



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

August 8, 2024

Company name: Roland DG Corporation
 Securities Code: 6789
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 Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date to file semi-annual securities report: August 8, 2024
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended June 30, 2024 (From January 1, 2024 to June 30, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six months ended June 30, 2024	28,166	9.7	1,896	(26.9)	1,899	(34.3)	1,866	(10.4)
Six months ended June 30, 2023	25,679	6.6	2,593	(3.6)	2,891	0.6	2,082	7.6

(Note) Comprehensive income: Six months ended June 30, 2024: 3,321 million yen [0.3%]
 Six months ended June 30, 2023: 3,311 million yen [(3.5)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2024	153.84	—
Six months ended June 30, 2023	171.46	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of June 30, 2024	54,760	40,219	71.6	3,231.50
As of December 31, 2023	54,283	36,862	66.0	2,953.97

(Reference) Equity: As of June 30, 2024: 39,228 million yen
 As of December 31, 2023: 35,823 million yen

2. Dividends

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	–	55.00	–	0.00	55.00
Fiscal year ending December 31, 2024	–	–			
Fiscal year ending December 31, 2024 (Forecast)			–	–	–

(Note) As announced in the press release “Announcement of the Results of the Tender Offer for the Company’s Common Shares by XYZ K.K. and Change of the Parent Company and the Largest Shareholder Among the Major Shareholders” dated May 16, 2024, the common shares of the Company (the “Company’s Shares”) are scheduled to be delisted on September 3, 2024 because of a tender offer (the “Tender Offer”) by XYZ K.K. (the “Offeror”) and a series of subsequent procedures. Thus, the Company has not announced the dividends forecast for the fiscal year ending December 31, 2024.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (From January 1, 2024 to December 31, 2024)

As announced in the press release “Announcement of the Results of the Tender Offer for the Company’s Common Shares by XYZ K.K. and Change of the Parent Company and the Largest Shareholder Among the Major Shareholders” dated May 16, 2024, the Company’s Shares are scheduled to be delisted on September 3, 2024 because of the Tender Offer by the Offeror and a series of subsequent procedures. Thus, the Company has not announced consolidated financial results forecasts for the fiscal year ending December 31, 2024.

* Notes

- (1) Significant changes in scope of consolidation during the period: No
- (2) Adoption of accounting treatment specific to the preparation of semi-annual Consolidated Financial Statements: No
- (3) Changes in accounting policies, changes in accounting estimates and corrections of errors
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Any changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Corrections of errors: No

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

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

Six months ended June 30, 2024	12,319,911 shares
Fiscal year ended December 31, 2023	12,319,911 shares

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

Six months ended June 30, 2024	180,586 shares
Fiscal year ended December 31, 2023	192,618 shares

- 3) Average number of shares during the period:

Six months ended June 30, 2024	12,133,747 shares
Six months ended June 30, 2023	12,144,223 shares

(Note) The total number of treasury shares at the end of the period includes shares of the Company held by the Director Stock Benefit Trust and J-ESOP Trust (179,700 shares at the end of the six months ended June 30, 2024 and 192,100 shares at the end of the fiscal year ended December 31, 2023). The number of treasury shares excluded from calculation of the average number of shares during the period includes shares of the Company held by the said Trusts (185,417 shares at the end of the six months ended June 30, 2024 and 192,100 shares at the end of the six months ended June 30, 2023).

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

As announced in the press release “Announcement of the Results of the Tender Offer for the Company’s Common Shares by XYZ K.K. and Change of the Parent Company and the Largest Shareholder Among the Major Shareholders” dated May 16, 2024, the Company’s Shares are scheduled to be delisted on September 3, 2024 because of the Tender Offer by the Offeror and a series of subsequent procedures. Thus, the Company has not announced consolidated financial results forecasts for the fiscal year ending December 31, 2024.

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1. Results of Operations

(1) Analysis of Results of Operations

During the six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024), demand for capital investment remained strong, while the sense of uncertainty regarding future conditions continued, such as increased geopolitical risk, soaring raw material costs, and the trend of further yen depreciation. Against this backdrop, the Group is working on transitioning from a business model that relies on eco-solvent printers for production of traditional signboards (advertising, etc.).

