
- The amount of monies to be paid upon the Warrant's exercise will be ¥1.

(2) Finalization of the issuance terms

The number of shares acquired and the value of the shares repurchased, both of which will be used to calculate the number of shares delivered, will be finalized based on the results of the purchase that will be conducted over ToSTNeT-3 on May 20, 2024. If there are any sell orders placed by shareholders through ToSTNeT-3, the number of shares subject to adjustment will be reduced, the amount of such reduction to be determined by the total value of the sell orders placed, and there will be fewer shares delivered.

(3) The exercisable period of the Warrant

- The Warrant will be exercisable beginning on June 20, 2024 until September 10, 2024

(4) Warrant acquisition

- There is no clause in this Warrant stipulating that the Company has the discretion to acquire the Warrant.

(5) Acquisition of additional Company shares in the event the Warrant is not exercised

- Should the prospective allottee elect not to exercise the Warrant, it will issue a notification to that effect to the Company. If the value derived by taking the arithmetic mean of the volume-weighted average price (VWAP) of Company's shares for each trading day from May 21, 2024 to the day preceding the Company's receipt of the aforementioned notification, and multiplying by 0.998 ("Value A") is smaller than the price of the treasury shares acquired through ToSTNeT-3 ("Value B"), then the Company will acquire without contribution a certain number of Company shares, such number to be determined according to the difference between Value A and Value B, from the prospective allottee.

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3. Prospective allottee, etc.

(1) Overview of the prospective allottee (as of March 31, 2024)

(1)	Trade name	Nomura Capital Investment Co., Ltd.		
(2)	Headquarters	2-2-2 Otemachi, Chiyoda-ku, Tokyo		
(3)	Name/title of representative	Tomohisa Murakami, President (as of March 31, 2024)		
(4)	Business description	Moneylending		
(5)	Capital	¥500 millions		
(6)	Established	November 4, 1999		
(7)	Number of shares outstanding	280,000		
(8)	Fiscal years ending on	March 31		
(9)	Employees	16 (non-consolidated)		
(10)	Major clients	Investors and business corporations		
(11)	Main bank	The Nomura Trust and Banking Co., Ltd.		
(12)	Major shareholder(s) and ownership ratio (%)	Nomura Holdings, Inc. (100%)		
(13)	Relationship with the Company, etc.			
	Capital relationship	Number of Company shares held by prospective allottee: 0 Number of shares in prospective allottee held by the Company: 0		
	Personnel relationship	There are no notable personnel relationships between the Company and the prospective allottee, nor between any stakeholder or affiliate of the Company and any stakeholder or affiliate of the prospective allottee		
	Business relationship	There are no business relationships between the Company and the prospective allottee.		
	Related party	Neither the prospective allottee nor any of its stakeholders and affiliates qualify as a related party of the Company.		
(14)	Business performance and financials over the past three years (non-consolidated)			
	Fiscal year	FYE2021.3	FYE2022.3	FYE2023.3
	Net assets	6,030	7,484	8,730
	Total assets	23,775	32,702	20,172
	Net assets per share (¥)	21,537.51	26,731.22	31,182.10
	Operating revenue	1,296	2,613	2,648
	Operating income	760	1,937	1,737
	Ordinary income	762	1,937	1,740

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Net income	555	1,454	1,246
Net income per share (¥)	1,984.25	5,193.70	4,450.89
Dividend per share (¥)	-	-	-

(¥m, except where specified otherwise)

*It has been confirmed that neither the prospective allottee nor any of its executives or shareholders have any affiliation with an organized crime group, a quasi-organized crime group, or any member of said groups, and a confirmation note has been filed with the Tokyo Stock Exchange, Inc to that effect.

(2) Stock lending agreement

The Company has not entered into any stock lending agreement with the prospective allottee.

(3) Other matters

The Company and the prospective allottee will enter into an allocation agreement setting forth the following terms and conditions:

<Acquisition of additional Company shares in the event that the Warrant is not exercised>

-Should the prospective allottee elect not to exercise the Warrant, it will issue a notification to that effect to the Company, and the Company will acquire from the prospective allottee, without contribution, a number of shares equal to the difference derived by subtracting the number of acquired shares from the average price acquisition.

<Restrictions on Warrant transfers by the prospective allottee>

The prospective allottee may not transfer the Warrant to a third party without obtaining the Company's prior approval in writing. However, this does not preclude the prospective allottee from transferring to any third party the shares it will receive upon the Warrant's exercise.

4. The Company's reasoning for determining that the issuance terms of the Warrant are fair and reasonable

The Warrant will be issued as part of the adjustment transaction that the Company will conduct in connection with its Fully Committed Share Repurchase (FCSR) initiative, and the Company has engaged Akasaka International Accounting Co., Ltd. (headquarter: 1-1-8 Motoakasaka, Minato-ku, Tokyo; representative: Kenzo Yamamoto, CEO), a third-party assessment firm, to produce a valuation of the instrument in the context of the various terms and conditions set forth in the issuing guidelines of the Warrant and the allocation agreement signed between the Company and the prospective allottee. Akasaka ran a Monte Carlo simulation, a valuation method commonly employed to assess the value of share warrants, taking various factors into account, such as the allocation agreement's stipulation that the Company will acquire without contribution a certain number of Company shares from the prospective allottee if the Warrant is not exercised, the fluctuation rate of the Company's share price, and the Warrant's exercise terms. In terms of how it interacts with the FCSR transaction, the Warrant would merely give the prospective allottee the ability to settle any gains or losses in price that the Company's shares incurs up to a certain point in time, and this price could essentially go either up or down, meaning that any value the Warrant has is context-dependent, and its valuation would be zero when considered in conjunction with the Company's potential ability to acquire Company shares without contribution. Given this finding by Akasaka, the Company determined that issuing the Warrant on a gratis basis would not be unduly favorable to the prospective allottee, and elected not to

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require the payment of any monies as a condition of the issuance. The Warrant was also subjected to an audit review by all three members of the Company's Audit and Supervisory Committee (two of whom are outside auditors) in accordance with their duties as set forth in the Companies Act. They evaluated the Company board's finding that the Warrant's issuance will not be unduly favorable to the prospective allottee, and did not identify any material issue with this determination that would put it in breach of the law.

5. Matters related to corporate code of conduct procedures

In issuing the Warrant, given that: i) the votes attached to the common shares that would be delivered upon the Warrant's exercise comprise less than 25% of the votes attached to all shares outstanding as of the issuance resolution date, and ii) there will be no change in controlling shareholder (which is unlikely to happen even if the Warrant is exercised), the Company will not be bound by the requirement, set forth in Rule 432 of TSE's Securities Listing Regulations, to obtain an opinion from an independent third party or to confirm shareholder intent.

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