

Consolidated Financial Results for the 2nd Quarter ended September 30, 2023 (Japanese Generally Accepted Accounting Principles)



November 14, 2023

Name of company Yakult Honsha Co., Ltd.
 Stock exchange listing Prime Market in Tokyo Stock Exchange
 Code number 2267
 URL https://www.yakult.co.jp
 Representative President and Representative Director Hiroshi Narita
 Contact person Managing Executive officer Shuichi Watanabe TEL +81-3-6625-8960
 Scheduled date of filing Statutory quarterly financial report November 14, 2023
 Scheduled date of payment of dividends December 1, 2023
 Preparation of support documentation of results : Yes
 Holding of briefing for analysts and institutional investors : Yes

(Figures less than 1 million yen have been rounded down)

1. Consolidated financial results for the 2nd quarter of FY2023, ended September 30, 2023 (April 1, 2023 - September 30, 2023)

(1) Consolidated Financial Results (Accumulated)

(Percentage figures presents year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
2Q FY2023	252,829	8.6	35,305	0	42,233	0.6	26,074	(3.1)
2Q FY2022	232,785	14.7	35,296	26.9	41,968	17.4	26,918	5.2

(Note) Comprehensive income for 2Q FY2023 78,070 million yen {(4.3)%} 2Q FY2022 81,548 million yen {91.4%}

	Basic earnings per Share	Diluted earnings per Share
	yen	yen
2Q FY2023	83.53	—
2Q FY2022	86.05	—

(Note) The Company carried out a 2-for-1 stock split of shares of common stock on October 1, 2023. Basic earnings per share have been calculated on the presumption that the stock split was carried out at the beginning of FY2022.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity to Asset Ratio
	million yen	million yen	%
2Q FY2023	815,979	617,041	68.5
FY2022	749,419	545,496	66.5

(Ref.) Equity for 2Q FY2023 559,145 million yen FY2022 498,659 million yen

2. Dividends

	Dividends per Share				
	1st Qtr.	2nd Qtr.	3rd Qtr.	Year End	Total
	yen	yen	yen	yen	yen
FY2022	—	45.00	—	45.00	90.00
FY2023	—	55.00			
FY2023 (Forecast)			—	28.00	—

(Note) Revision of the latest dividend forecast : No

(Note) The Company carried out a 2-for-1 stock split of shares of common stock on October 1, 2023. For this reason, the year-end dividend per share (projected) for the fiscal year ending March 31, 2024 is presented in an amount that takes the impact of this stock split into account. The year-end dividend per share (projected) for the fiscal year ending March 31, 2024 without considering the stock split would be 56 yen.

3. Forecast for consolidated financial results for FY2023 (April 1, 2023 - March 31, 2024)

(Percentage figures presents year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Basic earnings per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Annual	513,000	6.2	67,000	1.4	80,500	3.2	52,000	2.7	166.57

(Note) Revision of the latest financial forecast : Yes

(Note) The impact of the stock split has been taken into account in the basic earnings per share in the forecast for consolidated financial results for FY2023 (full year). The forecast for basic earnings per share for FY2023 without considering the stock split would be 333.14 yen.

*Notes

- (1) Changes of important subsidiaries during the period : No
(Change in specified subsidiary with change in scope of consolidation)
- (2) Special Accounting Treatment for Preparation of the Quarterly Consolidated Financial Statements : Yes
(Note) Details are stated on pg. 10 under “Notes on Quarterly Consolidated Financial Statements.”
- (3) Change in accounting policies and estimates, correction of prior period errors
- | | |
|--|----|
| (a) Change in accounting policy with revision of accounting standard : | No |
| (b) Change in account policy other than (a) : | No |
| (c) Change in accounting estimates : | No |
| (d) Correction of prior period errors : | No |
- (4) Shares issued (common stock)
- | | |
|--|-------------|
| (a) Number of shares issued (including treasury stocks) | |
| 2Q FY2023 | 342,090,836 |
| FY2022 | 342,090,836 |
| (b) Number of treasury stocks | |
| 2Q FY2023 | 29,908,388 |
| FY2022 | 29,950,190 |
| (c) Weighted average of number of shares (cumulative figure for quarter) | |
| 2Q FY2023 | 312,161,582 |
| 2Q FY2022 | 312,840,850 |

(Note) The Company carried out a 2-for-1 stock split of shares of common stock on October 1, 2023. Basic earnings per share have been calculated on the presumption that the stock split was carried out at the beginning of FY2022.

