Summary of (Semiannual) Consolidated Financial Results [Japanese GAAP]
For the Second Quarter of the Fiscal Year Ending March 31, 2025

November 11, 2024

Listed company: Nippon Kayaku Co., Ltd.
Listed stock exchange: Prime Market, Tokyo Stock Exchange
Code No.: 4272 URL: https://www.nipponkayaku.co.jp/english/

Representative (name, position): Atsuhiro Wakumoto, President
Director in charge of inquiries: Tsutomu Kawamura, Executive Director, General Manager of Finance & Accounting Division

Filing date of quarterly securities report: November 12, 2024
Scheduled date for start of dividend payments: December 2, 2024
Preparation of supplementary materials for quarterly financial results: Yes
Quarterly results presentation meeting: Yes (for securities analysts and institutional investors)

1. Consolidated Business Results for the Second Quarter (Semiannual) of the Fiscal Year Ending March 31, 2025 (April 1, 2024–September 30, 2024)

(Figures shown are rounded down to the nearest million yen.)

(1) Consolidated Operating Results

(Percentages indicate amount of change from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half of fiscal year ending March 31, 2025	109,109	11.4	11,160	134.1	11,666	40.3	5,974	(1.9)
First half of fiscal year ended March 31, 2024	97,908	(4.7)	4,767	(64.8)	8,313	(50.0)	6,092	(46.0)

Note: Comprehensive income First half of fiscal year ending March 31, 2025: 305 million yen ((98.2)%)
First half of fiscal year ended March 31, 2024: 16,692 million yen ((1.4)%)

	Profit attributable to owners of parent per share-primary	Profit attributable to owners of parent per share-diluted
	Yen	Yen
First half of fiscal year ending March 31, 2025	36.21	36.20
First half of fiscal year ended March 31, 2024	36.74	36.72

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2024	356,633	264,202	73.8
As of March 31, 2024	363,173	270,548	74.2

Reference: Equity As of September 30, 2024 263,244 million yen
As of March 31, 2024 269,560 million yen

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2. Status of Dividends

	Dividend amount per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	Year
	Yen				
Fiscal year ended March 31, 2024	–	22.50	–	22.50	45.00
Fiscal year ending March 31, 2025	–	22.50			
Fiscal year ending March 31, 2025 (forecast)			–	22.50	45.00

Note: Changes to the most recent dividend forecast: None

3. Consolidated Business Results Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024–March 31, 2025)

(Percentages indicate amount of change from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	220,300	9.2	19,300	163.0	20,100	60.0	15,300	271.9	93.68

Note: Changes to the most recent forecast for consolidated business results: Yes

* Notes

(1) Significant changes in subsidiaries during the first half (changes in designated subsidiaries that result in changes in scope of consolidation): None
Newly consolidated: (company name), Deconsolidated: (company name)

(2) Adoption of special accounting methods for presenting the semiannual consolidated financial statements: None

(3) Changes to accounting policies and estimates and restatements
[1] Changes to accounting policies associated with revision of accounting standards or similar items: Yes
[2] Changes other than [1]: None
[3] Changes to accounting estimates: None
[4] Restatements: None

(4) Number of shares issued (common stock)
[1] Number of shares issued at end of the fiscal period (including treasury stock)
As of September 30, 2024: 170,503,570 shares
As of March 31, 2024: 170,503,570 shares
[2] Number of treasury stock at end of the fiscal period
As of September 30, 2024: 6,924,254 shares
As of March 31, 2024: 4,638,700 shares
[3] Average number of shares during the fiscal period (cumulative)
First half of the fiscal year ending March 31, 2025: 164,990,275 shares
First half of the fiscal year ended March 31, 2024: 165,810,085 shares

* Quarterly (semiannual) summary financial statements are not subject to audit by a certified public accountant or audit firm.

* Analysis related to appropriate use of the business forecasts, and other notes

(Disclaimer concerning forward-looking statements)

The information in this report constitutes forward-looking statements regarding future events and performance. This information is based on the beliefs and assumptions of management in light of information currently available to it at the time of announcement and subject to a number of uncertainties that may affect future results. Actual business results may differ substantially from the forecasts herein due to various factors. For matters pertaining to business forecasts, please refer to “(3) Analysis of Forward-looking Statements, Including Consolidated Business Results Forecasts” on page 3 of the Supplementary Information.

