



Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending May 2022 [Japanese GAAP]

December 17, 2021

Company name: SATUDORA HOLDINGS CO., LTD. Listing: Tokyo Stock Exchange, Sapporo Securities Exchange
 Securities code: 3544 URL: <https://satudora-hd.co.jp>
 Representative: Hiroki Tomiyama, President, CEO
 Contact: Daisuke Kagaya, Group Leader of Business Management Group, TEL 011-788-5166
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 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results explanation meeting: Yes (for institutional investors and analysts)

(Rounded down to the nearest million yen)

1. Consolidated financial results for the second quarter of the fiscal year ending May 2022 (May 16, 2021-November 15, 2021)

(1) Consolidated operating results (cumulative)

(Percentages represent changes from the same period of the previous year)

Six months ended	Net sales		Operating profit		Ordinary profit		Quarterly profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 15, 2021	41,865	△ 1.7	266	1.9	303	0.8	177	△ 55.2
November 15, 2020	42,571	△ 5.5	261	88.0	301	77.5	396	-

(Note) Comprehensive income Six months ended November 15, 2021: 165 million yen (△ 57.3%)
 Six months ended November 15, 2020: 387 million yen (-%)

Six months ended	Quarterly net income per share	Diluted quarterly net income per share
	Yen	Yen
November 15, 2021	12.87	12.87
November 15, 2020	28.76	28.76

(Note) The Company conducted a 3-for-1 stock split of common shares effective November 16, 2021. As a result, net income per share and diluted net income per share are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended May 15, 2021.

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
November 15, 2021	38,456	8,716	22.5
May 15, 2021	38,299	8,672	22.5

(Note) Equity As of November 15, 2021: 8,656 million yen
 As of May 15, 2021: 8,622 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year	Yen	Yen	Yen	Yen	Yen
Ended May 15, 2021	-	0.00	-	28.00	28.00
Ending May 15, 2022	-	0.00	-	-	-
Ending May 15, 2022 (forecast)	-	-	-	9.34	9.34

(Note) Changes from the recently announced dividend forecast: None

The Company conducted a 3-for-1 stock split of common shares effective November 16, 2021. The dividend forecast for the fiscal year ending May 15, 2022 takes into account this stock split. If the stock split is not taken into account, the year-end dividend per share for the fiscal year ending May 15, 2022 (forecast) will be 28.00 yen.

3. Consolidated Earnings Forecast for the Fiscal Year Ending May 2022 (May 16, 2021 - May 15, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	85,000	2.1	700	9.3	700	15.2	200	△ 65.2	14.50

(Note) Changes from the latest announced earnings forecast: None

The Company conducted a 3-for-1 stock split of common shares effective November 16, 2021. The net income per share in the consolidated earnings forecast for the fiscal year ending May 15, 2022 is the amount after the said stock split.

※ Notes

(1) Changes in significant subsidiaries during the current quarterly consolidated cumulative period (changes in scope of consolidation): None

(2) Application of special accounting methods in preparation of the quarterly consolidated financial statement: Yes

(Note) For details, please refer to "2. Quarterly consolidated financial statements and notes, (3) Quarterly consolidated financial statements and notes (Application of special accounting methods in preparation of the quarterly consolidated financial statement)" on page 9 of the attached materials.

(3) Changes in accounting policies and accounting-based estimates, and restatements

① Changes in accounting policies due to revisions in accounting standards :	Yes
② Changes in accounting policies other than ① :	None
③ Changes in accounting-based estimates :	None
④ Restatements :	None

(Note) For details, please refer to "2. Quarterly consolidated financial statements and notes, (3) Quarterly consolidated financial statements and notes (Changes in accounting policies)" on page 9 of the attached materials

(4) Number of shares outstanding (common shares)

① Number of shares outstanding as of the end of the period (including treasury shares)	As of November 15, 2021	14,226,000 shares	As of May 15, 2021	14,226,000 shares
② Number of treasury shares as of the end of the period	As of November 15, 2021	432,747 shares	As of May 15, 2021	442,422 shares
③ Average number of shares outstanding during the period (quarterly cumulative)	Six months ended November 15, 2021	13,785,996 shares	Six months ended November 15, 2020	13,783,578 shares

(Note) The Company conducted a 3-for-1 stock split of common shares effective November 16, 2021. As a result, the number of outstanding shares (common stock) has been calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended May 15, 2021.