Net sales for the six months ended June 30, 2024 increased by 9.7% compared with the same period of the previous fiscal year to 28,166 million yen. The ratio of cost of sales improved by 1.4 percentage points from the same period of the previous fiscal year. Selling, general and administrative expenses were higher than the same period of the previous fiscal year mainly due to increases in personnel expenses, research and development expenses, and commission expenses. As a result, operating profit decreased by 26.9% compared with the same period of the previous fiscal year to 1,896 million yen, and ordinary profit decreased by 34.3% to 1,899 million yen. Profit attributable to owners of parent decreased by 10.4% compared with the same period of the previous fiscal year to 1,866 million yen due to the recording of 606 million yen of gain on revision of retirement benefit plan under extraordinary income in the first half following the transition to defined contribution pension plans.

The exchange rates for major currencies during the six months ended June 30, 2024 (average rate during the period from January 2024 to June 2024) were 152.26 yen to the U.S. dollar (134.85 yen for the same period of the previous year) and 164.65 yen to the euro (145.82 yen for the same period of the previous year).

As the business of the Company and its consolidated subsidiaries is the manufacture and sale of computer peripheral devices and there are no other segments, it is represented as a single segment.

Net Sales by Market

(Millions of Yen)

Market	Six months ended June 30, 2023		Six months ended June 30, 2024		Changes	Changes in composition ratio (pp)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Visual Communication	12,697	49.5	14,173	50.3	1,476	0.8	111.6
Digital Fabrication	5,038	19.6	5,880	20.9	841	1.3	116.7
Dental	3,731	14.5	3,360	11.9	(370)	(2.6)	90.1
Service, Software & Others	4,212	16.4	4,751	16.9	539	0.5	112.8
Total	25,679	100.0	28,166	100.0	2,486	–	109.7

Net Sales by Product

(Millions of Yen)

Product	Six months ended June 30, 2023		Six months ended June 30, 2024		Changes	Changes in composition ratio (pp)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Hardware	12,579	49.0	12,812	45.5	232	(3.5)	101.8
Supplies	9,024	35.1	10,725	38.1	1,700	3.0	118.8
Service Parts & Other	4,075	15.9	4,629	16.4	553	0.5	113.6
Total	25,679	100.0	28,166	100.0	2,486	–	109.7

[Visual Communication (VC)]

VC comprises our eco-solvent printers (VC-Solvent) and non-solvent printers (VC-Other) such as UV printers and textile printers, and our aim in this area is to secure revenue by developing new markets and bolstering our customer base by offering an increased variety of inks and expanding the range of solutions we offer. During the six months ended June 30, 2024, for VC-Solvent, we strengthened our product lineup by adding the ER-641, an entry model of eco-solvent printers, to the region-specific DGXPRESS brand targeting growth markets with a high demand for the production of signboards (advertising, etc.). Although sales of hardware were sluggish, sales of eco-solvent inks were strong, resulting in higher sales of VC-Solvent than in the same period of the previous fiscal year. For VC-Other, new roll-type UV printers and ink supplies drove sales, with strong sales of the UG Series UV printers for region-specific model DGXPRESS in particular. As a result, VC sales were 14,173 million yen, or 111.6% of the same period of the previous fiscal year, exceeding the level of the same period of the previous fiscal year.

[Digital Fabrication (DF)]

