

Consolidated Financial Results for the Three Months Ended September 30, 2020 [Japanese GAAP]

November 09, 2020

Company name: ENVIPRO HOLDINGS Inc.

Stock exchange listing: Tokyo Stock Exchange

Code number: 5698

URL: <https://www.envipro.jp/>

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Scheduled date of filing quarterly securities report: November 13, 2020

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Three Months Ended September 30, 2020 (July 01, 2020 to September 30, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended September 30, 2020	7,439	(26.7)	129	(70.8)	216	(55.7)	139	(56.6)
September 30, 2019	10,147	22.8	441	135.0	489	74.8	321	75.8

(Note) Comprehensive income: Three months ended September 30, 2020: ¥ 130 million [(56.9)%]

Three months ended September 30, 2019: ¥ 303 million [45.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended September 30, 2020	9.49	9.09
September 30, 2019	21.98	21.02

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of September 30, 2020	25,875	11,996	44.9
June 30, 2020	25,913	12,012	45.0

(Reference) Equity: As of September 30, 2020: ¥ 11,630 million

As of June 30, 2020: ¥ 11,654 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2020	-	0.00	-	10.00	10.00
Fiscal year ending June 30, 2021					
Fiscal year ending June 30, 2021 (Forecast)		0.00	-	10.00	10.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2021(July 01, 2020 to June 30, 2021)

(% indicates changes from the previous corresponding period.)

	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
Full year	28,860	(14.8)	510	(35.5)	600	(35.8)	410	(31.9)	27.84

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the three months ended September 30, 2020

(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New 1 (Company name: NEWSCON Inc.)

Exclusion -

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: Yes

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

September 30, 2020: 15,051,227 shares

June 30, 2020: 15,051,227 shares

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

September 30, 2020: 329,326 shares

June 30, 2020: 329,326 shares

3) Average number of shares during the period:

Three months ended September 30, 2020: 14,721,901 shares

Three months ended September 30, 2019: 14,638,068 shares

* These consolidated financial results are outside the scope of audit by certified public accountants or audit firms

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

The financial results forecast and other forward-looking statements in this material are based on information currently available to the Company and certain assumptions deemed to be reasonable, and actual results may differ significantly due to various factors. Please see the “Overview of Business Results, etc.” from page 2 of the attached document of this material for the conditions for financial and other results, as well as important matters to be aware of when using the financial results forecast.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

In the Group's business areas during the three months ended September 30, 2020, amid an uncertain situation due to the prolonged COVID-19 pandemic, China, Vietnam and other countries were quick to recover, while domestic production in Japan bounced back to a certain extent, which in turn caused demand for steel to trend upward after having bottomed out. The result, reflecting the low market circulation of ferrous scrap together with the gap in supply and demand, was a ferrous scrap price (Tokyo Steel (Tahara) Tokkyu Grade Seaborne Price) trending upward, from ¥24,500 at the end of the previous fiscal year to ¥27,000 as of September 30, 2020. However, the average price during the three months was ¥23,225, a decline from ¥25,364 of the same period of the previous fiscal year. The prices of nonferrous metals also trended upward from the end of the previous fiscal year, although among copper and aluminum, our main nonferrous items, the average price of aluminum fell below that seen in the same period of the previous fiscal year.

The COVID-19 pandemic has brought about the stagnation of social and economic activities, and has even transformed working conditions, while also causing a severe situation within the Group's business environment. Seizing upon this aspect as an opportunity for a company to substantially transform itself, the Group will take steps toward change.

In the three months ended September 30, 2020, we have set forth "CASH IS KING," "Restructuring of work," and "Reaffirming the raison d'être" as our basic policy to address the COVID-19 crisis based on our mission statement "Contribute to create a sustainable society," and have proceeded with the reinforcement of our foundation.

As a result, for the three months ended September 30, 2020, net sales were ¥7,439 million (down 26.7% year on year), operating profit was ¥129 million (down 70.8% year on year), ordinary profit was ¥216 million (down 55.7% year on year), and profit attributable to owners of parent was ¥139 million (down 56.6% year on year).

Results by segment are as follows, with net sales shown as inter-segment sales or sales including transfers.