※ Quarterly financial statements are not subject to quarterly reviews by certified public accountants or auditing firms.

※ Cautionary statement with respect to forecasts

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to our company's management at the time these materials were prepared but are not promises regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons.

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1. Qualitative Information on the Current Quarterly Financial Results

(1) Explanation of operating results

During the first half of the current fiscal year (May 16, 2021 to November 15, 2021), the Japanese economy continued to face a severe situation with restrictions on socio-economic activities due to the re-issuance of the Declaration of a State of Emergency and the application of priority measures to prevent the spread in various parts of Japan, including Hokkaido, in response to the rebound of COVID-19. Although socio-economic activities are expected to normalize with the penetration of vaccinations and the practical application of therapeutic drugs, the future economic outlook remains uncertain with concerns about the rebound caused by the emergence of new mutant strains and the impact of soaring crude oil prices on consumer spending.

In the drugstore industry, in which our Group mainly operates, while the demand for hygiene-related products, groceries, and daily necessities remained strong due to the impact of the COVID-19 infection, it was affected by a reactionary decline in hoarding demand, which surged in the same period of the previous year. The digital shift by consumers also continues to progress, as they are increasingly using cashless payment methods due to their growing preference for contactless transactions. Moreover, in addition to a decline in demand for cosmetics due to lifestyle changes such as the popularization of remote work, the business environment is undergoing drastic changes such as the disappearance of inbound demand, intensification of competition across industry boundaries, and moves to reorganize the industry.

Under such circumstances, while implementing infection prevention measures and thorough hygiene management, the Group continued to operate its stores in order to fulfill its role as a social infrastructure for local communities and supplier of products in the region. The safety of our employees and customers is consciously ensured through the implementation of COVID-19 vaccinations in the workplace, etc. Moreover, we dispatched pharmacists to some areas in Hokkaido to provide vaccination support.

Under the theme of "evolving into a regional integrated lifestyle group", the Group is pursuing the following four strategies in its medium-term management plan, which ends in the fiscal year ending May 15, 2026. These strategies are: an integrated lifestyle store strategy, regional platform strategy, collaboration strategy, and organizational strategy.

The integrated lifestyle store strategy includes expansion of the number of stores that provide fresh foods, which is part of our line-robbing efforts to expand our product categories, and provision of lifestyle services such as continuous in-store nutritional consultation sessions with nutritionists in an attempt to create stores that are supported by local residents.

The regional platform strategy includes the continuously growing "EZOCA" ecosystem centered on Hokkaido's common point card "EZOCA", the members of which surpassed 2 million in August 2021. The number of "EZOCA" partner stores expanded to 747 stores with 164 companies. "Esashi EZOCA" was launched as part of the initiatives based on a comprehensive cooperation agreement with Esashi Town. A portion of the purchase amount will be donated to the town, aiming to contribute to the revitalization of the local economy.

The collaboration strategy includes a franchise store agreement with the daily necessities division of COOP SAPPORO store business which was concluded in May 2021 under the comprehensive business alliance. This agreement will lead to improved convenience for our customers, members, and other residents of Hokkaido through the supply of more favorable products. We also concluded a comprehensive cooperation agreement with Taiki Town and Sapporo University, aiming to contribute to the revitalization of the region, the improvement of services for residents, and the resolution of social issues.

The organizational strategy includes the promotion of D&I in order to develop an environment where diverse human resources can play an active role. We are also actively working to promote health management by appointing a Chief Health Officer (CHO) and formulating the Satudora Group Health and Productivity Management Declaration.

As a result of the above, consolidated net sales for the second quarter of the current fiscal year were 41,865 million yen (down 1.7%, or 705 million yen, year on year), operating profit was 266 million yen (up 1.9%, or 5 million yen, year on year), ordinary profit was 303 million yen (up 0.8%, or 2 million yen, year on year), and profit attributable to owners of parent was 177 million yen (down 55.2%, or 218 million yen, year on year).