* This financial report is not included in quarterly reviews by our external auditors.

* Explanation for the appropriate use of the financial forecast and other comments

Note concerning statements about the future, etc.

The statements about the future, including earnings projections, contained in this report are based on information currently available as well as certain assumptions considered reasonable. Actual results may vary considerably from these projections owing to a range of factors.

Assumptions upon which the forecast is based and notes on the use of the forecast are stated on pg. 5 under “Disclaimer on Future Outlook Including Consolidated Financial Results Forecast.”

Procedure for obtaining supplementary information on financial results

We plan to hold a briefing for analysts and institutional investors on November 14, 2023.

Materials used in the briefing will be posted on the company’s website.

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1. Qualitative Information Regarding Quarterly Consolidated Financial Results

(1) Business Performance Overview

1 Performance Overview

During the second quarter of the fiscal year ending March 31, 2024, despite a gradual recovery in economic conditions, partly as the result of the effects of various policies, the Japanese economy remained susceptible to downward risks due to global monetary tightening, an unclear outlook for the Chinese economy and other factors, and due to the impacts of rises in the cost of living and other factors.

Against this background, the Yakult Group worked to build awareness and understanding of the probiotics that constitute the bedrock of our operations while striving to communicate the superiority of our products. Guided by our long-term vision, Yakult Group Global Vision 2030, we pursued business activities and sought to improve our performance with the aim of evolving into a healthcare company that continues to contribute to the health of people around the world.

Following these efforts, consolidated net sales for the first six months of this fiscal year rose 8.6% from the same period of the previous year to 252,829 million yen. Operating profit increased 0.0% to 35,305 million yen, while ordinary profit increased 0.6% to 42,233 million yen. Profit attributable to owners of parent decreased 3.1% to 26,074 million yen.

2 Overview by Segment

Food and Beverages (Japan)

In dairy products, Yakult focused on broadening recognition of the science behind its proprietary living *Lactobacillus casei* strain Shirota¹ and *Bifidobacterium breve* strain Yakult by utilizing evidence to proactively conduct grassroots value dissemination initiatives.

In our home delivery channel, we implemented initiatives to attract new customers for the fermented milk drinks *Yakult 1000* and *Yakult 400W* and to encourage existing customers to continue their consumption of Yakult products. We resumed the acceptance of new orders for *Yakult 1000* and *Yakult 400W* through the Yakult Delivery Net online ordering service beginning in August in an effort to increase revenues. Further, we strove to improve our home delivery organization by pressing ahead with efforts to conduct recruitment activities and create convenient working conditions for Yakult Ladies.

As for the retail store channel, we utilized promotion staff to conduct value dissemination initiatives among customers with a focus on the fermented milk drink *Y1000* and the *New Yakult* series, as well as other measures in our effort to increase revenue.

In product-specific initiatives, the prices of *New Yakult* and *New Yakult Calorie Half* were revised in September in response to social circumstances resulting in rising raw material costs and rapidly soaring logistics costs. Also in September, we released a revamped version of *Yakult 400W* with improved flavor and a new package design. We also changed the package design of the *Mil-Mil* fermented milk brand and released the new design in September. In addition, we began year-round sales of *Sofuhl Lemon* in the *Sofuhl* series of hard-type yogurts in July.

In other beverages, we implemented consumer campaigns beginning in July highlighting our *Toughman V* and other energy drinks in an effort to increase sales.

As a result of these efforts, consolidated net sales for the Food and Beverages (Japan) segment increased 9.2% from the same period of the previous fiscal year, totaling 128,106 million yen.

Food and Beverages (Overseas)

Yakult's operations outside Japan commenced in March 1964 with the establishment of Yakult Taiwan Co., Ltd., and now the manufacture and sale of *Yakult* outside of Japan spans 39 countries and regions centered around 29 companies and one research center, with average daily bottle sales of approximately 29.71 million bottles in September 2023.

a. The Americas

In the Americas, *Yakult* and other products are manufactured and sold by Yakult S/A Ind. E Com. (Brazil), Yakult S.A. De C.V. (Mexico), and Yakult U.S.A. Inc.

¹ Classified as *Lacticaseibacillus paracasei* strain Shirota as of April 2020.

At Yakult U.S.A. Inc., boosting support for sales through publicity campaigns and other initiatives, as well as making efforts to increase the number of stores stocking our products, resulted in our highest recorded monthly average number of bottles sold per day in August. In addition, Yakult U.S.A. Inc. signed a memorandum of understanding with Bartow County, Georgia, and Cartersville-Bartow County Department of Economic Development in July for the acquisition of a candidate site for building its second production facility.