For DF, our goal is to create new markets and applications by proposing to small businesses, online vendors, and retailers the product categories that can meet the demand for personalization geared towards specific customer needs that are rapidly expanding in recent years as well as for customization for meeting specific niche applications. During the six months ended June 30, 2024, we began sales of the MO-240 in January as a new product of the VersaOBJECT Series, which is composed of flatbed type UV printers that enable direct printing onto 3D objects. We also added two models to the lineup of the VersaSTUDIO, a series of compact and affordable desktop products, which contributed to sales: BD-8, a UV printer that allows for direct high-resolution printing onto items of various shapes and materials, and BY-20, a DTF (Direct To Film) technology type compact printer for apparel. Additionally, we began the global rollout of sales and support for the Dimensor S model, which allows for the production of interior decoration such as unique embossed wallpapers. This model is developed and manufactured by UAB DG DIMENSE, a Lithuanian subsidiary whose shares we acquired in October, 2023. As a result, DF sales were 5,880 million yen, or 116.7% of the same period of the previous fiscal year, also thanks to increases in sales of the VersaOBJECT CO-i Series, which is composed of flatbed type UV printers, in addition to the effect of new models of desktop printers, exceeding the level of the same period of the previous fiscal year.

[Dental]

For Dental, we offer dental milling machines for promoting the digitization of the workflow for fabricated dental prostheses in the dental (dentistry) market. During the six months ended June 30, 2024, despite favorable sales of the DWX-53DC high-productivity model in Japan and North America, sales of the DWX-52D standard model, accounting for a large proportion of sales, were sluggish compared to the same period of the previous fiscal year, as five years have passed from its launch, and its competitiveness is decreasing. Sales of the highly price-competitive DWX-52Di model, specifically targeting growth markets, increased in Central and South America, including Brazil, but decreased in Asia, the Middle East, and Eastern Europe. As a result, Dental sales were 3,360 million yen, or 90.1% of the same period of the previous fiscal year, falling below the level of the same period of the previous fiscal year.

[Service, Software & Others (SSO)]

Due to increased sales of service parts and other services, SSO sales were 4,751 million yen, or 112.8% of the same period of the previous fiscal year, exceeding the level of the same period of the previous fiscal year.

Sales by region are as follows.

Net sales by region

(Millions of Yen)

Region	Six months ended June 30, 2023		Six months ended June 30, 2024		Changes	Changes in composition ratio (pp)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Japan	2,166	8.4	2,302	8.2	136	(0.2)	106.3
North America	8,973	34.9	9,570	34.0	596	(0.9)	106.6
Europe	9,116	35.5	10,367	36.7	1,251	1.2	113.7
Asia	1,559	6.1	1,707	6.1	147	0.0	109.5
Others	3,863	15.1	4,218	15.0	354	(0.1)	109.2
Total	25,679	100.0	28,166	100.0	2,486	–	109.7

[Japan]

For VC, although sales of eco-solvent printers for the sign market were at the same level as the same period of the previous fiscal year, sales of roll-type UV printers and ink supplies increased. For DF, sales were higher than in the same period of the previous fiscal year owing to strong sales of desktop printers partly attributable to the effects of the new BY-20, a DTF printer, and BD-8, a UV printer, in addition to increased sales of BN Series eco-solvent printers. For Dental, sales of the DWX-52D standard model decreased compared to the same period of the previous fiscal year, but sales of the DWX-53DC high-productivity model increased. As a result, net sales in Japan were 2,302 million yen, or 106.3% of the same period of the previous fiscal year, exceeding the level of the same period of the previous fiscal year.

[North America]

For VC, although sales of eco-solvent printers for the sign market fell below the level for the same period of the previous fiscal year, sales of UV printers and UV inks increased. For DF, sales of desktop printers increased due to the effects of the new BY-20, a DTF printer, and BD-8, a UV printer, in addition to strong sales of BN Series eco-solvent printers. For Dental, despite sluggish sales of the DWX-52D, owing to favorable sales of the DWX-53DC high-productivity model, sales exceeded the same period of the previous fiscal year. As a result, net sales in North America were 9,570 million yen, or 106.6% of the same period of the previous fiscal year, an increase partly attributable to the effects of a weaker yen against the dollar.

[Europe]

For VC, sales of eco-solvent printers for the sign market, LG/MG Series UV printers, which we launched in the previous period, and supplies of UV ink all contributed to revenue growth. In addition, sales of the UG Series UV printers for the region-specific model DGXPRESS grew, mainly in Eastern Europe, contributing to sales. For DF, sales of desktop printers remained strong due to the effects of the new BY-20, a DTF printer, and BD-8, a UV printer, as well as BN Series eco-solvent printers. For Dental, sales fell below the level for the same period of the previous fiscal year due to sluggish sales mainly of the DWX-52D standard model. As a result, net sales in Europe were 10,367 million yen, or 113.7% of the same period of the previous fiscal year, an increase partly attributable to the effects of a weaker yen against the euro.

