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May 22, 2025

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Representative Director and President
Stock Code: 147A TSE Growth
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Announcement Regarding Reduction in Capital Reserve and Disposition of Surplus

SORACOM, INC. (hereinafter "the Company") announced today that its Board of Directors, at a meeting held on May 21, 2025, resolved to propose the reduction of the capital reserve and disposition of surplus funds to the 12th Annual General Meeting of Shareholders, scheduled for June 25, 2025. Details are as follows.

1. Purpose of the Reduction in Capital Reserve and Disposition of Surplus

The Company aims to improve its financial health by offsetting the existing deficit in retained earnings, while also ensuring flexibility and agility in future capital policy. To achieve this, in accordance with Article 448, Paragraph 1 of the Companies Act, the Company will reduce the amount of its capital reserve and transfer the full amount to other capital surplus. Subsequently, pursuant to Article 452 of the Companies Act, the entire increased amount of other capital surplus will be transferred to retained earnings to cover the deficit.

This proposal will reduce the capital reserve without altering the number of outstanding shares, thus it will not impact the number of shares held by our shareholders or the Company's financial performance.

Furthermore, this reduction in capital reserve will not change the Company's net asset amount, so there will be no change to the net assets per share.

2. Details of the Reduction in Capital Reserve

(1) Amount of Capital Reserve to be Reduced

Out of the capital reserve totaling JPY 6,274,214,069 as of March 31, 2025, JPY 478,102,318 will be reduced, resulting in a post-reduction capital reserve of JPY 5,796,111,751. Please note that if any share options issued by the Company are exercised before the effective date of the capital reserve reduction, both the capital reserve amount and the post-reduction capital reserve amount will fluctuate.

(2) Method of Capital Reserve Reduction

The entire amount of the capital reserve reduction will be transferred to other capital surplus.

3. Details of the Disposition of Surplus

Conditional upon the effectiveness of the capital reserve reduction mentioned in Section 2 above, the entire amount of JPY 478,102,318 increased in other capital surplus due to this reduction will be transferred to retained earnings to offset the deficit.

(1) Item and Amount of Surplus to be Decreased
Other Capital Surplus: JPY 478,102,318

(2) Item and Amount of Surplus to be Increased
Retained Earnings: JPY 478,102,318

4. Schedule

(1) Date of Board of Directors' Resolution: May 21, 2025

(2) Effective Date: June 30, 2025 (Expected)
As this matter falls under the exception stipulated in Article 449, Paragraph 1 of the Companies Act, procedures for creditor objections will not be required.

5. Future Outlook

This matter is expected to have no impact on the Company's financial performance.