In other regions within the Americas, we strove to increase revenue by reinforcing the sales networks for both the home delivery and retail store sales channels.

As a result of these efforts, consolidated net sales in the Food and Beverages (The Americas) segment increased 29.8% from the same period of the previous year to 39,373 million yen.

b. Asia and Oceania

In Asia and Oceania, *Yakult* and other products are manufactured and sold by Hong Kong Yakult Co., Ltd.; Yakult (Singapore) Pte. Ltd.; PT. Yakult Indonesia Persada; Yakult Australia Pty. Ltd.; Guangzhou Yakult Co., Ltd.; Yakult (Malaysia) Sdn. Bhd.; Shanghai Yakult Co., Ltd.; Beijing Yakult Co., Ltd.; Yakult (China) Corporation; Yakult Vietnam Co., Ltd.; and Yakult Danone India Pvt. Ltd.; among others. In addition, Yakult Middle East FZCO and other companies import *Yakult* and other products for sale.

At Yakult Vietnam Co., Ltd., aggressive efforts to develop sales promotion initiatives, enhance the home delivery organization, and increase the number of stores stocking our products resulted in its highest record of monthly average number of bottles sold per day in July.

Guangzhou Yakult Co., Ltd. established the Shantou Branch in Shantou, Guangdong Province and began selling *Yakult*, *Yakult Light*, and *Yakult 50 Billion Light* in the retail store channel of the branch in September. This brought the number of sales locations in China to 52.

As a result of the above, consolidated net sales in the Food and Beverages (Asia and Oceania) segment rose 1.8% from the same period of the previous year to 67,620 million yen.

c. Europe

In Europe, *Yakult* and other products are manufactured by Yakult Europe B.V., and sold by Yakult Nederland B.V., Yakult Belgium N.V./S.A., Yakult Europe B.V., Yakult UK Ltd., Yakult Deutschland GmbH, Yakult Osterreich GmbH, and Yakult Italia S.r.l.

In this region, we aimed for sustainable growth by conducting sales activities in a manner that takes advantage of heightened health consciousness and that is tailored to the markets in each individual country.

Meanwhile, the prolongation of the conflict between Russia and Ukraine means that, although we do not operate in either country, we will continue to pay close attention to the impact of the conflict on Europe as a whole.

As a result of these efforts, consolidated net sales in the Food and Beverages (Europe) segment increased 1.2% from the same period of the previous year to 5,095 million yen.

Others

This segment encompasses Yakult's cosmetics manufacturing and sales, pharmaceuticals manufacturing and sales, and professional baseball team operations.

In our cosmetics operations, we focused on initiatives that would disseminate the value of our proprietary moisturizing agent *S.E. (Shirota Essence)*, which is the result of the extensive research on lactic acid bacteria we have conducted since our founding, in order to help customers realize their internal and external beauty and to increase the number of regular users of our cosmetics.

Specific examples of such activities include our brand revitalization activities directed at the *Lactdew* series of basic skin care products, in which we encouraged regular use of these products through the door-to-door sales conducted primarily by Yakult Ladies. Additionally, in July, we released a revamped package design of our medicated toothpaste, *Yakult Medicated Apacoat S.E. Nanotechnology*. We also launched a new product in our highly moisturizing *Coculme* series of skincare products, *Coculme Body Powder*, which reduces stickiness from perspiration and leaves the skin feeling smooth and dry.

In our pharmaceuticals operations, we promoted awareness and the proper use of our products, particularly those specializing in oncology and related fields. Regarding our mainstay, the antineoplastic drug *Elplat*, while medical institutions are increasingly switching to available generic versions in line with government policy, we leveraged our ability to provide relevant information about it, a Company strength as the developer of the original drug.

However, our revenue was impacted by revisions to National Health Insurance drug prices in April 2023, which reduced prices for most of Yakult's pharmaceutical products.

In our professional baseball operations, we improved the various fan service engagements at Jingu Stadium and disseminated a range of information in our efforts to increase attendance and revenue.

As a result of the above factors, consolidated net sales in the Others segment fell 4.0% from the same period of the previous year to 18,705 million yen.

(2) Financial Position

Total assets at the fiscal quarter-end amounted to 815,979 million yen, an increase of 66,559 million yen compared to the previous fiscal year-end, three months prior.

Net assets increased 71,544 million yen from the previous fiscal year-end to 617,041 million yen. The main factors were an increase in foreign currency translation adjustments due to a weaker yen and an increase in retained earnings due to quarterly profit attributable to owners of parent.