(How to obtain the materials for the briefing on semiannual financial results)

We have scheduled a teleconference for securities analysts and institutional investors on Tuesday, November 12, 2024. The materials for the briefing will be posted on the corporate website.

Supplementary Information

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1. Qualitative Information Concerning Results for the Second Quarter

(1) Analysis of Operating Results

During the first half of this consolidated fiscal year (April 1 to September 30, 2024), the global economy saw a trend of improvement despite uncertainties such as the persistent high level of geopolitical risk and the downturns in economic growth in Europe and China.

The Nippon Kayaku Group entered the third year of ***KAYAKU Vision 2025***, the mid-term business plan which began in fiscal year ended March 31, 2023, amid such conditions. We continue to implement the roadmap to the vision specified for each business while advancing initiatives to address key company-wide issues aimed at achieving the vision.

As a result, net sales for the first half of this consolidated fiscal year totaled 10,919 million yen, an increase of 11,200 million yen (11.4%) year-on-year. Sales in the Life Science Business Unit underperformed slightly while sales in the Mobility & Imaging Business Unit and Fine Chemicals Business Unit outperformed the first half of the previous fiscal year.

Operating income outperformed the first half the previous fiscal year in all segments' profit, reaching 11,160 million yen, an increase of 6,393 million yen (134.1%) year-on-year.
Ordinary income totaled 11,666 million yen, an increase of 3,352 million yen (40.3%) year-on-year.
Profit attributable to owners of parent was 5,974 million yen, a decrease of 118 million yen (1.9%) year-on-year, due to the impact of a valuation loss on investment securities.

Performance by business segment is as described below.

[Mobility & Imaging Business Unit]
Sales rose to 45,996 million yen, an increase of 6,528 million yen (16.5%) year-on-year.

In the safety systems business, problems with irregularities in certificates of conformance caused a slump in automobile production in Japan. This caused sales of airbag inflators and micro gas generators for seatbelt pretensioners to underperform year-on-year.

Overseas, sales for China were firm, while automobile demand in the main ASEAN markets in Indonesia and Thailand declined due to stricter auto loan screening. Overseas sales of airbag inflators, micro gas generators for seatbelt pretensioners, and squibs all outperformed year-on-year as sales were boosted by increasing yen weakness. The safety systems business overall outperformed year-on-year as a result.

The Polatechno business outperformed year-on-year as demand for components for X-ray analysis systems remained firm and was also boosted by gains from yen weakness. Polarizing films outperformed year-on-year, owing to the price changes on some products implemented in the previous period. The Polatechno business overall outperformed year-on-year as a result.

Segment profit totaled 7,025 million yen, an increase of 3,706 million yen (111.7%) year-on-year. This increase was due to growth in sales in both businesses.

[Fine Chemicals Business Unit]
Sales rose to 32,618 million yen, an increase of 4,674 million yen (16.7%) year-on-year.

The functional materials business as a whole outperformed the first half of the previous fiscal year. This outperformance resulted from firm demand for epoxy resins and other products groups as the semiconductor market rebounded.

The color materials business as a whole outperformed the first half of the previous fiscal year. This outperformance resulted from firm sales of industrial inkjet ink, home inkjet printer colorants, and developer for thermal paper.

Slow sales caused the catalyst business to underperform the first half of the previous fiscal year.

Segment profit totaled 4,904 million yen, an increase of 2,650 million yen (117.6%) year-on-year. The increase stemmed from growth in sales in the functional materials and color materials businesses.

[Life Science Business Unit]
Sales were 30,495 million yen, a decrease of 2 million yen (0.0%) year-on-year.

In the pharmaceuticals business, pharmaceuticals for the Japanese domestic market outperformed the first half of the previous fiscal year due to strong sales of BEVACIZUMAB BS, ADALIMUMAB BS, and other biosimilars, and firm demand for cancer-related generics. Sales of active pharmaceutical ingredients for the Japanese domestic market, exports, sales from contract production, and diagnostic drugs underperformed the first half of the previous fiscal year, resulting in year-on-year underperformance for the pharmaceuticals business as a whole.

