



## Summary of Consolidated Financial Results for the Three-month Period Ended June 30, 2020 (Japanese accounting standards)

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Name of listed firm: Nojima Corporation

Listed on the Tokyo Stock Exchange

Code No.: 7419

URL <http://www.nojima.co.jp>

Representative: Hiroshi Nojima, President & Representative Executive Officer

Tel.: +81-50-3116-1545

Contact: Satoshi Hisaka, Executive Officer/General Manager, Finance and Accounting Division

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Supplemental materials on quarterly financial results: No

Briefing session for quarterly financial results for analysts: No

(Amounts are rounded down to the nearest million yen.)

### 1. Consolidated financial results for the three-month period ended June 30, 2020 (April 1, 2020 - June 30, 2020)

#### (1) Consolidated results of operations (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		EBITDA		Net income attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three-month period ended June 30, 2020	106,330	-18.0	6,022	64.6	6,655	61.6	10,339	25.3	4,413	49.0
Three-month period ended June 30, 2019	129,688	11.0	3,658	16.3	4,118	15.0	8,254	25.2	2,962	4.7

Note: Comprehensive income: Three-month period ended June 30, 2020: 9,724 million yen (558.1%)

Three-month period ended June 30, 2019: 1,477 million yen (-44.9%)

For detailed information, including definitions and methods used to calculate indicators, see p. 2, "1. Qualitative Information on Quarterly Consolidated Financial Performance: (1) Explanation of operating results."

	Net income per share	Diluted net income per share
	Yen	Yen
Three-month period ended June 30, 2020	88.09	86.73
Three-month period ended June 30, 2019	59.16	58.43

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2020	306,308	98,202	31.4	1,927.74
As of March 31, 2020	286,247	90,268	30.8	1,759.32

Reference: Equity: As of June 30, 2020: 96,063 million yen As of March 31, 2020: 88,246 million yen

### 2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 2020	-	20.00	-	20.00	40.00
FY ending March 2021	-	-	-	-	-
FY ending March 2021 (planned)	-	20.00	-	20.00	40.00

Note: Revisions to the most recently announced dividend forecast: No

End of 2Q FY2020: Ordinary dividend 18.00 yen, 60<sup>th</sup> anniversary dividend 2.00 yen

### 3. Forecasts of consolidated financial results for the fiscal year ending March 2021 (April 1, 2020 - March 31, 2021)

Percentages indicate changes from the previous year for full-year forecasts and changes from the same quarter of the previous fiscal year for quarterly forecasts.)

	Net sales		Operating income		Ordinary income		EBITDA		Net income attributable to shareholders of the parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q (cumulative)	244,000	-9.5	14,000	19.3	38,000	191.5	22,000	6.8	33,000	256.7	662.22
Full-year	507,000	-3.2	27,000	19.6	51,000	110.6	44,000	10.5	41,000	157.7	822.76

Note: Revisions to the most recently announced consolidated earnings forecast: Yes

\* Notes

- (1) Significant changes in subsidiaries during this period  
 (changes in designated subsidiaries resulting in changes in the scope of consolidation): No  
 Added: \_\_\_ company(ies) (name(s): \_\_\_\_\_)      Removed: \_\_\_ company(ies) (name(s): \_\_\_\_\_)
- (2) Application of special accounting methods in the preparation of the quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- i. Changes in accounting policies due to revisions in accounting standards and other regulations: No
  - ii. Changes in accounting policies for reasons other than i.: No
  - iii. Changes in accounting estimates: No
  - iv. Restatement of prior period financial statements: No

(4) Number of shares issued and outstanding (common stock)

i. Number of shares issued and outstanding at the end of the period (including treasury stock)	As of June 30, 2020	51,289,616 shares	As of March 31, 2020	51,289,616 shares
ii. Number of shares of treasury stock at the end of the period	As of June 30, 2020	1,457,527 shares	As of March 31, 2020	1,129,909 shares
iii. Average number of shares during the period	Three-month period ended June 30, 2020	50,105,841 shares	Three-month period ended June 30, 2019	50,079,046 shares

Note: The number of shares of treasury stock above includes shares held in trust accounts (500,400 shares as of June 30, 2020 and 14,000 shares as of March 31, 2020) for the employee stock ownership plan (ESOP). Shares of the Company's own stock held in ESOP trust accounts are included in treasury stock subtracted from the calculation of the average number of shares during the period (84,064 shares for the three-month period ended June 30, 2020 and 306,867 shares for the three-month period ended June 30, 2019).