The equity to asset ratio was 68.5%, an increase of 2.0 percentage point from the previous fiscal year-end.

(3) Disclaimer on Future Outlook Including Consolidated Financial Results Forecast

With regard to earnings forecasts, we revised the full-year consolidated earnings forecasts announced on May 12, 2023 based on factors including business performance during the two quarters and the recent business environment.

Consolidated Financial Results Forecast for FY2023

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Previously announced forecast (A)	531,000	75,500	91,000	58,500
Revised forecast (B)	513,000	67,000	80,500	52,000
Difference (B – A)	(18,000)	(8,500)	(10,500)	(6,500)
Difference (%)	(3.4)%	(11.3)%	(11.5)%	(11.1)%

In Food and Beverages (Japan), both net sales and operating profits are expected to generally remain at the level initially projected. However, in Food and Beverages (Overseas), the number of bottles sold is expected to fall significantly below projected levels in Asia and Oceania, particularly in China. As a result, net sales and profits at all levels are expected to fall short of the previously announced forecast.

The above forecast is based on the information available to management at the time of announcement. Actual operating results may differ from these projections due to various factors in the future.

Reference: Non-consolidated Financial Results Forecast

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit
Previously announced forecast (A)	191,000	27,500	52,500	42,500
Revised forecast (B)	190,000	29,000	54,500	47,500
Difference (B – A)	(1,000)	1,500	2,000	5,000
Difference (%)	(0.5)%	5.5%	3.8%	11.8%

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	Fiscal year 2022 As of March 31, 2023	Fiscal year 2023 As of September 30, 2023
Assets		
Current Assets		
Cash and Deposits	241,185	262,725
Notes and accounts receivable-trade	60,139	67,300
Merchandises and Finished goods	10,383	11,430
Work in process	2,578	2,595
Raw materials and supplies	23,741	26,073
Others	16,452	19,663
Allowance for doubtful accounts	(285)	(564)
Total current assets	354,195	389,224
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	93,771	95,631
Others, net	131,351	140,619
Total Property, plant and equipment	225,122	236,250
Intangible assets		
Software	2,269	2,636
Others	3,300	3,220
Total intangible assets	5,570	5,856
Investments and other assets		
Investment securities	66,000	79,086
Shares of subsidiaries and associates	79,673	84,645
Others	18,942	21,004
Allowance for doubtful accounts	(85)	(88)
Total investments and other assets	164,531	184,647
Total non-current assets	395,224	426,755
Total assets	749,419	815,979

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(Millions of yen)

	Fiscal year 2022 As of March 31, 2023	Fiscal year 2023 As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable-trade	28,958	25,409
Short-term loans payable	3,208	2,211
Current portion of long-term loans payable	45,839	45,990
Income taxes payable	11,539	9,515
Provision for bonuses	6,784	8,354
Others	51,315	45,963
Total current liabilities	147,645	137,443
Non-current liabilities		
Long-term loans payable	14,559	12,693
Provision for directors' retirement benefits	360	231
Net defined benefit liability	4,279	4,388
Asset retirement obligations	1,693	1,685
Others	35,384	42,495
Total non-current liabilities	56,277	61,494
Total liabilities	203,922	198,938
Net assets		
Shareholders' equity		
Capital stock	31,117	31,117
Capital surplus	41,572	41,962
Retained earnings	484,243	503,294
Treasury shares	(81,927)	(81,813)
Total shareholders' equity	475,006	494,561
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,417	29,349
Foreign currency translation adjustment	3,991	35,896
Remeasurements of defined benefit plans	(756)	(662)
Total accumulated other comprehensive income	23,652	64,583
Non-controlling interests	46,837	57,895
Total net assets	545,496	617,041
Total liabilities and net assets	749,419	815,979

(2) Quarterly Consolidated Statement of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(Millions of yen)