Summary of Business Results by Segment

<Net sales>

(Million yen)

	Three months ended September 30, 2019	Three months ended September 30, 2020	Increase/decrease ratio
Resource Circulation Business	2,831	2,829	(0.1)%
Global Resource Circulation Business	6,419	4,162	(35.2)%
Used-cars-related Business	1,760	1,194	(32.1)%
Others	81	94	16.9%
Adjustment	(944)	(842)	—
Total	10,147	7,439	(26.7)%

<Segment profit>

(Million yen)

	Three months ended September 30, 2019	Three months ended September 30, 2020	Increase/decrease ratio
Resource Circulation Business	191	204	7.1%
Global Resource Circulation Business	258	42	(83.6)%
Used-cars-related Business	40	19	(52.3)%
Others	16	31	85.5%
Adjustment	(18)	(81)	—
Total	489	216	(55.7)%

(Note) Segment profit is adjusted with ordinary profit in the quarterly consolidated statements of income.

1) Resource Circulation Business

The impending problem of final disposal sites that arose in the previous fiscal year on account of the return of waste to Japan eased owing to a decline in the volume of waste generated as a result of the COVID-19 pandemic, and at our processing sites as well, operations stabilized with no restrictions on acceptance with regard to waste processing. In addition, factors including the upward trend of metal scrap prices, the revisions to waste disposal fee we have pursued from the previous fiscal year that resulted in appropriate profit margins, and the streamlining of production processes have all led to an increase in profit. Meanwhile, although we incurred up-front expenses associated with the recycling equipment for our new lithium-ion rechargeable batteries business, we made progress with purchases from leading EV battery makers and in securing volume of waste to be disposed for waste disposal fee by making use of the processing permit acquired in July. We will continue to aggressively apply management resources to make these our next revenue streams.

As a result, net sales in the Resource Circulation Business segment were ¥2,829 million (down 0.1% year on year), while segment profit was ¥204 million (up 7.1% year on year).

2) Global Resource Circulation Business

Handling volume of aluminum and stainless steel scrap declined amid lower market circulation compared to the same period of the previous fiscal year in the nonferrous metals scrap business, although the reinforcement of sales capabilities for copper scrap as well as increased handling volume contributed to revenue. However, in the ferrous scrap business, the ongoing situation of high domestic purchase prices on account of surging ferrous scrap prices associated with the increase in domestic demand for steel has led to lower handling volume and consequently placed pressure on revenue. In addition, the dedicated aircraft of the Japanese government posted as one-time revenue in the same period of the previous fiscal year have had a significant impact, leading to a decline in both sales and profit. In our new biomass fuel business, we will continue to strengthen its structure to respond to market expansion.

As a result, net sales in the Global Resource Circulation Business segment were ¥4,162 million (down 35.2% year on year), while segment profit was ¥42 million (down 83.6% year on year).

3) Used-cars-related Business

A quick recovery from the sluggish previous fourth quarter lifted handling volume above initial expectations, despite a decline in demand for used cars in our major export destination countries, reflecting a continuing lockdown in certain areas of Chile and lackluster sales of used truck parts for South East Asia, which had been favorable in the same period of the previous fiscal year. In addition, we endeavored to reduce fixed costs by such measures as reviewing yard management cost, and also received government compensation for furloughed workers. However, we were unable to recover to the same level of the previous fiscal year and both sales and profit declined.

As a result, net sales in the Used-cars-related Business segment were ¥1,194 million (down 32.1% year on year), while segment profit was ¥19 million (down 52.3% year on year).

4) Others

The Environment Management Consulting Business experienced firm growth, and both sales and profit increased, owing to a steady stream of orders for CDP responses and evaluation improvement support, as well for Task Force on Climate-related Financial Disclosures (TCFD) response support, in addition to efforts made to facilitate a circular economy.

Concerning the Welfare Service Business for Persons with Disabilities, the usage rate at the Nagano area offices saw firm growth, while revenue in the Kanto area offices also exceeded that of the same period in the previous fiscal year, leading to increases in both sales and profit.

As a result, net sales in the Others segment were ¥94 million (up 16.9% year on year), while segment profit was ¥31 million (up 85.5% year on year).

(2) Explanation of Financial Position

Status of assets, liabilities, and net assets

Total assets at September 30, 2020 amounted to ¥25,875 million (down ¥37 million, or 0.1% from the end of the previous fiscal year). Current assets amounted to ¥16,490 million (down ¥38 million, or 0.2% from the end of the previous fiscal year). This was primarily due to increases of ¥320 million in other current assets and ¥91 million in merchandise and finished goods, despite a decrease of ¥552 million in cash and deposits. Non-current assets amounted to ¥9,384 million (up ¥0 million, or 0.0% from the end of the previous fiscal year). This was mainly due to a decrease of ¥33 million in buildings and structures, despite an increase of ¥51 million in investment securities.