\* Quarterly financial statements are not subject to audits by certified public accountants or auditing firms

\* Explanation concerning the appropriate use of forecasts of business performance and other notes

Note on forward-looking statements:

Forecasts of business performance and other forward-looking statements in this release are based on information currently available and certain assumptions the Company deems reasonable at the time of preparation. They do not constitute a guarantee of future results. Actual results may differ materially from those of any forward-looking statements for various reasons.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of operating results

During the three-month period ended June 30, 2020, Japan's economy was affected by the global spread of the new coronavirus infection. Economic activity and personal consumption were stagnant, and the outlook for the economy is expected to remain uncertain.

In the home electronics market, sales of digital cameras and other products remained sluggish due to the governmental request to refrain from going out as a countermeasure against the new coronavirus infection. However, with an increase in teleworking, sales of related equipment and home appliances, such as air conditioners, were solid.

In the market for mobile phones and other mobile devices, the number of mobile phones of carrier brands sold decreased significantly because of a suppression of market competition and a longer purchase replacement cycle caused by the amendment to the Telecommunications Business Act that took effect on October 1, 2019, and the spread of the new coronavirus infection.

In the Internet business service market, where there is fierce competition for customers, the growth rate of subscribership to fixed and mobile high-speed broadband services remained stable due to the spread of teleworking and smart devices. Moreover, the Internet advertising market continued to expand, supported by Search Advertising and programmatic advertising, including video advertising.

In overseas markets, the economies of Singapore, Malaysia, and Indonesia are in an extremely severe state, with governmental lockdown measures restricting long-term social activities.

Under these circumstances, the Nojima Group focused on being the leader in the digital field and achieving the industry's highest customer satisfaction. To achieve these goals, we sought to establish sales floors where shoppers can easily find what they want, and provide customer services reflecting the perspectives of customers, while working to improve consulting-based sales and enhancing customer services to meet their needs.

As a result, sales of mobile phones and other mobile devices of the Group were affected by that consumers increasingly felt prices being overvalued when purchasing devices due to the Amendments to Telecommunications Business Act, sluggish replacement demand, and the closure of some stores due to the expansion of the new coronavirus infection. However, the Group as a whole worked to improve the efficiency of business processes and reviewed expenses. As a result, for the three-month period ended June 30, 2020, we recorded net sales of 106,330 million yen (82.0% of the figure for the three-month period ended June 30, 2019), operating income of 6,022 million yen (164.6% of the figure for the three-month period ended June 30, 2019), ordinary income of 6,655 million yen (161.6% of the figure for the three-month period ended June 30, 2019), and net income attributable to shareholders of the parent company of 4,413 million yen (149.0% of the figure for the three-month period ended June 30, 2019).

EBITDA(\*), which the Group considers to be an important indicator of business performance, stood at 10,339 million yen (125.3% of the figure for the three-month period ended June 30, 2019).

(\* ) EBITDA = ordinary income + interest expenses + interest on bonds + depreciation + amortization of goodwill

In the future, despite the lifting of the emergency declaration, the number of new cases of coronavirus will continue to increase. Under these circumstances, our company will continue to thoroughly implement epidemic prevention measures at all stores, which include sales floors that place the highest priority on the safety and security of customers, while strengthening consulting sales to ensure continued customer satisfaction.

Business performance by segment is outlined below.