[Asia]

In China, despite sluggish sales of dental milling machines, sales of DGXPRESS eco-solvent printers and UV ink increased. In India, sales of DGXPRESS UV printers and dental milling machines were strong. As a result, net sales for Asia were 1,707 million yen, or 109.5% of the same period of the previous fiscal year, exceeding the level of the same period of the previous fiscal year.

[Other Regions]

In Brazil, sales of DGXPRESS eco-solvent and UV printers and DWX-52Di dental milling machines remained strong, and sales of models for growth markets were favorable. In Australia, although sales of roll-type and desktop UV printers increased, sales of dental milling machines remained sluggish. Although sales for the

North and South Africa region fell below the level of the same period of the previous fiscal year, there was an increase in the sales compared to the same period of the previous fiscal year for the Central and South American region (excluding Brazil). As a result, net sales for Other Regions were 4,218 million yen, or 109.2% of the same period of the previous fiscal year.

(2) Explanation of Financial Position

[Assets]

Total assets as of the end of the second quarter increased by 477 million yen compared with the end of the previous fiscal year to a total of 54,760 million yen, or 100.9% of the end of the previous consolidated fiscal year. With regard to current assets, cash and deposits decreased by 3,011 million yen, but notes and accounts receivable - trade and inventories increased by 877 million yen and 1,815 million yen, respectively. In non-current assets, tools, furniture and fixtures, leased asset-use rights, and software increased by 119 million yen, 177 million yen, and 120 million yen, respectively.

[Liabilities]

Liabilities as of the end of the second quarter decreased by 2,880 million yen compared with the end of the previous consolidated fiscal year to a total of 14,541 million yen, 83.5% of the end of the previous consolidated fiscal year. With regard to current liabilities, notes and accounts payable – trade and current portion of long-term borrowings decreased by 606 million yen and 600 million yen, respectively. In non-current liabilities, long-term borrowings and Retirement benefit liability decreased by 2,250 million yen due to payment of borrowings before maturity and by 515 million yen, respectively.

[Net assets]

Net assets as of the end of the second quarter increased by 3,357 million yen compared with the end of the previous consolidated fiscal year to a total of 40,219 million yen, or 109.1% of the end of the previous consolidated fiscal year. Retained earnings increased by 1,866 million yen, and foreign currency translation adjustment increased by 1,586 million yen mainly due to the effects of a weaker yen.

(3) Explanation of Future Forecast Information such as Consolidated Performance Forecast

As announced in the press release “Announcement of the Results of the Tender Offer for the Company’s Common Shares by XYZ K.K. and Change of the Parent Company and the Largest Shareholder Among the Major Shareholders” dated May 16, 2024, the Company’s Shares are scheduled to be delisted on September 3, 2024, because of the Tender Offer by the Offeror and a series of subsequent procedures. Thus, the Company has not announced consolidated financial results forecasts for full year of the fiscal year ending December 31, 2024.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousands of Yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	12,308,896	9,297,076
Notes and accounts receivable – trade	6,473,700	7,351,443
Merchandise and finished goods	10,228,052	11,143,545
Work in process	66,253	72,915
Raw materials and supplies	5,248,668	6,141,754
Other	1,984,750	2,208,399
Allowance for doubtful accounts	(58,881)	(61,201)
Total current assets	36,251,441	36,153,934
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,204,474	9,604,932
Accumulated depreciation	(3,035,842)	(3,371,630)
Buildings and structures, net	6,168,631	6,233,302
Machinery, equipment and vehicles	1,773,254	1,861,496
Accumulated depreciation	(869,388)	(890,716)
Machinery, equipment and vehicles, net	903,866	970,779
Tools, furniture and fixtures	5,324,557	5,694,199
Accumulated depreciation	(3,876,839)	(4,127,335)
Tools, furniture and fixtures, net	1,447,718	1,566,863
Land	2,475,295	2,500,833
Leased asset-use rights	1,490,250	1,667,366
Construction in progress	23,183	37,810
Total property, plant and equipment	12,508,945	12,976,955
Intangible assets		
Goodwill	1,159,376	1,193,082
Software	1,089,856	1,210,086
Telephone subscription right	40,124	36,969
Total intangible assets	2,289,357	2,440,138
Investments and other assets		
Investment securities	200	200
Deferred tax assets	2,047,879	1,940,579
Other	1,186,020	1,249,093
Allowance for doubtful accounts	(189)	(171)
Total investments and other assets	3,233,910	3,189,701
Total non-current assets	18,032,213	18,606,796
Total assets	54,283,654	54,760,730