As a side note, effective from the beginning of first quarter of the current consolidated fiscal year, the Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. Details are provided in "2.

Quarterly consolidated financial statements and notes (3) Quarterly consolidated financial statements and notes (Changes in accounting policies)".

An overview of the segment performance is as follows.

<Retail Business>

We operate a chain of drugstore-format stores aimed at becoming a dominant player primarily in Hokkaido, as well as dispensing pharmacies and inbound format stores in tourist areas and other locations which many foreign visitors to Japan frequent. On the sales front, we aim to promote a low-price strategy centered on Everyday Same Low Price (ESLP) in order to gain more customer support and to improve operational efficiency by leveling work operations. We also aim to expand product categories by strengthening line robbing, including fresh foods. In addition, we are continuing our efforts to improve the quality and speed of decision-making through an area divisional organization. As for dispensing pharmacies, in addition to the operation of near hospital pharmacies, we have also established them within drugstores. At the same time, we are working to provide lifestyle services such as fitness businesses and specific health guidance by registered dietitians.

During the first half of the current fiscal year, the special demands for hygiene-related products, groceries, and daily necessities, which occurred in the same period of the previous fiscal year, subsided, and in response to the growing need for one-stop shopping, the number of customers decreased due to a decline in the frequency of customer visits despite an increase in the average spends per customer due to the increased number of items purchased. As a result, net sales in the drugstore format were lower than those in the same period of the previous fiscal year. In terms of the inbound format, sales continued to be marginal due to the slowdown in the number of foreign visitors to Japan. As for dispensing pharmacies, amid a trend of relaxation in the outdoor activities' restrictions due to the COVID-19, visits to medical institutions rose in numbers and net sales grew year on year, partly due to the increased sales from the dispensing pharmacies within a drugstore which opened in the previous fiscal year.

The status of store openings and closures is as shown in the table below.

(Status of store openings and closures)

Store classification	Format classification	End of May 2021	Openings	Closures	End of November 2021
Drugstores	Drugstore format	171 stores	4 stores	1 store	174 stores
	Inbound format	17 stores	-	3 stores	14 stores
Pharmacies	Near hospital pharmacies	10 stores	-	-	10 stores
Other stores	The Kurashi Store of Hokkaido	2 stores	-	-	2 stores
Total		200 stores	4 stores	4 stores	200 stores

As a result of the above, sales in the retail business segment amounted to 41,474 million yen (down 2.2%, or 945 million yen year on year), and segment profit amounted to 204 million yen (down 18.9%, or 47 million yen year on year).

<IT Solutions Business>

Based on the technology developed for the Group, we are engaged in the sale of POS applications and other products that aim to solve issues from the user's point of view.

Net sales in the IT Solutions business segment amounted to 102 million yen (up 317.4%, or 77 million yen year on year), and segment profit amounted to 38 million yen (a segment loss of 1 million yen in the same period of previous fiscal year, an increase of 39 million yen year on year).

<Other Businesses>

The Group is engaged in the regional marketing business that utilizes the Hokkaido common point card "EZOCA", payment service business and the operation of programming schools for elementary and junior high school students, and information provision services for domestic and overseas companies looking for solutions to issues on the theme of retail and communities. As of the end of October 2021, the number of members of "EZOCA," Hokkaido's common point card, which is the Group's strength, surpassed 2 million. In the payment service business, cashless payment targeted at inbound customers was sluggish due to the disappearance of inbound demand, but domestic cashless payment expanded due to increased needs for contactless payment for infection prevention.

Net sales in other businesses segment amounted to 477 million yen (up 55.7%, or 170 million yen year on year), and segment profit amounted to 4 million yen (a segment loss of 18 million yen in the same period of the previous fiscal year, an increase of 22 million yen year on year).

(2) Explanation of financial position

Total assets at the end of the second quarter of the current consolidated fiscal year were 38,456 million yen, an increase by 156 million yen from the end of the previous consolidated fiscal year. This was mainly due to increases of 338 million yen in merchandise and 458 million yen in property, plant and equipment, despite a decrease of 651 million yen in accounts receivable-trade due to the last day of the previous consolidated fiscal year being a holiday for financial institutions.