(Operation of digital home electronics retail stores)

In response to the government's emergency declaration to prevent the spread of the new coronavirus infection, one-third of all stores were closed temporarily and operating hours of all stores were shortened; however, sales of high-end home appliances such as TVs and refrigerators, as well as PCs and related equipment, performed well due to an increase in teleworking.

As a result, net sales in this segment totaled 50,893 million yen (97.4% of the figure for the three-month period ended June 30, 2019), segment income was 4,668 million yen (188.2% of the figure for the three-month period ended June 30, 2019).

(Operation of mobile carrier stores)

With the revision of the Telecommunications Business Act, and the spread of the new coronavirus infection, the number of mobile phones declined significantly due to the suspended operation of some stores and shorter operating hours. However, collaborating with telecommunications carriers, we endeavored to transform into a high-quality career shop by enhancing recruitment, education, and training, with the aim of developing human resources with a view to the future.

As a result, net sales in this segment totaled 35,578 million yen (69.8% of the figure for the three-month period ended June 30, 2019), segment income was 1,178 million yen (137.1% of the figure for the three-month period ended June 30, 2019).

## (Internet business)

Under fiercely competitive market conditions in the Internet service provider section, we concentrated on measures for effectively attracting new customers, including direct sales on websites and proactive sales activities at our group stores of @nifty Hikari and Docomo Hikari, a wholesale service of FLET'S Hikari provided by NTT East and NTT West.

As a result, net sales in this segment totaled 11,606 million yen (95.7% of the figure for the three-month period ended June 30, 2019), segment income was 1,036 million yen (150.1% of the figure for the three-month period ended June 30, 2019).

## (Overseas business)

Under a severe environment with long-term restrictions on economic activity to prevent the spread of the new coronavirus infection in individual countries, we are focusing on recruiting and educating human resources in order to introduce Nojima-style consulting sales, which aim to increase the number of our company's customers who derive satisfaction from enriching their lives with good products and services. In Singapore, where sales were restricted at all stores, we focused on strengthening online sales.

As a result, net sales in this segment totaled 6,659 million yen (52.0% of the figure for the three-month period ended June 30, 2019), segment loss was 406 million yen (-% of the figure for the three-month period ended June 30, 2019).

## (Stores in operation)

With seven new store openings and one store closure, including scrap-and-build, the number of digital home electronics retail stores stood at 187, or 212 including dedicated communications device stores.

In the operation of mobile carrier stores, following acquisition of one store and closure and sellout of six stores, including scrap-and-build, the number of stores, including both directly-operated carrier stores and franchises, stood at 614.

In the overseas business, with three store closures, the number of stores stood at 74.

In the light of these factors, the number of stores as of June 30, 2020 is as shown below.

## Stores in operation

Classification	Directly operated	Franchises	Total
Operation of digital home electronics retail stores	212 stores	-	212 stores
Digital home electronics retail stores	187 stores	-	187 stores
Dedicated communications device stores	25 stores	-	25 stores
Operation of mobile carrier stores	411 stores	203 stores	614 stores
Carrier stores	399 stores	197 stores	596 stores
Others	12 stores	6 stores	18 stores
Overseas business	74 stores	-	74 stores
Total	697 stores	203 stores	900 stores

## (2) Explanation of financial position

### Assets, liabilities and net assets

#### (Assets)

Total assets as of June 30, 2020 were 306,308 million yen, up 20,061 million yen from the end of the previous fiscal year.

This increase was due mainly to an increase of 17,094 million yen to 151,377 million yen in current assets and an increase of 2,966 million yen to 154,930 million yen in non-current assets.

The primary factors underlying the increase in current assets included an increase of 27,462 million yen in cash and deposits, despite a decrease of 11,363 million yen in accounts receivable-trade.

The main causes of the increase in non-current assets included an increase of 5,155 million yen in investment securities, despite decreases of 1,063 million yen and 719 million yen in contractual intangible assets and goodwill, respectively.

#### (Liabilities)

Total liabilities as of June 30, 2020 were 208,105 million yen, up 12,127 million yen from the end of the previous fiscal year.