(Thousands of Yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,037,074	3,430,131
Current portion of long-term borrowings	600,000	–
Accounts payable - other	1,683,189	1,860,029
Lease liabilities	561,660	591,290
Income taxes payable	737,060	604,344
Provision for bonuses	660,087	605,002
Provision for bonuses for directors (and other officers)	57,388	15,220
Provision for product warranties	861,165	1,009,973
Other	2,209,838	2,770,302
Total current liabilities	11,407,464	10,886,294
Non-current liabilities		
Long-term borrowings	2,250,000	–
Lease liabilities	1,004,046	1,154,473
Deferred tax liabilities	94,755	51,471
Provision for employee stock ownership plan trust	143,943	135,716
Provision for share awards for directors (and other officers)	148,458	–
Retirement benefit liability	515,641	–
Long-term accounts payable - other	90,217	217,132
Other	1,767,090	2,096,109
Total non-current liabilities	6,014,154	3,654,903
Total liabilities	17,421,619	14,541,198
Net assets		
Shareholders' equity		
Share capital	3,668,700	3,668,700
Capital surplus	2,700,899	2,700,899
Retained earnings	27,792,277	29,658,902
Treasury shares	(497,706)	(461,609)
Total shareholders' equity	33,664,170	35,566,892
Accumulated other comprehensive income		
Foreign currency translation adjustment	2,074,421	3,661,356
Remeasurements of defined benefit plans	85,053	–
Total accumulated other comprehensive income	2,159,474	3,661,356
Non-controlling interests	1,038,389	991,282
Total net assets	36,862,034	40,219,531
Total liabilities and net assets	54,283,654	54,760,730

(2) Consolidated Statements of Operations and Comprehensive Income
Consolidated Statements of Operations

(Thousands of Yen)

	For the six months ended June 30, 2023 (From January 1, 2023 to June 30, 2023)	For the six months ended June 30, 2024 (From January 1, 2024 to June 30, 2024)
Net sales	25,679,932	28,166,544
Cost of sales	12,664,631	13,499,549
Gross profit	13,015,301	14,666,995
Selling, general and administrative expenses		
Transportation and storage costs	693,112	813,638
Advertising and promotion expenses	701,154	805,034
Provision of allowance for doubtful accounts	16,685	13,515
Provision for product warranties	36,964	76,879
Salaries and bonuses	4,122,020	4,822,888
Provision for bonuses	368,360	371,567
Provision for bonuses for directors (and other officers)	27,819	15,220
Provision for employee stock ownership plan trust	3,929	451
Provision for share awards for directors (and other officers)	39,974	–
Retirement benefit expenses	173,609	188,143
Travel and transportation expenses	346,896	435,110
Depreciation	466,785	669,309
Commission expenses	795,096	1,401,240
Research and development expenses	1,570,231	1,882,991
Other	1,059,265	1,274,486
Total selling, general and administrative expenses	10,421,905	12,770,480
Operating profit	2,593,396	1,896,514
Non-operating income		
Interest income	16,928	36,887
Dividend income	4,260	4,700
Foreign exchange gains	239,457	–
Other	61,167	61,129
Total non-operating income	321,813	102,716
Non-operating expenses		
Interest expenses	16,177	22,696
Foreign exchange losses	–	75,440
Other	7,433	2,055
Total non-operating expenses	23,610	100,192
Ordinary profit	2,891,599	1,899,038