	Previous period From April 1, 2022 to September 30, 2022	Current period From April 1, 2023 to September 30, 2023
Net sales	232,785	252,829
Cost of sales	91,479	102,323
Gross profit	141,306	150,505
Selling, general and administrative expenses	106,009	115,200
Operating profit	35,296	35,305
Non-operating income		
Interest income	2,346	5,157
Dividend income	1,057	1,124
Share of profit of entities accounted for using equity method	2,113	1,718
Others	1,885	1,052
Total non-operating income	7,402	9,053
Non-operating expenses		
Interest expenses	337	320
Foreign exchange losses	—	1,342
Others	393	463
Total non-operating expenses	731	2,125
Ordinary profit	41,968	42,233
Extraordinary income		
Gain on sales of non-current assets	450	111
Others	30	—
Total extraordinary income	480	111
Extraordinary losses		
Loss on sales of non-current assets	9	12
Loss on retirement of non-current assets	160	145
Others	2	0
Total extraordinary losses	172	158
Profit before income taxes	42,276	42,186
Income taxes	12,945	13,375
Profit	29,331	28,810
Profit attributable to non-controlling interests	2,413	2,736
Profit attributable to owners of parent	26,918	26,074

Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Previous period From April 1, 2022 to September 30, 2022	Current period From April 1, 2023 to September 30, 2023
Profit	29,331	28,810
Other comprehensive income		
Valuation difference on available-for-sale securities	1,246	8,928
Foreign currency translation adjustment	47,799	40,254
Remeasurements of defined benefit plans, net of tax	107	104
Share of other comprehensive income of entities accounted for using equity method	3,063	(27)
Total other comprehensive income	52,216	49,260
Comprehensive income	81,548	78,070
Comprehensive income attributable to:		
Owners of parent	72,029	67,005
Non-controlling interests	9,519	11,065

(3) Notes on Quarterly Consolidated Financial Statements

(Notes Related to Going Concern Assumption)

None.

(Special Accounting Treatment for Preparation of the Quarterly Consolidated Financial Statements)

Calculation of Tax Expenses

Tax expenses for the Company and its consolidated subsidiaries in Japan are calculated by multiplying income before income taxes for the second quarter under review by the reasonably estimated effective tax rate after applying tax effect accounting to the income before income taxes for the current consolidated fiscal year, including the second quarter under review.

In addition, income taxes—deferred are included in income taxes.

(Segment Information)

I The second quarter of FY2022 (April 1 to September 30, 2022)

1. Net sales, profit (loss), and disaggregated revenue in each reportable segment

(Millions of yen)

	Food and Beverages			
	Japan	The Americas	Asia and Oceania	Europe
Net sales				
Revenue from contracts with customers	112,626	30,344	66,429	5,032
Other revenues	—	—	—	—
Net sales to external customers	112,626	30,344	66,429	5,032
Intersegment net sales or transfers	4,696	—	—	—
Total	117,322	30,344	66,429	5,032
Segment profit (loss)	24,897	8,028	9,258	224

	Others	Adjustments	Consolidated results
Net sales			
Revenue from contracts with customers	18,352	—	232,785
Other revenues	—	—	—
Net sales to external customers	18,352	—	232,785
Intersegment net sales or transfers	1,123	(5,819)	—
Total	19,476	(5,819)	232,785
Segment profit (loss)	1,869	(8,981)	35,296

Notes: 1. Adjustments are as follows.

The (8,981) million yen adjustment in segment profit (loss) includes (5,392) million yen of corporate expenses not allocated to specific reportable segments. Corporate expenses include those of administrative divisions of the Company, such as the general affairs department, that cannot be attributed to any specific reportable segments.

2. Segment profits are adjusted with operating profit under the quarterly consolidated statement of income.

3. Countries / regions in each geographic segment outside Japan.

- (1) The Americas Mexico, Brazil, The United States of America
- (2) Asia and Oceania Hong Kong, China, Indonesia, Singapore, Malaysia, Australia, India, Vietnam, The United Arab Emirates, Myanmar
- (3) Europe The Netherlands, The United Kingdom, Germany, Belgium, Austria, Italy

II The second quarter of FY2023 (April 1 to September 30, 2023)

1. Net sales, profit (loss), and disaggregated revenue in each reportable segment

(Millions of yen)

	Food and Beverages			
	Japan	The Americas	Asia and Oceania	Europe
Net sales				
Revenue from contracts with customers	123,207	39,373	67,620	5,095
Other revenues	—	—	—	—
Net sales to external customers	123,207	39,373	67,620	5,095
Intersegment net sales or transfers	4,898	—	—	—
Total	128,106	39,373	67,620	5,095
Segment profit (loss)	27,258	10,830	5,812	(273)

	Others	Adjustments	Consolidated results
Net sales			
Revenue from contracts with customers	17,532	—	252,829
Other revenues	—	—	—
Net sales to external customers	17,532	—	252,829
Intersegment net sales or transfers	1,172	(6,071)	—
Total	18,705	(6,071)	252,829
Segment profit (loss)	1,155	(9,478)	35,305

Notes: 1. Adjustments are as follows.