Total liabilities were 29,739 million yen, an increase by 112 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 600 million yen in long-term borrowings, despite an increase of 3,100 million yen in short-term borrowings and a decrease of 3,704 million yen in accounts payable-trade, as the last day of the previous consolidated fiscal year was a holiday for financial institutions.

Total net assets were 8,716 million yen, an increase of 43 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 128 million yen in retained earnings due to dividends of surplus despite an increase of 177 million yen in retained earnings due to quarterly net profit attributable to owners of parent.

(3) Explanation of consolidated financial forecasts and other forward-looking statements

There are no changes to the forecast of consolidated financial results for the fiscal year ending May 15, 2022, from the forecast released on June 22, 2021.

2. Quarterly consolidated financial statements and notes**(1) Quarterly consolidated balance sheet**

(Millions of yen)

	As of May 15, 2021	As of November 15, 2021
Assets		
Current assets		
Cash and deposits	2,659	2,279
Accounts receivable-trade	2,768	2,116
Merchandise	10,407	10,746
Other	2,431	2,561
Total current assets	18,267	17,704
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,821	7,248
Land	4,013	3,869
Other, net	1,461	1,638
Total property, plant and equipment	12,296	12,755
Intangible assets	428	406
Investments and other assets		
Leasehold and guarantee deposits	5,958	6,056
Other	1,423	1,609
Allowance for doubtful accounts	△76	△76
Total investment and other assets	7,305	7,589
Total non-current assets	20,030	20,751
Deferred assets	1	-
Total assets	38,299	38,456

(Millions of yen)

	As of May 15, 2021	As of November 15, 2021
Liabilities		
Current liabilities		
Accounts payable-trade	11,634	7,929
Short-term borrowings	100	3,200
Current portion of long-term borrowings	375	652
Income taxes payable	227	125
Provision for bonuses	519	646
Other	3,760	3,543
Total current liabilities	16,617	16,097
Non-current liabilities		
Long-term borrowings	11,148	11,748
Retirement benefit liability	573	606
Asset retirement obligations	472	504
Other	814	782
Total non-current liabilities	13,009	13,642
Total liabilities	29,627	29,739
Net assets		
Shareholders' equity		
Share capital	1,000	1,000
Capital surplus	2,099	2,099
Retained earnings	5,873	5,921
Treasury shares	△306	△299
Total shareholders' equity	8,666	8,722
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4	4
Foreign currency translation adjustment	△42	△66
Remeasurements of defined benefit plans	△5	△3
Total accumulated other comprehensive income	△43	△66
Share acquisition rights	4	4
Non-controlling interests	44	55
Total net assets	8,672	8,716
Total liabilities and net assets	38,299	38,456

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

Consolidated cumulative second quarter

(Millions of yen)

	Six months ended November 15, 2020	Six months ended November 15, 2021
Net sales	42,571	41,865
Cost of sales	32,320	32,045
Gross profit	10,250	9,819
Selling, general and administrative expenses	9,989	9,553
Operating profit	261	266
Non-operating income		
Interest and dividend income	9	9
Gain on donation of non-current assets	17	18
Foreign exchange gains	11	25
Other	40	24
Total non-operating income	78	77
Non-operating expenses		
Interest expenses	31	36
Other	6	3
Total non-operating expenses	38	40
Ordinary profit	301	303
Extraordinary income		
Gain on sales of non-current assets	733	41
Total extraordinary income	733	41
Extraordinary losses		
Loss on store closings	110	5
Loss on retirement of non-current assets	55	7
Impairment losses	104	-
Total extraordinary losses	270	12
Quarterly profit before income taxes	764	331
Total income taxes	366	143
Quarterly profit	397	188
Quarterly profit attributable to non-controlling interests	0	10
Quarterly profit attributable to owners of parent	396	177

Quarterly consolidated statement of comprehensive income

Consolidated cumulative second quarter

(Millions of yen)

	Six months ended November 15, 2020	Six months ended November 15, 2021
Quarterly profit	397	188
Other comprehensive income		
Valuation difference on available-for-sale securities	1	△0
Foreign currency translation adjustment	△12	△23
Remeasurements of defined benefit plans	1	1
Total other comprehensive income	△9	△22
Quarterly comprehensive income	387	165
Comprehensive income attributable to:		
Comprehensive quarterly income attributable to owners of parent	387	154
Comprehensive quarterly income attributable to non-controlling interests	0	10

(3) Quarterly consolidated financial statements and notes

(Going concern assumption)

Not applicable.