(Thousands of Yen)

	For the six months ended June 30, 2023 (From January 1, 2023 to June 30, 2023)	For the six months ended June 30, 2024 (From January 1, 2024 to June 30, 2024)
Extraordinary income		
Gain on sale of non-current assets	5,550	5,188
Gain on revision of retirement benefit plan	–	606,390
Total extraordinary income	5,550	611,579
Extraordinary losses		
Loss on sale and retirement of non-current assets	9,701	9,593
Total extraordinary losses	9,701	9,593
Profit before income taxes	2,887,448	2,501,024
Income taxes - current	743,402	602,692
Income taxes - deferred	61,724	173,386
Total income taxes	805,127	776,079
Profit	2,082,320	1,724,945
Profit (loss) attributable to non-controlling interests	31	(141,679)
Profit attributable to owners of parent	2,082,288	1,866,624

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	For the six months ended June 30, 2023 (From January 1, 2023 to June 30, 2023)	For the six months ended June 30, 2024 (From January 1, 2024 to June 30, 2024)
Profit	2,082,320	1,724,945
Other comprehensive income		
Foreign currency translation adjustment	1,209,085	1,681,507
Remeasurements of defined benefit plans, net of tax	19,928	(85,053)
Total other comprehensive income	1,229,013	1,596,454
Comprehensive income	3,311,333	3,321,399
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,311,284	3,368,505
Comprehensive income attributable to non-controlling interests	49	(47,106)

(3) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

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

Not applicable.

(Additional Information)

(Results of Tender Offer and Change of the Parent Company and the Largest Shareholder Among the Major Shareholders)

A tender offer (the "Tender Offer") commenced on February 13, 2024 by XYZ K.K. (the "Offeror") for the common stock of the Company (the "Company's Stock") ended on May 15, 2024, as described below.

Furthermore, as a result of the Tender Offer, the parent company and the largest shareholder among the major shareholders of the Company changed as of May 22, 2024 (the settlement commencement date of the Tender Offer), as described below.

I. Results of the Tender Offer

Since the total number of shares of the Company's Stock tendered in the Tender Offer exceeded the minimum number of shares to be purchased, the Tender Offer was successfully completed.

II. Change of the Parent Company and the Largest Shareholder Among the Major Shareholders

(1) Date of change

May 22, 2024 (the settlement commencement date of the Tender Offer)

(2) Background of change

The Company received a report on the results of the Tender Offer from the Offeror to the effect that 9,247,711 shares of the Company's Stock were tendered, this reached the minimum number of shares to be purchased (8,151,100 shares), and the Tender Offer was successfully completed, and therefore, that the Offeror would acquire all of the tendered shares.

As a result, the percentage of the number of voting rights owned by the Offeror compared to the number of voting rights of all shareholders of the Company is, as of May 22, 2024 (the settlement commencement date of the Tender Offer), more than 50%; therefore, the Offeror became the new parent company and the largest shareholder among the major shareholders of the Company.

In addition, Taiyo Pacific Partners L.P., the largest shareholder among the major shareholders of the Company, ceased to be the largest shareholder among the major shareholders of the Company as of May 22, 2024 (the settlement commencement date of the Tender Offer), as Taiyo Pacific Partners L.P. has tendered in the Tender Offer all of the Company's Stock (2,390,800 shares) for which Taiyo Pacific Partners L.P. has investment authority and all of them were acquired by the Offeror.