This increase was due mainly to an increase of 10,916 million yen to 125,298 million yen in current liabilities and an increase of 1,210 million yen to 82,807 million yen in non-current liabilities.

The primary factors underlying the increase in current liabilities included an increase of 28,595 million yen in short-term loans payable, despite decreases of 10,000 million yen and 7,645 million yen in current portion of bonds and accounts payable-trade, respectively.

The main causes of the increase in non-current liabilities included an increase of 1,688 million yen in long-term loans payable, despite decreases of 261 million yen and 220 million yen in lease liabilities and deferred tax liabilities, respectively.

#### (Net assets)

Net assets as of June 30, 2020 totaled 98,202 million yen, up 7,934 million yen from the end of the previous fiscal year, due to factors including increases of 5,237 million yen and 3,410 million yen in valuation difference on available-for-sale securities and retained earnings, respectively.

These factors resulted in an equity ratio of 31.4%, up 0.5 points from the end of the previous fiscal year.

## (3) Information on forward-looking statements forecasts of consolidated financial results

There is uncertainty over the consolidated financial forecasts for the fiscal year ending March 2021, because it is difficult to reasonably grasp the impacts on our Group of the expansion of the new coronavirus infection. In Japan, with the lifting of the government's emergency declaration, a movement toward resuming economic activities began to appear. All of our group stores resumed operations, and sales were strong—mainly for digital home appliances—during the first quarter under review.

In addition to the above, with the posting of negative goodwill associated with the application of the equity method by Suruga Bank Ltd. and the impacts of equity in net income (losses) in affiliates, we have calculated consolidated financial forecasts based on information available at this time.

For details, please refer to the "Forecasts of consolidated financial results for the fiscal year ending March 2021" announced today (July 31, 2020).

## 2. Quarterly Consolidated Financial Statements

## (1) Consolidated balance sheet

(Million yen)

	Previous fiscal year (as of March 31, 2020)	First quarter of the current fiscal year (as of June 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	17,181	44,644
Accounts receivable-trade	69,978	58,614
Merchandise and products	40,923	40,924
Accounts receivable-other	6,250	6,737
Other	2,984	3,346
Allowance for doubtful accounts	-3,035	-2,890
<b>Total current assets</b>	<b>134,283</b>	<b>151,377</b>
Non-current assets		
Tangible non-current assets		
Buildings and structures (net)	15,808	15,844
Tools, fixtures, and facilities (net)	2,243	2,286
Lease assets (net)	8,010	7,766
Land	8,488	8,488
Other (net)	822	626
<b>Total tangible non-current assets</b>	<b>35,372</b>	<b>35,012</b>
Intangible assets		
Goodwill	24,758	24,039
Software	1,563	1,473
Trademark rights	937	820
Contractual intangible assets	46,412	45,348
Customer-related intangible assets	1,985	1,819
Other	179	186
<b>Total intangible assets</b>	<b>75,836</b>	<b>73,687</b>
Investments and other assets		
Investment securities	17,415	22,570
Deferred tax assets	9,159	8,709
Lease and guarantee deposits	12,004	12,879
Other	2,262	2,163
Allowance for doubtful accounts	-86	-91
<b>Total investments and other assets</b>	<b>40,755</b>	<b>46,231</b>
<b>Total non-current assets</b>	<b>151,964</b>	<b>154,930</b>
<b>Total assets</b>	<b>286,247</b>	<b>306,308</b>

(Million yen)