The (9,478) million yen adjustment in segment profit (loss) includes (5,754) million yen of corporate expenses not allocated to specific reportable segments. Corporate expenses include those of administrative divisions of the Company, such as the general affairs department, that cannot be attributed to any specific reportable segments.

2. Segment profits are adjusted with operating profit under the quarterly consolidated statement of income.
3. Countries / regions in each geographic segment outside Japan.

- | | |
|----------------------|--|
| (1) The Americas | Mexico, Brazil, The United States of America |
| (2) Asia and Oceania | Hong Kong, China, Indonesia, Singapore, Malaysia, Australia, India, Vietnam, The United Arab Emirates, Myanmar |
| (3) Europe | The Netherlands, The United Kingdom, Germany, Belgium, Austria, Italy |

2. Changes to reportable segments, etc.

From this first quarter of the current fiscal year, we have changed the presentation of the Pharmaceuticals business, which had previously been presented as a reportable segment, to include it in the Others segment. This was due to the decline in the financial significance of the pharmaceuticals business.

Segment information for the second quarter of the previous fiscal year has been prepared according to the segment categories after the change.

(Significant Subsequent Events)

(Stock Split and Related Partial Amendment to Articles of Incorporation)

The Company carried out a stock split and related partial amendment to the Articles of Incorporation as of October 1 pursuant to resolution at a meeting of its Board of Directors held on July 28, 2023.

1. Stock Split

(1) Purpose of stock split

The purpose of the stock split is to reduce the amount of investment unit of the Company's stock thereby increasing its liquidity and making it easier for investors to invest in the Company.

(2) Outline of stock split

(i) Method of stock split

The Company implemented a 2-for-1 share split of shares in its common stock owned by shareholders listed or recorded in the closing register of shareholders as of the record date of Saturday, September 30, 2023.

(ii) Increase in the number of shares due to stock split

Total number of shares issued prior to stock split:	171,045,418 shares
Increase in shares from this stock split:	171,045,418 shares
Total number of shares issued following stock split:	342,090,836 shares
Total number of shares authorized to be issued following stock split:	1,300,000,000 shares

(iii) Schedule for stock split

Public notice of record date:	Wednesday, September 13, 2023
Record date:	Saturday, September 30, 2023
	*Friday, September 29, 2023, in effect
Effective date:	Sunday, October 1, 2023

2. Partial Amendment to the Articles of Incorporation Related to Stock Split

(1) Reason for the amendment

Along with the stock split, the Company changed the number of shares it is authorized to issue stipulated in Article 6 of its Articles of Incorporation as of October 1, 2023, in accordance with the provisions of Article 184, Paragraph 2 of the Companies Act.

(2) Details of the amendment

The details of the amendment are as follows.

(The amended parts are underlined.)

Current Articles of Incorporation	Proposed amendment
(Total number of shares authorized to be issued) Article 6 The total number of shares the Company is authorized to issue shall be <u>700,000,000</u> shares.	(Total number of shares authorized to be issued) Article 6 The total number of shares the Company is authorized to issue shall be <u>1,300,000,000</u> shares.

(3) Schedule of the amendment

Effective date: Sunday, October 1, 2023

(Share Repurchase as Treasury Stock)

At a meeting of its Board of Directors held on November 14, 2023, the Company resolved matters pertaining to a share repurchase pursuant to Article 459, Paragraph 1 of the Companies Act and Article 36 of its Articles of Incorporation.

1. Reasons for share repurchase

Comprehensively taking into consideration the investment funds required for future business growth as well as the trend in the stock market, the Company has judged that strengthening shareholder returns and improving capital efficiency while maintaining a strong financial foundation resilient enough to withstand the changes in the environment and effectively utilizing assets would contribute to improvement in its corporate values and decided to purchase its shares as treasury stock.

2. Details of matters pertaining to repurchase

(1) Class of shares to be repurchased	Common stock of the Company
(2) Total number of shares to be repurchased	12,000,000 shares (maximum) (3.84% of total number of issued and outstanding shares (excluding treasury stock))
(3) Aggregate repurchase price	¥30 billion (maximum)
(4) Period of share repurchase	From Wednesday, November 15, 2023 to Tuesday, May 14, 2024
(5) Method of share repurchase	Open market purchase on the Tokyo Stock Exchange

Reference: Status of shares held as treasury stock as of October 31, 2023

- Total number of issued and outstanding shares (excluding treasury stock):	312,181,822
- Number of shares held as treasury stock:	29,909,014