(Notes in the event of any significant changes in the amount of shareholders' equity)

No applicable items.

(Application of special accounting methods in the preparation of the quarterly consolidated financial statement)

(Calculation of income tax expense)

Income tax expense is calculated by making a reasonable estimate of the effective tax rate after the application of tax effect accounting to the profit before income taxes for the consolidated fiscal year, including the current second quarter consolidated accounting period, and multiplying the quarterly net profit before income taxes by the relevant estimated effective tax rate.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020. Hereinafter, "Revenue Recognition Accounting Standard"), etc. has been applied by our Company from the beginning of the consolidated first quarter. Revenue is recognized at the point in time when control of the promised goods or services is transferred to the customer, in the amount estimated to be received in exchange for such goods or services. Traditionally, the amount equivalent to the points granted to customers at the time of sale of products based on the points program operated by other companies was treated as selling, general and administrative expenses. However, the method has been changed, and revenue is recognized on a net amount basis based on the judgment that such amount should be regarded as collected on behalf of third parties when calculating the transaction price.

The application of the Revenue Recognition Accounting Standard follows the transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. However, there is no impact on retained earnings at the beginning of the current consolidated first quarter.

As a result, net sales, gross profit, and selling, general and administrative expenses for the current consolidated cumulative second quarter decreased by 643 million yen, but there was no impact on operating profit, ordinary profit, and quarterly profit before income taxes. In accordance with the transitional treatment stipulated in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), the results do not include information that dissects revenue from contracts with customers for the previous consolidated cumulative second quarter.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019. Hereinafter, "Fair Value Measurement Accounting Standard") has been applied from the beginning of the current consolidated first quarter, and the new accounting policies stipulated by the Fair Value Measurement Accounting Standard, etc. will be applied prospectively following transitional treatment based on paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). Note that there was no impact on the quarterly consolidated financial statements.

(Additional information)

(Accounting estimates concerning the impact of the spread of the COVID-19 infection)

There have been no major changes to the assumptions, including those regarding the future spread of the COVID-19 infection

and the timing of its end, that were described in the Annual Securities Report (Significant Accounting Estimates) for the previous consolidated fiscal year.

(Segment information)

【Segment Information】

Previous consolidated cumulative first quarter (May 16, 2020 - November 15, 2020)

1. Information on the amount of net sales, profits or losses for each reportable segment.

(Millions of yen)

	Reportable Segment			Other (Note) 1	Total	Adjustments (Note)2	Amount shown in the quarterly consolidated statement of income (Note) 3
	Retail Business	IT Solutions Business	Total				
Net Sales							
External sales	42,410	20	42,430	140	42,571	-	42,571
Inter-segment sales and transfers	9	4	13	165	179	△179	-
Total	42,419	24	42,444	306	42,750	△179	42,571
Segment profit or loss	251	△1	250	△18	231	29	261

(Notes)

1. The “Other” category is a business segment that is not included in the reportable segments and includes the marketing business and the education business.
2. The adjustments include the elimination of reportable inter-segment profit and loss transactions and expenses related to the operation of the holding company.
3. Segment profit or loss is adjusted to be consistent with operating profit in the quarterly consolidated statement of income.