The agrochemicals business as a whole outperformed the first half of the previous fiscal year due to the year-on-year increase in domestic sales, despite underperformance in exports.

Sales in the real estate were on par with the first half of the previous fiscal year.

Segment profit totaled 3,589 million yen, an increase of 502 million yen (16.3%) year-on-year.

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(2) Analysis of Financial Position

[1] Status of Assets, Liabilities, and Net Assets

Total assets were 356,633 million yen, a decrease of 6,540 million yen compared to the end of the previous consolidated fiscal year. The main decreases were in securities, a decrease of 6,363 million yen; cash and deposits, a decrease of 6,027 million yen; and investment securities, a decrease of 3,730 million yen. The main increases were in raw materials and stores, an increase of 4,234 million yen; and buildings and structures, net, an increase of 3,141 million yen.

Liabilities were 92,431 million yen, a decrease of 193 million yen compared to the end of the previous consolidated fiscal year. The main decrease was in long-term loans payable, a decrease of 2,600 million yen; and accounts payable-other, a decrease of 1,762 million yen. The main increase was in notes and accounts payable-trade, an increase of 3,394 million yen.

Net assets were 264,202 million yen, a decrease of 6,346 million yen compared to the end of the previous consolidated fiscal year. The main decreases were in translation adjustments, a decrease of 4,499 million yen; and treasury stock, a decrease of 2,894 million yen. The main increase was in retained earnings, an increase of 2,242 million yen.

[2] Cash Flows Status

Net cash inflow in operating activities amounted to 14,774 million yen (versus a cash inflow of 10,523 million yen during the same period of the previous fiscal year). The positive cash flow was primarily generated from profit before income taxes of 8,641 million yen, depreciation and amortization of 6,709 million yen, and an increase in notes and accounts payable-trade of 3,658 million yen. The above factors more than compensated for the increase in inventories of 5,669 million yen.

Net cash outflow in investing activities totaled 16,490 million yen (versus a cash outflow of 12,157 million yen during the same period of the previous fiscal year). The net outflow was mainly due to expenditures of 14,253 million yen for the purchase of property, plant, and equipment.

Net cash outflow in financing activities amounted to 9,561 million yen (versus a cash inflow of 2,340 million yen during the same period of the previous fiscal year). This was mainly due to dividends paid of 3,721 million yen, expenditures for repurchase of treasury stock of 3,000 million yen, and 2,750 million yen for repayment long-term loans payable.

Reflecting the above cash flow performance, the balance of cash and cash equivalents at the end of the first half was 52,034 million yen (versus 57,172 million yen during the same period of the previous fiscal year), a decrease of 12,742 million yen from the end of the previous fiscal year.

(3) Analysis of Forward-looking Statements, Including Consolidated Business Results Forecasts

We expect the future business environment surrounding the Nippon Kayaku Group to pose the risk of an economic downswing due to the Russian invasion of Ukraine, increasing global inflation from high fuel and raw material prices, prolonged adjustment of real estate prices in China, and monetary tightening in various countries, despite expectations of a firm U.S. economy.

Under these conditions, the Nippon Kayaku Group aims to respond flexibly to changes in the business environment and pursue optimal use of operating capital to increase shareholder value, as well as expand existing businesses in global growth markets, accelerate the development of new businesses and new products, and enhance profits.

As indicated in the “Notice of Revision to the Business Results Forecasts” announced on November 11, 2024, we have revised the business results forecast for the full year. See “Notice of Revision to the Business Results Forecasts” announced on November 11, 2024 for more information.

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2. Semiannual Consolidated Financial Statements and Notes to Semiannual Consolidated Financial Statements

(1) Semiannual Consolidated Balance Sheets

	As of March 31, 2024	As of September 30, 2024
	Million yen	
Assets		
Current assets		
Cash and deposits	56,749	50,721
Notes and accounts receivable-trade	60,268	59,840
Electronically recorded monetary claims-operating	1,942	1,458
Securities	9,428	3,065
Merchandise and finished goods	41,561	42,072
Work in process	1,129	1,261
Raw materials and stores	24,318	28,553
Other	7,951	8,446
Allowance for doubtful accounts	(204)	(222)
Total current assets	203,146	195,196
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	44,109	47,250
Machinery, equipment and vehicles, net	26,131	25,215
Other, net	28,397	30,516
Total property, plant and equipment	98,638	102,983
Intangible assets		
Goodwill	783	707
Other	2,912	3,336
Total intangible assets	3,696	4,044
Investments and other assets		
Investment securities	45,481	41,751
Net defined benefit asset	6,735	6,870
Other	5,524	5,833
Allowance for doubtful accounts	(48)	(46)
Total investments and other assets	57,692	54,409
Total non-current assets	160,027	161,436
Total assets	363,173	356,633