	Previous fiscal year (as of March 31, 2020)	First quarter of the current fiscal year (as of June 30, 2020)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	50,244	42,599
Short-term loans payable	7,226	35,822
Current portion of long-term loans payable	7,031	7,953
Current portion of bonds	10,010	10
Accounts payable-other	7,433	6,656
Accrued income taxes	4,921	1,492
Accrued consumption tax	2,203	1,983
Accrued expenses	3,414	3,689
Advances received	3,067	6,326
Unearned revenue	7,218	6,790
Deposits received	2,283	3,585
Reserve for points	5,075	4,607
Reserve for bonuses	1,524	850
Reserve for promotion of admissions	90	150
Lease liabilities	2,140	2,205
Other	495	571
<b>Total current liabilities</b>	<b>114,381</b>	<b>125,298</b>
Non-current liabilities		
Bonds	5,005	5,005
Long-term loans payable	38,014	39,702
Reserve for guarantees for merchandise sold	3,794	3,825
Reserve for directors' retirement benefits	210	200
Retirement benefit liabilities	8,423	8,616
Deferred tax liabilities	13,506	13,286
Lease liabilities	6,437	6,176
Other	6,204	5,994
<b>Total non-current liabilities</b>	<b>81,596</b>	<b>82,807</b>
<b>Total liabilities</b>	<b>195,978</b>	<b>208,105</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,330	6,330
Capital surplus	6,046	6,002
Retained earnings	83,795	87,205
Treasury stock	-2,358	-3,217
<b>Total shareholders' equity</b>	<b>93,814</b>	<b>96,321</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-4,938	298
Currency conversion adjustments	-535	-468
Accumulated adjustment to retirement benefits	-94	-88
<b>Total accumulated other comprehensive income</b>	<b>-5,567</b>	<b>-258</b>
Stock acquisition rights	2,008	2,124
Non-controlling interests	12	14
<b>Total net assets</b>	<b>90,268</b>	<b>98,202</b>
<b>Total liabilities and net assets</b>	<b>286,247</b>	<b>306,308</b>



## (2) Consolidated income statement and consolidated statement of comprehensive income

## Consolidated income statement

(For the three-month period)

	(Million yen)	
	Three-month period of the previous fiscal year (April 1, 2019 - June 30, 2019)	Three-month period of the current fiscal year (April 1, 2020 - June 30, 2020)
Net sales	129,688	106,330
Cost of sales	95,141	73,422
Gross profit on sales	34,546	32,907
Sales, general, and administrative expenses	30,888	26,884
Operating income	3,658	6,022
Non-operating income		
Interest income	17	28
Dividend income	80	283
Purchase discounts	412	432
Other	175	247
Total non-operating income	686	991
Non-operating expenses		
Interest expenses	152	169
Interest on bonds	27	17
Donations	4	82
Other	42	89
Total non-operating expenses	226	359
Ordinary income	4,118	6,655
Extraordinary income		
Gain on negative goodwill	28	-
Gain on reversal of share acquisition rights	1	4
Gain on sales of non-current assets	140	13
Total extraordinary income	171	17
Extraordinary losses		
Impairment loss	-	10
Total extraordinary losses	-	10
Net income before taxes and other adjustments	4,289	6,662
Income taxes-current	1,099	2,066
Income taxes-deferred	225	180
Total income taxes	1,325	2,246
Net income	2,964	4,415
Net income attributable to shareholders of the non-controlling interests	1	1
Net income attributable to shareholders of the parent company	2,962	4,413

Consolidated statement of comprehensive income

(For the three-month period)

(Million yen)

	Three-month period of the previous fiscal year (April 1, 2019 - June 30, 2019)	Three-month period of the current fiscal year (April 1, 2020 - June 30, 2020)
Net income	2,964	4,415
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,091	5,237
Currency conversion adjustments	-407	66
Adjustments for retirement benefit obligations	12	5
Total other comprehensive income	-1,486	5,309
Comprehensive income	1,477	9,724
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	1,476	9,723
Comprehensive income attributable to non-controlling interests	1	1

## (3) Notes on consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Significant changes in shareholders' equity)

At the Board of Directors meeting held on May 12, 2020, the Company resolved to distribute dividends of 1,003 million yen from retained earnings.

As a result, retained earnings as of June 30, 2020 were 87,205 million yen.

(Segment information, etc.)