Total liabilities at September 30, 2020 amounted to ¥13,878 million (down ¥21 million, or 0.2% from the end of the previous fiscal year). Current liabilities amounted to ¥7,655 million (up ¥155 million, or 2.1% from the end of the previous fiscal year). This was mainly due to increases of ¥110 million in short-term borrowings and ¥53 million in current portion of long-term borrowings. Non-current liabilities amounted to ¥6,223 million (down ¥177 million, or 2.8% from the end of the previous fiscal year). This was mainly due to an increase of ¥49 million in lease obligations, despite a decrease of ¥231 million in long-term borrowings.

Total net assets at September 30, 2020 amounted to ¥11,996 million (down ¥15 million, or 0.1% from the end of the previous fiscal year). This was mainly due to a decrease in retained earnings of ¥7 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

No changes have been made to the consolidated financial results forecast for the fiscal year ending June 30, 2021, announced in the Consolidated Financial Results dated August 12, 2020.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of June 30,2020	As of September 30,2020
Assets		
Current assets		
Cash and deposits	10,383,947	9,831,811
Notes and accounts receivable - trade	2,344,018	2,418,224
Merchandise and finished goods	2,615,544	2,706,696
Work in process	12,858	7,391
Raw materials and supplies	364,342	410,847
Other	861,513	1,181,680
Allowance for doubtful accounts	(52,447)	(65,839)
Total current assets	16,529,776	16,490,813
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,498,846	4,499,388
Accumulated depreciation	(2,609,911)	(2,643,689)
Buildings and structures, net	1,888,935	1,855,699
Machinery, equipment and vehicles	9,582,700	9,547,094
Accumulated depreciation	(7,532,687)	(7,488,265)
Machinery, equipment and vehicles, net	2,050,012	2,058,828
Land	2,517,061	2,517,061
Construction in progress	199,156	182,764
Other	439,486	440,069
Accumulated depreciation	(365,596)	(371,915)
Other, net	73,889	68,154
Total property, plant and equipment	6,729,056	6,682,508
Intangible assets		
Goodwill	9,686	6,457
Other	60,861	59,344
Total intangible assets	70,547	65,801
Investments and other assets		
Investment securities	2,289,265	2,340,984
Investments in capital	9,280	9,280
Deferred tax assets	193,568	196,927
Other	327,608	324,416
Allowance for doubtful accounts	(235,613)	(235,207)
Total investments and other assets	2,584,108	2,636,401
Total non-current assets	9,383,712	9,384,711
Total assets	25,913,489	25,875,525

	As of June 30,2020	As of September 30,2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,102,215	1,032,576
Short-term borrowings	3,540,000	3,650,000
Current portion of long-term borrowings	1,595,158	1,649,055
Lease obligations	53,722	66,526
Income taxes payable	251,302	81,278
Provision for bonuses	57,328	170,711
Other	900,074	1,005,488
Total current liabilities	7,499,801	7,655,635
Non-current liabilities		
Long-term borrowings	5,476,615	5,245,537
Lease obligations	147,382	197,367
Deferred tax liabilities for land revaluation	64,282	64,282
Retirement benefit liability	356,312	362,514
Asset retirement obligations	168,067	168,319
Other	188,363	185,193
Total non-current liabilities	6,401,022	6,223,213
Total liabilities	13,900,824	13,878,849
Net assets		
Shareholders' equity		
Share capital	1,524,830	1,524,830
Capital surplus	1,961,456	1,961,456
Retained earnings	8,309,117	8,301,547
Treasury shares	(217,853)	(217,853)
Total shareholders' equity	11,577,550	11,569,981
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	85,460	74,848
Revaluation reserve for land	8,633	8,633
Foreign currency translation adjustment	(16,819)	(22,669)
Total accumulated other comprehensive income	77,274	60,812
Share acquisition rights	326,064	326,324
Non-controlling interests	31,775	39,557
Total net assets	12,012,664	11,996,675
Total liabilities and net assets	25,913,489	25,875,525

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Thousand yen)