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	As of March 31, 2024	As of September 30, 2024
	Million yen	
Liabilities		
Current liabilities		
Notes and accounts payable-trade	19,018	22,413
Short-term loans payable	5,450	5,300
Current portion of bonds payable	8,000	8,000
Accounts payable-other	18,669	16,906
Income taxes payable	1,555	2,198
Other	7,121	7,859
Total current liabilities	59,815	62,677
Non-current liabilities		
Long-term loans payable	18,000	15,400
Net defined benefit liability	433	413
Other	14,375	13,940
Total non-current liabilities	32,809	29,753
Total liabilities	92,624	92,431
Net assets		
Shareholders' equity		
Common stock	14,932	14,932
Additional paid-in capital	15,840	15,862
Retained earnings	199,214	201,456
Treasury stock	(5,413)	(8,308)
Total shareholders' equity	224,573	223,943
Accumulated other comprehensive income		
Unrealized holding gains on other securities	16,508	15,431
Translation adjustments	26,241	21,741
Remeasurements of defined benefit plans	2,237	2,128
Total accumulated other comprehensive income	44,987	39,300
Non-controlling interests	987	958
Total net assets	270,548	264,202
Total liabilities and net assets	363,173	356,633

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(2) Semiannual Consolidated Statements of Income & Consolidated Statements of Comprehensive Income

Semiannual Consolidated Statements of Income

	First half of the fiscal year ended March 31, 2024	First half of the fiscal year ending March 31, 2025
	Million yen	
Net sales	97,908	109,109
Cost of sales	69,182	74,263
Gross profit on sales	28,726	34,846
Selling, general and administrative expenses	23,958	23,685
Operating income	4,767	11,160
Non-operating income		
Interest income	375	495
Dividend income	572	594
Equity in earnings of affiliates	218	36
Foreign exchange losses	2,013	–
Other	626	540
Total non-operating income	3,807	1,667
Non-operating expenses		
Interest expense	44	78
Foreign exchange losses	–	825
Other	217	257
Total non-operating expenses	261	1,161
Ordinary income	8,313	11,666
Extraordinary income		
Gain on sales of non-current assets	169	0
Gain on sales of investment securities	1,250	14
Total extraordinary income	1,419	15
Extraordinary loss		
Impairment loss	70	–
Loss on disposal of non-current assets	311	463
Loss on valuation of investment securities	511	2,576
Total extraordinary loss	893	3,039
Profit before income taxes	8,840	8,641
Income taxes-current	2,753	3,052
Income taxes-deferred	(40)	(424)
Total income taxes	2,712	2,627
Profit	6,128	6,014
Profit attributable to non-controlling interests	35	40
Profit attributable to owners of parent	6,092	5,974

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Semiannual Consolidated Statements of Comprehensive Income

	First half of the fiscal year ended March 31, 2024	First half of the fiscal year ending March 31, 2025
	Million yen	
Profit	6,128	6,014
Other comprehensive income		
Unrealized holding gains on other securities	3,191	(1,077)
Translation adjustments	7,407	(4,522)
Remeasurements of defined benefit plans	(35)	(111)
Share of other comprehensive income of companies accounted for by the equity-method	1	2
Total other comprehensive income	10,564	(5,708)
Comprehensive income	16,692	305
Comprehensive income attributable to:		
Owners of parent	16,563	288
Non-controlling interests	128	17

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(3) Semiannual Consolidated Statements of Cash Flows