Current consolidated cumulative first quarter (May 16, 2021 - November 15, 2021)

1. Information on net sales and profits or losses for each reportable segment, and information on revenue breakdown

(Millions of yen)

	Reportable Segment			Other (Note) 1	Total	Adjustments (Note)2	Amount shown in the quarterly consolidated statement of income (Note) 3
	Retail Business	IT Solutions Business	Total				
Net sales							
Drugstore	38,819	—	38,819	—	38,819	—	38,819
Inbound	206	—	206	—	206	—	206
Pharmacies	1,841	—	1,841	—	1,841	—	1,841
Other	254	99	353	310	664	—	664
Revenue arising from contracts with customers	41,122	99	41,221	310	41,532	—	41,532
Other revenues	325	—	325	7	333	—	333
External sales	41,448	99	41,547	318	41,865	—	41,865
Inter-segment sales and transfers	26	2	29	158	188	△188	—
Total	41,474	102	41,576	477	42,053	△188	41,865
Segment profit	204	38	242	4	247	18	266

(Notes)

1. The “Other” category is a business segment that is not included in the reportable segments and includes the marketing business and the education business.
2. The adjustments include the elimination of reportable inter-segment profit and loss transactions and expenses related to the operation of the holding company.
3. Segment profit is adjusted to be consistent with operating profit in the quarterly consolidated statement of income.

2. Notes related to changes in reportable segments, etc.

As described in the changes in accounting policies, the Accounting Standard for Revenue Recognition, etc. has been applied from the beginning of the current consolidated first quarter, and since the accounting method for revenue recognition has been changed, the method for calculating business segment profit (loss) has been changed as well.

As a result of this change, net sales in the Retail Business segment for the current consolidated cumulative second quarter decreased by 643 million yen compared with the conventional method. There was no impact on segment profit.

(Important subsequent event)

(Stock split and partial amendments to the Articles of Incorporation in connection with the stock split)

At a meeting of the Board of Directors held on September 17, 2021, the Company resolved to conduct a stock split and partial amendments to the Articles of Incorporation in conjunction with the stock split.

1. Purpose of the stock split

In order to create an easy-to-invest environment, the amount per investment unit will be reduced to improve the liquidity of the shares and expand the investor base.

2. Overview of stock split

(1) Stock split method

The split will be recorded to have been conducted on Monday, November 15, 2021, at a ratio of three (3) shares per one (1) share of common shares held by shareholders registered or recorded in the final shareholders' register as of the record date.

(2) Number of shares to increase due to stock split

Total number of issued shares of the Company before the stock split	4,742,000 shares
Number of shares to increase due to this split	9,484,000 shares
Number of issued shares of the Company after the stock split	14,226,000 shares
Number of shares that can be issued after the stock split	56,904,000 shares

(3) Stock split schedule

Announcement of the reference date	Friday, October 29, 2021
Reference date	Monday, November 15, 2021
Effective date	Tuesday, November 16, 2021

3. Effects on the information about earning per share

The effect on the information per share is described in the relevant section.

4. Partial amendments to the Articles of Incorporation in connection with the stock split

(1) Reason for Amendment of the Articles of Incorporation

In accordance with this stock split, the Company will amend Article 6 (number of authorized shares) of the Company's Articles of Incorporation as of November 16, 2021 by resolution of the Board of Directors in compliance with the provisions of Article 184, Paragraph 2 of the Companies Act.

(2) Amendments to the Articles of Incorporation

The details of the amendments are as follows.

(Underlines indicate changes.)

Current Articles of Incorporation	After the change
Chapter 2: Shares (Total number of issuable shares) Article 6. The total number of issuable shares of the company is <u>18,968,000 shares</u>	Chapter 2: Shares (Total number of issuable shares) Article 6. The total number of issuable shares of the company is <u>56,904,000 shares</u>

(3) Schedule for Amendment of the Articles of Incorporation

Resolution by the Board of Directors to amend the Articles of Incorporation	Friday, September 17, 2021
Effective date of the amendment to the Articles of Incorporation	Tuesday, November 16, 2021

5. Other

(1) Changes in the amount of share capital

There will be no changes in the amount of share capital at the time of this stock split.

(2) Adjustment of share acquisition rights

In accordance with this stock split, the exercise price per share of share acquisition rights will be adjusted as follows starting on Tuesday, November 16, 2021.

	Exercise price before adjustment	Exercise price after adjustment
1 st Share acquisition rights	1,976 yen	659 yen