	For the three months ended September 30,2019	For the three months ended September 30,2020
Net sales	10,147,844	7,439,171
Cost of sales	8,187,117	5,894,662
Gross profit	1,960,726	1,544,509
Selling, general and administrative expenses	1,518,811	1,415,415
Operating profit	441,914	129,093
Non-operating income		
Interest income	2,253	612
Dividend income	2,160	18,971
Share of profit of entities accounted for using equity method	48,583	65,847
Rental income	7,890	6,177
Outsourcing service income	2,420	2,549
Other	7,250	8,661
Total non-operating income	70,558	102,819
Non-operating expenses		
Interest expenses	4,045	9,687
Commission expenses	1,776	306
Foreign exchange losses	15,918	2,086
Other	1,545	3,121
Total non-operating expenses	23,286	15,201
Ordinary profit	489,186	216,711
Extraordinary income		
Gain on sales of non-current assets	4,648	10,985
Compensation income	4,169	-
Total extraordinary income	8,817	10,985
Extraordinary losses		
Loss on retirement of non-current assets	1,256	2,200
Loss on sales of non-current assets	23	1,990
Loss on disaster	11,183	8,157
Total extraordinary losses	12,463	12,348
Profit before income taxes	485,541	215,348
Income taxes	163,476	67,917
Profit	322,064	147,431
Profit attributable to non-controlling interests	349	7,782
Profit attributable to owners of parent	321,715	139,649

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Thousand yen)

	For the three months ended September 30,2019	For the three months ended September 30,2020
Profit	322,064	147,431
Other comprehensive income		
Valuation difference on available-for-sale securities	(18,916)	(10,611)
Foreign currency translation adjustment	497	(5,849)
Total other comprehensive income	(18,419)	(16,461)
Comprehensive income	303,644	130,970
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	303,295	123,188
Comprehensive income attributable to non-controlling interests	349	7,782

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

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

There is no relevant information.

(Adoption of Special Accounting Methods for Preparing Quarterly Consolidated Financial Statements)

(Calculation of tax costs)

The tax costs of the Company and its consolidated subsidiaries were calculated by reasonably estimating an effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year including the three months ended September 30, 2020, and by multiplying profit before income taxes by the estimated effective tax rate.

(Changes in Accounting Policies)

(Change in the method of calculating tax costs)

The Company and its consolidated subsidiaries had previously used the principle method for calculating tax costs. However, in order to further streamline work involved in preparing the Group's quarterly financial results, the methodology used in this regard has been changed. Accordingly, commencing from the three months ended September 30, 2020, tax costs are calculated by reasonably estimating an effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year, and by multiplying profit before income taxes by the estimated effective tax rate.

As the effect of this change is immaterial, no retrospective application has been performed.

(Additional Information)

(Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system)

With regard to the transition to the group tax sharing system, which was instituted by the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 8 of 2020), and the items for which the non-consolidated taxation system has been reviewed in line with the transition to the group tax sharing system, in accordance with Paragraph 3 of the Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (Practical Issues Task Force No. 39, March 31, 2020), the Company and some of its domestic consolidated subsidiaries have applied the provisions of the pre-amendment tax law to deferred tax assets and liabilities, instead of the provisions of Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018).

(Accounting estimates regarding the spread of COVID-19)

In the three months ended September 30, 2020, there were no material changes to the assumptions used in the accounting estimates associated with the spread of COVID-19 stated in the annual securities report for the previous fiscal year.

(Segment Information)

I Three months ended September 30, 2019 (July 1, 2019 to September 30, 2019)

1. Information on net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Resource Circulation	Global Resource Circulation	Used-cars- related	Total				
Net sales								
Net sales to outside customers	1,940,204	6,375,583	1,757,276	10,073,064	74,779	10,147,844	—	10,147,844
Inter-segment sales or transfers	891,533	43,594	3,234	938,362	6,460	944,822	(944,822)	—
Total	2,831,738	6,419,177	1,760,510	11,011,426	81,239	11,092,666	(944,822)	10,147,844
Segment profit	191,157	258,838	40,993	490,989	16,783	507,772	(18,585)	489,186

(Notes) 1. The “Others” business segment, which is not included in the reportable segments, includes the Environment Management Consulting Business and the Welfare Service Business for Persons with Disabilities.

2. Figures are adjusted as follows:

The adjustment for segment profit of negative ¥18,585 thousand is corporate expenses not allocated to each reportable segment. Corporate expenses primarily consist of general and administrative expenses that are not attributed to each reportable segment.