	First half of the fiscal year ended March 31, 2024	First half of the fiscal year ending March 31, 2025
	Million yen	
Cash flows from operating activities		
Profit before income taxes	8,840	8,641
Depreciation and amortization	6,710	6,709
Impairment loss	70	–
Amortization of goodwill	278	71
Increase (decrease) in other provisions	37	128
Interest and dividend income	(948)	(1,090)
Interest expense	44	78
Foreign exchange losses (gains)	(1,749)	210
Equity in (earnings) losses of affiliates	(218)	(36)
Loss (gain) on sales of property, plant and equipment	(169)	(0)
Loss (gain) on disposal of property, plant and equipment	311	463
Loss (gain) on sales of investment securities	(1,250)	(14)
Loss (gain) on valuation of investment securities	511	2,576
(Increase) decrease in notes and accounts receivable-trade	(5,670)	180
(Increase) decrease in inventories	2,039	(5,669)
(Increase) decrease in prepaid expenses	(762)	(388)
(Increase) decrease in accounts receivable-other	230	586
(Increase) decrease in advance payments	(249)	(156)
Increase (decrease) in notes and accounts payable-trade	4,221	3,658
Increase (decrease) in notes and accounts payable-other	134	(1304)
Increase (decrease) in accrued expenses	103	789
Increase (decrease) in net defined benefit liability	11	(12)
(Increase) decrease in net defined benefit asset	(153)	(306)
Other	262	574
Subtotal	12,635	15,689
Interest and dividends received	1,165	1,214
Interest paid	(44)	(73)
Income tax paid	(3,348)	(2,493)
Income tax refund	114	437
Net cash provided by operating activities	10,523	14,774
Cash flows from investing activities		
Payments into time deposits	(317)	(22)
Proceeds from withdrawal of time deposits	21	22
Short-term loan advances	(139)	(154)
Purchase of property, plant and equipment	(6,568)	(14,253)
Proceeds from sales of property, plant and equipment	190	0
Purchase of intangible assets	(139)	(726)
Purchase of securities	–	(108)
Purchase of investment securities	(6,553)	(863)
Proceeds from sales of investment securities	1,718	18
Proceeds from collection of short-term loans receivable	–	0
Proceeds from redemption of securities	371	49
Proceeds from redemption of investment securities	122	–
Purchase of shares of subsidiaries and associates	(366)	–
Payments of long-term loans receivable	(3)	–
Payments for long-term prepaid expenses	(318)	(216)
Payment for retirement of property, plant and equipment	(262)	(287)
Other	87	49
Net cash used in investing activities	(12,157)	(16,490)

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	First half of the fiscal year ended March 31, 2024	First half of the fiscal year ending March 31, 2025
	Million yen	
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	257	−
Proceeds from long-term loans payable	8,000	−
Repayment of long-term loans	(1,618)	(2,750)
Purchase of treasury stock	(0)	(3,000)
Dividends paid	(4,130)	(3,721)
Dividends paid to non-controlling interests	(19)	(47)
Other	(146)	(41)
Net cash provided by financing activities	2,340	(9,561)
Effect of exchange rate change on cash and cash equivalents	3,370	(1,464)
Increase (decrease) in cash and cash equivalents	4,076	(12,742)
Cash and cash equivalents at beginning of period	53,096	64,777
Cash and cash equivalents at end of period	57,172	52,034

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(4) Notes to Semiannual Consolidated Financial Statements

(Notes Regarding Assumptions for the Going Concern)

No items to report

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

Based on a resolution of the Board of Directors on May 13, 2024, the Nippon Kayaku Group repurchased 2,374,800 shares of treasury stock, increasing treasury stock by 2,999 million yen during the first half of this consolidated fiscal year.

Based on a resolution of the Board of Directors on June 26, 2024, 89,543 shares of treasury stock were also distributed on July 19, 2024 as restricted stock compensation.

As a result, other additional paid-in capital increased by 5 million yen and treasury stock decreased by 105 million yen, resulting in additional paid-in capital of 15,862 million yen and treasury stock of 8,308 million yen as of September 30, 2024.

(Changes to accounting policies)

(Application of Accounting Standard for Current Income Taxes and related guidance)

We have applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, revised October 28, 2022; hereafter, the "2022 revised accounting standard") and related guidance from the beginning of the first quarter of the fiscal year ending March 31, 2025.