III. Outline of the changing shareholders

- (1) Outline of the shareholder that became the new parent company and the largest shareholder among the major shareholders

(1) Name	XYZ K.K.
(2) Location	10-1, Roppongi 6-chome, Minato-ku, Tokyo
(3) Name and title of representative	Michael King, Representative Director
(4) Type of business	Acquiring and holding of shares of the Company
(5) Amount of capital	10,669,550 thousand yen
(6) Date of incorporation	January 19, 2024
(7) Major shareholders and shareholding ratio (as of May 16, 2024)	Taiyo XYZ Group, L.P. 100.0%
(8) Relationship between the Company and the Offeror	
Capital Relationship	None
Personnel Relationship	None
Transaction Relationship	None
Status as a Related Party	None

- (2) Outline of the shareholder that ceased to fall under the largest shareholder among the major shareholders

(1) Name	Taiyo Pacific Partners L.P.
(2) Location	5300 Carillon Point, Kirkland, WA 98033, USA
(3) Name and title of representative	Christine Watanabe
(4) Type of business	Investment management
(5) Amount of capital	-

IV. Number of Voting Rights Owned by, and Ownership Ratio of Voting Rights of, the Relevant Shareholders, Before and After Change

- (1) XYZ K.K. (Offeror)

	Attributes	Number of voting rights (Ownership ratio of voting rights (Note))			Rank among major shareholders
		Directly owned voting rights	Jointly owned voting rights	Total	
Before change	-	-	-	-	-
After change	Parent company and largest shareholder among the major shareholders	92,477 voting rights (75.07%; 9,247,711 shares)	-	92,477 voting rights (75.07%; 9,247,711 shares)	First

(Note) "Ownership ratio of voting rights" is the ratio to the number of shares (12,319,203 shares) calculated (rounded to the second decimal place) by deducting the total number of issued and outstanding shares of the Company as of March 31, 2024 (12,319,911 shares) as stated in the Company's Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 [Japanese GAAP] filed by the Company on May 10, 2024, from the number of treasury shares held by the Company as of the same date (708 shares) (the number of shares of the Company's Stock (190,400 shares) held by the Board Benefit Trust for Officers and the ESOP Trust is not included in the number of treasury shares held by the Company; the same shall apply hereinafter). The same shall apply hereinafter.

(2) Taiyo Pacific Partners L.P.

	Attributes	Number of voting rights (Ownership ratio of voting rights)			Rank among major shareholders
		Directly owned voting rights	Jointly owned voting rights	Total	
Before change	Largest shareholder among the major shareholders	23,908 voting rights (19.41%; 2,390,800 shares)	-	23,908 voting rights (19.41%; 2,390,800 shares)	First
After change	-	-	-	-	-

(Significant Subsequent Events)
(Share Consolidation)

At the extraordinary shareholders meeting held on August 1, 2024 (the "Extraordinary Shareholders' Meeting"), the Company submitted a proposal, namely Proposal 1: "Share Consolidation," and the proposal was approved as proposed.

As a result, common stock of the Company (the "Company's Stock") will fall under the delisting criteria as defined in the Securities Listing Regulations of Tokyo Stock Exchange, Inc. (the "TSE"). Thus, the Company's Stock will be designated as delisted issues from August 1, 2024 to September 2, 2024, and will subsequently be delisted on September 3, 2024.

1. Purposes and reasons for the Share Consolidation

XYZ K.K. (the "Offeror") decided on February 9, 2024 to make a tender offer for the Company's Stock (the "Tender Offer") as part of a series of transactions for so-called management buyout (MBO) (Note 1) (the "Transaction"), for the purpose of acquiring all the shares of the Company's Stock listed on the Prime Market of the TSE (excluding the treasury shares held by the Company) and privatizing the Company.

(Note 1) "Management buyout (MBO)" refers to a transaction in which the Offeror makes a tender offer pursuant to an agreement with the Company's management team with common interests with the Company's management team.

The Offeror made the Tender Offer from February 13, 2024 to May 15, 2024, and as a result, the Offeror came to hold 9,247,711 shares of the Company's Stock as of May 22, 2024 (the commencement date of the settlement of the Tender Offer) (Shareholding Ratio: 75.07%).

Although the Tender Offer was successfully completed as stated above, the Offeror could not acquire all of the shares of the Company's Stock (excluding the treasury shares held by the Company) through the Tender Offer. Therefore, in response to a request from the Offeror, the Company has resolved at this Extraordinary Shareholders' Meeting concerning share consolidation (the "Share Consolidation") which is a consolidation of 6,000,000 shares of the Company's Stock into one share pursuant to Article 180 of the Companies Act (Act No. 86 of 2005, as amended; the "Companies Act"). Upon the Share Consolidation, the number of shares of the Company's Stock held by shareholders of the Company other than the Offeror will be reduced to a fraction less than one share.