3. Segment profit is adjusted with ordinary profit in the quarterly consolidated statements of income.

2. Information about impairment loss on non-current assets, goodwill, etc. by reportable segment

(Significant impairment loss on non-current assets)

There is no relevant information.

(Significant changes in the amount of goodwill)

There is no relevant information.

(Significant gain on bargain purchase)

There is no relevant information.

II Three months ended September 30, 2020 (July 1, 2020 to September 30, 2020)

1. Information on net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Resource Circulation	Global Resource Circulation	Used-cars- related	Total				
Net sales								
Net sales to outside customers	2,013,299	4,141,968	1,192,264	7,347,532	91,639	7,439,171	–	7,439,171
Inter-segment sales or transfers	816,543	20,187	2,320	839,051	3,359	842,411	(842,411)	–
Total	2,829,842	4,162,156	1,194,584	8,186,583	94,999	8,281,582	(842,411)	7,439,171
Segment profit	204,770	42,371	19,571	266,713	31,129	297,842	(81,130)	216,711

(Notes) 1. The “Others” business segment, which is not included in the reportable segments, includes the Environment Management Consulting Business and the Welfare Service Business for Persons with Disabilities.

2. Figures are adjusted as follows:

The adjustment for segment profit of negative ¥81,130 thousand is corporate expenses not allocated to each reportable segment. Corporate expenses primarily consist of general and administrative expenses that are not attributed to each reportable segment.

3. Segment profit is adjusted with ordinary profit in the quarterly consolidated statements of income.

2. Information about impairment loss on non-current assets and goodwill, etc. by reportable segment

(Significant impairment loss on non-current assets)

There is no relevant information.

(Significant changes in the amount of goodwill)

There is no relevant information.

(Significant gain on bargain purchase)

There is no relevant information.

(Business Combinations, etc.)

Transactions under common control, etc.

1. Outline of transaction

(1) Name and description of applicable business

Name of business: Global Resource Circulation Business of ECONECOL Inc., a consolidated subsidiary of the Company

Description of business: Export and import, etc. of recycled resources

(2) Date of business combination

July 1, 2020

(3) Legal form of business combination

Absorption-type demerger with ECONECOL Inc., a wholly-owned subsidiary of the Company, as the divesting entity, and NEWSCON Inc., a wholly-owned subsidiary of the Company, as the successor entity

(4) Name of combined company

NEWSCON Inc. (consolidated subsidiary of the Company)

(5) Other matters concerning outline of transaction

The transaction is aimed at building management structures specific to each business, enabling swift and accurate decision-making, and developing and strengthening the management foundation in order to further accelerate the Group's overseas strategy.

2. Outline of transaction

This transaction is accounted for as a transaction under common control in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

(Significant Subsequent Events)

(Disposal of treasury shares as restricted stock compensation)

The Company resolved at the Board of Directors meeting held on September 29, 2020 to dispose of treasury shares as restricted stock compensation, and completed payment on October 28, 2020. The details are as follows.

1. Purpose and reason for the disposal

The Company resolved at the Board of Directors meeting held on September 11, 2018 to introduce a restricted stock compensation plan (hereinafter referred to as “the Plan”) for Directors, employees (Advisors and Executive Officers) of the Company, and Directors and Auditors of the Company’s subsidiaries (hereinafter referred to as “Eligible Persons”), with the purposes of imparting an incentive to contribute to the enhancement of corporate value and sharing in the interests of shareholders of the Company, through holding restricted stock. Based on the Plan, the Company resolved at the Board of Directors meeting held on September 29, 2020 to grant monetary compensation receivables to Eligible Persons, which newly includes Counselors, the entire sum of which the Eligible Persons then make in-kind contribution of, and in turn receive an allocation of common shares through the disposal of treasury shares by the Company.

2. Summary of the disposal

(1)	Date of disposal	October 28, 2020
(2)	Type and number of shares subject to disposal	36,012 common shares of the Company
(3)	Disposal value	¥600 per share
(4)	Total amount of the disposal	¥21,607,200
(5)	Subject persons of the allocation, the number of subject persons, and the number of shares to be allocated	Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) 8 persons: 13,317 shares Directors who are Audit and Supervisory Committee Members 3 persons: 2,300 shares Employees of the Company (Counselors and Executive Officers) 5 persons: 6,564 shares Directors and Auditors of the Company’s subsidiaries 13 persons: 13,831 shares