The accounting classification of income taxes (taxes assessed on other comprehensive income) was revised in accordance with the transitional treatment specified in the proviso in Paragraph 20-3 of the 2022 revised accounting standard. This had no effect on the semiannual consolidated financial statements.

(Segment Information and Other Items)

I. First half of the fiscal year ended March 31, 2024 (April 1, 2023–September 30, 2023)

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

	Reportable segments				Adjustments (Note 1)	Consolidated (Note 2)
	Mobility & Imaging Business Unit	Fine Chemicals Business Unit	Life Science Business Unit	Total		
	Million yen					
Sales						
Sales to third parties	39,467	27,943	30,497	97,908	–	97,908
Intersegment sales and transfers	–	77	0	78	(78)	–
Total	39,467	28,021	30,498	97,987	(78)	97,908
Segment profit	3,318	2,254	3,087	8,660	(3,892)	4,767

Note 1: The 3,892 million yen downward adjustment to segment profit reflects a negative 3,894 million yen in corporate expense not allocable to the reportable segments and 2 million yen in eliminations for intersegment transactions. The corporate expense is mainly a general and administrative expense that is not attributed to the reportable segments.

Note 2: Segment profit has been adjusted to correspond with the total operating income as shown in the semiannual consolidated statements of income.

2. Information concerning impairment losses on non-current assets, goodwill, etc. by reportable segment

(Material impairment loss on non-current assets)

The Mobility & Imaging Business Unit recognized an impairment loss due to deteriorating profitability of the consolidated subsidiary Dejima Tech B.V. accompanying changes in the business environment.

The impairment loss recognized in first half of the fiscal year ended March 31, 2024 was 70 million yen.

II. First half of the fiscal year ending March 31, 2025 (April 1, 2024–September 30, 2024)

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

	Reportable segments				Adjustments (Note 1)	Consolidated (Note 2)
	Mobility & Imaging Business Unit	Fine Chemicals Business Unit	Life Science Business Unit	Total		
	Million yen					
Sales						
Sales to third parties	45,996	32,618	30,495	109,109	–	109,109
Intersegment sales and transfers	–	87	0	87	(87)	–
Total	45,996	32,705	30,495	109,196	(87)	109,109
Segment profit	7,025	4,904	3,589	15,519	(4,358)	11,160

Note 1: The 4,358 million yen downward adjustment to segment profit reflects a negative 4,310 million yen in corporate expense not allocable to the reportable segments and 47 million yen in eliminations for intersegment transactions. The corporate expense is mainly a general and administrative expense that is not attributed to the reportable segments.

Note 2: Segment profit has been adjusted to correspond with the total operating income as shown in the semiannual consolidated statements of income.

(Significant Subsequent Events)

(Acquisition of Treasury Stock)

At the Board of Directors meeting on November 11, 2024, the Company decided the following on the acquisition of treasury stock pursuant to provisions of Article 156 of the Companies Act, as applied pursuant to Article 165, Item 3 of the Companies Act.

1. Reason for acquiring treasury stock

For the flexible execution of capital policy to respond to changes in the business environment and enhancement of shareholder returns

2. Details of treasury stock acquisition

(1) Type of shares to be acquired: Common shares of the Company
(2) Maximum number of shares available for acquisition: 6,500,000 shares (Percentage of the total number of shares issued (excluding treasury stock): 3.97%)
(3) Total acquisition cost: 7,000 million yen (maximum)
(4) Acquisition period: November 18, 2024 to May 30, 2025
(5) Acquisition method: Open market acquisition of shares on the Tokyo Stock Exchange

(Cancellation of Treasury Shares)

At the Board of Directors meeting on November 11, 2024, the Company decided the following on cancellation of treasury stock pursuant to provisions of Article 178 of the Companies Act.

1. Reason for cancellation of treasury stock

To eliminate concerns about future dilution of shares by reducing the total number of shares issued and further increase capital efficiency and the stock price

2. Details of Board of Directors resolution on cancellation of treasury stock

(1) Type of shares to be cancelled: Common shares of the Company
(2) Total number of shares to be cancelled: 5,500,000 shares (Percentage of total number of shares issued prior to cancellation: 3.23%)
(3) Scheduled cancellation date: November 25, 2024
(4) Total number of shares issues after cancellation: 165,003,570 shares (including treasury shares)