[Segment information]

## I Three-month period of the previous fiscal year (April 1, 2019 – June 30, 2019)

## 1. Net sales and income (loss) by reporting segment

(Million yen)

	Reporting segment					Other (*1)	Total	Adjustments (*2)	Amount on quarterly consolidated income statement (*3)
	Operation of digital home electronics retail stores	Operation of mobile carrier stores	Internet business	Overseas business	Subtotal				
Net sales									
Net sales to external customers	51,991	50,910	12,066	12,804	127,772	1,916	129,688	-	129,688
Internal sales or transfers between segments	261	30	66	-	358	147	505	-505	-
Subtotal	52,252	50,940	12,132	12,804	128,130	2,063	130,193	-505	129,688
Segment income (loss)	2,480	859	690	-35	3,995	169	4,164	-46	4,118

Notes:

- \*1. The "Other" business segment consists of businesses not included in the reporting segments above. These include the shopping mall business, the sports business, the training business, the mega-solar business, the animal medical business, and the software development business.
- \*2. Adjustments to segment income (loss) consist of companywide costs not distributed among reporting segments.
- \*3. Segment income (loss) is adjusted with ordinary income on the quarterly consolidated income statement.

## II Three-month period of the current fiscal year (April 1, 2020 – June 30, 2020)

## 1. Net sales and income (loss) by reporting segment

(Million yen)

	Reporting segment					Other (*1)	Total	Adjustments (*2)	Amount on quarterly consolidated income statement (*3)
	Operation of digital home electronics retail stores	Operation of mobile carrier stores	Internet business	Overseas business	Subtotal				
Net sales									
Net sales to external customers	50,616	35,531	11,529	6,659	104,337	1,992	106,330	-	106,330
Internal sales or transfers between segments	277	47	76	-	401	131	532	-532	-
Subtotal	50,893	35,578	11,606	6,659	104,738	2,123	106,862	-532	106,330
Segment income (loss)	4,668	1,178	1,036	-406	6,477	230	6,708	-53	6,655

Notes:

- \*1. The "Other" business segment consists of businesses not included in the reporting segments above. These include the shopping mall business, the sports business, the training business, the mega-solar business, the animal medical business, and the software development business.
- \*2. Adjustments to segment income (loss) consist of companywide costs not distributed among reporting segments.
- \*3. Segment income (loss) is adjusted with ordinary income on the quarterly consolidated income statement.

## 2. Information on impairment losses on non-current assets or goodwill for each reportable segment

(Significant impairment losses on non-current assets)

The carrying amount of a group of assets that have recorded a continued loss from business activities is reduced to the recoverable amount and the reduced amount is recorded as an impairment loss under extraordinary loss.

The amount recorded in the reporting segment was 8 million yen for the operation of digital home electronics retail stores, and 2 million yen for the operation of mobile carrier stores.

(Significant change in amount of goodwill)

Not applicable

## (Important subsequent events)

## (Stock options)

At the Board of Directors meeting held on July 21, 2020, the Company resolved detailed terms for the issuance of stock options following the approval of the proposal on the “Issuance of Stock Acquisition Rights as Stock Options Free of Charge” at the 58th Ordinary General Meeting of Shareholders and issued them on July 31, 2020.

## 1. Reason for issuing stock acquisition rights as stock options

The objective of adopting a program of stock options is to increase corporate value by strengthening moral and motivation in order to improve Group business performance. To achieve this objective, stock options are issued gratis.

## 2. Overview of issuance of stock acquisition rights

Date of issuing stock acquisition rights	July 31, 2020
Classification and number of people to be granted	Director of the Company: 12 Executive Officer of the Company: 3 Employees of the Company: 1,197 Directors and employees of our subsidiaries: 600
Number of stock acquisition rights	15,850
Type, content, and number of shares subject to stock acquisition rights	Common stock Number of shares constituting one unit: 100
Amount to be paid for exercising stock acquisition rights	263,800 yen (2,638 yen per share)
Period of exercise of stock acquisition rights	From July 22, 2023 to July 21, 2025
Price of issued shares and amount of capital incorporation in the case of issuing shares upon exercise of stock acquisition rights	1. Issuance price: 2,638 yen 2. Amount of capital incorporation: 1,319.00 yen