2. Summary of Share Consolidation

(1) Schedule of the Share Consolidation

(i)	Date of public announcement of record date for the Extraordinary Shareholders' Meeting	May 25, 2024 (Saturday)
(ii)	Record date for the Extraordinary Shareholders' Meeting	June 10, 2024 (Monday)
(iii)	Date of resolution of the board of directors	June 27, 2024 (Thursday)

(iv)	Date of the Extraordinary Shareholders' Meeting	August 1, 2024 (Thursday)
(v)	Date of designation as a stock to be delisted	August 1, 2024 (Thursday)
(vi)	Last trading date of the Company's Stock	September 2, 2024 (Monday) (scheduled)
(vii)	Date of delisting of the Company's Stock	September 3, 2024 (Tuesday) (scheduled)
(viii)	Effective date of the Share Consolidation	September 5, 2024 (Thursday) (scheduled)

(2) Details of the Share Consolidation

(I) Class of shares to be consolidated
Common stock

(II) Ratio of consolidation

6,000,000 shares of the Company's Stock are to be consolidated into one share.

(III) Total number of issued shares to decrease

12,319,023 shares

(Note) Since the Company has resolved at the Board Meeting held on June 27, 2024 to cancel 886 shares of treasury stock (which represent all the treasury shares as of June 10, 2024) on September 4, 2024, the "Total number of issued shares to decrease" is based on the total number of issued shares after such cancellation.

(IV) Total number of issued shares before effectuation

12,319,025 shares

(Note) Since the Company has resolved at the Board Meeting held on June 27, 2024 to cancel 886 shares of treasury stock (which represent all the treasury shares as of June 10, 2024) on September 4, 2024, the "Total number of issued shares before effectuation" is based on the total number of issued shares after such cancellation.

(V) Total number of issued shares after effectuation

2 shares

(VI) Total number of authorized shares on effective date

8 shares

(VII) Treatment of fractional shares less than one share and amount of money expected to be paid to shareholders as a result of such treatment

As described in "1. Purposes and reasons for the Share Consolidation" above, upon the Share Consolidation, the number of the Company's Stock held by the shareholders other than the Offeror will be fractional share of less than one share.

With respect to fractional shares of less than one share resulting from the Share Consolidation, the Company will sell the number of shares equivalent to the total number of such fractional shares (when the total number includes fractional shares of less than one share, such fractions will be rounded down pursuant to Article 235, Paragraph 1 of the Companies Act) pursuant to the provisions of Article 235 of the Companies Act and other relevant laws and regulations, and pay the proceeds from the sale to the shareholders in proportion to their fractional shares.

The Company plans to sell the Company's Stock in the number equivalent to the total number of such fractional shares to the Offeror with permission of a court in accordance with Article 234, Paragraph 2 of the Companies Act as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the said act, considering that it is unlikely that any purchaser can be found through public sale due to the facts that the Share Consolidation is to be conducted as part of the Transactions which aim at

taking the Company's Stock private and that the Company's Stock are to be delisted as of September 4, 2024, becoming shares with no market price.

In such case, if the court permission above is obtained as planned, the sales price is expected to be set so as to pay money equivalent to the amount obtained by multiplying the number of the Company's Stock held by each of the shareholders by 5,370 yen which is the same as the Tender Offer Price.

3. Effect on per share information

Under the assumption that the Share Consolidation was implemented on January 1, 2023, per share information for the six months ended June 30, 2023 and June 30, 2024 is as follows.

	Six months ended June 30, 2023 (January 1, 2023 to June 30, 2023)	Six months ended June 30, 2024 (January 1, 2024 to June 30, 2024)
Basic earnings per share	1,041,144,131.00 yen	933,312,346.50 yen
Diluted earnings per share	—	—

(Note) Diluted earnings per share is not presented as there were no dilutive shares.