

May 20, 2025

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(Securities code: 9603; Prime Market)
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**Notice Regarding the Conclusion of a Basic Agreement
on the Acquisition of Shares of Kyoshin Densetsu Kogyo K.K.
(and the Creation of Wholly Owned Subsidiary)
by a Consolidated Subsidiary of the Company**

Cross E Holdings Corporation Limited (hereinafter "Cross E"), a consolidated subsidiary of H.I.S. Co., Ltd. (hereinafter "the Company"), resolved today at a meeting of its Board of Directors to enter into a basic agreement with Kyoshin Densetsu Kogyo K.K. (Headquarters: Sasebo, Nagasaki Prefecture) for the purpose of making said company a wholly owned subsidiary through the acquisition of its shares.

1. Reasons for acquisition as a subsidiary

Kyoshin Densetsu Kogyo K.K. is a construction company with an 80-year history of electrical and telecommunications work in Nagasaki Prefecture. It employs many middle-level workers who hold First-Class Electrical Construction Work Management Engineer qualifications and receives orders primarily for public works projects. The company also owns solar power generation facilities at nine locations mainly in the northern part of Nagasaki Prefecture, through which it generates and sells about 3.7 million kWh of electricity per year. Cross E has long held two operating subsidiaries that engage in equipment installation and maintenance at waste treatment facilities and engage in facility management at Huis Ten Bosch and at public facilities in the city of Sasebo in Nagasaki Prefecture. As a part of its strategy for further growth and in order to enter markets not yet captured by the two subsidiaries in the fields of electrical work and telecommunications work in Nagasaki Prefecture, Cross E has decided to make Kyoshin Densetsu Kogyo K.K. a wholly owned subsidiary that it expects will increase synergies within the group and expand the group's business. As a point of management policy, Cross E seeks to augment its existing two businesses engaged in different markets by using M&A to add business areas in similar or adjacent markets. By doing so, the company expects to minimize impacts on business performance associated with markets amid changes in societal conditions and to develop into a corporate group that operates under appropriate risk management.

2. Overview of the acquiring consolidated subsidiary

(1)	Name	Cross E Holdings Corporation Limited
(2)	Location	5-3 Huis Ten Bosch Machi, Sasebo, Nagasaki, Japan
(3)	Job title and name of representative	Matsuo Takashi, President and Representative Director
(4)	Description of business	Operational holding company
(5)	Share capital	277million yen

3. Method of acquisition of shares

Under the basic agreement and following the conclusion of a share transfer agreement governing the share acquisition, Cross E plans to acquire all 40,000 outstanding shares of Kyoshin Densetsu Kogyo K.K. and to make said company a wholly owned subsidiary.

4. Overview of Kyoshin Densetsu Kogyo K.K.

(1)	Name	Kyoshin Densetsu Kogyo K.K.	
(2)	Location	1-14 Oroshi-honmachi, Sasebo, Nagasaki, Japan	
(3)	Job title and name of representative	Mukai Shiro, President and Representative Director	
(4)	Description of business	Electrical work, telecommunications work, plumbing work, solar power generation	
(5)	Share capital	20 million yen	
(6)	Date of establishment	February 4, 1946	
(7)	Major shareholders and ownership Ratio	6 individual shareholders	
(8)	Relationship between the Company and said company	Capital relationship	None
		Personnel relationship	None
		Business relationship	None
(9)	Operating results and financial condition for the past three years (millions of yen)		
As of / fiscal year ended		Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
			Fiscal year ended May 31, 2024
Total net assets		273	302
Total assets		783	724
Net assets per share (yen)		6,841.00	7,561.00
Net sales		275	618
Operating profit		10	20
Ordinary profit		11	48
Net profit		10	33
Net profit per share (yen)		266.31	845.00
EBITDA		75	79
			82

5. Overview of the counterparty to the acquisition of shares

The counterparty to the share acquisition consists of six individual shareholders. There are no capital, personal, or business relationships of note between the Company and the individual shareholders.

6. Status of acquisition costs and equity interest before and after the acquisition

(1)	Number of shares held before acquisition	- shares (Number of voting rights:-) (Ownership ratio: -%)
(2)	Number of shares to be acquired	40,000 shares (Number of voting rights: 40,000)
(3)	Cost of acquisition	420 million yen
(4)	Number of shares held following acquisition	40,000 shares (Number of voting rights: 40,000) (Ownership ratio: 100%)

7. Schedule

(1)	Date of resolution by Board of Directors	May 20, 2025
(2)	Date of conclusion of final agreement	September 2025 (planned)
(3)	Effective date of the share transfer	October 1, 2025 (planned)

8. Future outlook

Impacts on business performance associated with the acquisition are minor. As a result of the acquisition, Kyoshin Densetsu Kogyo K.K. is expected to become a consolidated subsidiary of the Company during the coming fiscal year (the fiscal year ending October 2026). Any future matters requiring disclosure will be promptly made public.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.
