



## 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, 2023	-	0.00	-	14.00	14.00
Fiscal year ending June 30, 2024	-				
Fiscal year ending June 30, 2024 (Forecast)		0.00	-	16.00	16.00

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

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2024 (July 1, 2023 to June 30, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	58,000	17.9	1,800	16.7	2,250	18.3	1,670	35.1	55.31

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

### \* Notes:

#### (1) Changes in significant subsidiaries during the three months ended September 30, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: )

Exclusion: - (Company name: )

#### (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: No

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, 2023: 30,153,872 Shares

June 30, 2023: 30,102,454 Shares

##### 2) Number of treasury shares at the end of the period:

September 30, 2023: - Shares

June 30, 2023: 399,470 Shares

##### 3) Average number of shares outstanding during the period:

Three months ended September 30, 2023: 29,758,840 Shares

Three months ended September 30, 2022: 29,660,106 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 “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” from page 4 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, 2023, crude steel production volume worldwide increased due to recovering demand for steel products in some regions, despite continued uncertainties resulting from the prolonged stagnation of the Chinese real estate market, emergence of geopolitical risks around the world, and soaring energy prices etc. While the volume of ferrous scrap generated in Japan remained low, the competitiveness of Japanese ferrous scrap increased in the export market, with the yen's depreciation lowering dollar-denominated ferrous scrap prices.

Under such circumstances, the average ferrous scrap price (Tokyo Steel (Tahara) Tokkyu Grade Seaborne Price) was on an upward trend from the beginning of the fiscal year under review. The average price for the three months ended September 30, 2023 was ¥49,559 per ton, trending upward from ¥46,532 of the same period of the previous fiscal year.

In addition, with regard to the main materials for lithium-ion batteries, the average prices of cobalt, nickel, and lithium were lower than in the same period of the previous fiscal year, although the average price of copper rose year on year.

Amid this environment, in the three months ended September 30, 2023, the Company propelled its business to realize a large number of concrete cases of the circular economy ahead of other companies, with a strategy concept of "Lead a circular economy (CE)" and two sub-concepts of "CE supporting manufacturing" and "CE supporting local communities." In addition to actively investing in human capital, facilities, etc. and promoting safe management, etc., the Company will push ahead with portfolio restructuring by withdrawing from unprofitable businesses and expanding new businesses.

As a result, for the three months ended September 30, 2023, net sales were ¥12,812 million (up 14.7% year on year), operating profit was ¥412 million (up 6.3% year on year), ordinary profit was ¥523 million (down 8.0% year on year), and profit attributable to owners of parent was ¥359 million (down 3.7% 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, 2022	Three months ended September 30, 2023	Increase/decrease ratio
Resource Circulation Business	4,179	4,916	17.6%
Global Trading Business	7,872	8,709	10.6%
Lithium-ion Battery Recycling Business	326	356	9.1%
Others	135	157	16.4%
Adjustment	(1,340)	(1,326)	—
Total	11,174	12,812	14.7%

<Segment profit>

(Million yen)

	Three months ended September 30, 2022	Three months ended September 30, 2023	Increase/decrease ratio
Resource Circulation Business	364	391	7.4%
Global Trading Business	156	124	(20.6)%
Lithium-ion Battery Recycling Business	104	81	(22.2)%
Others	50	66	30.9%
Adjustment	(107)	(140)	—
Total	569	523	(8.0)%

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

### 1) Resource Circulation Business

Handling volume fell below that seen in the same period of the previous fiscal year, under an environment where the number of scrapped vehicles generated remained low, production in the domestic manufacturing industry saw a sluggish recovery, and volume of metal scrap generated stagnated. Meanwhile, cleaning and dismantling work, as well as collection of gold, silver & copper sediment sludge from waste incineration ash, contributed to revenue.

As a result, net sales in the Resource Circulation Business segment were ¥4,916 million (up 17.6% year on year), while segment profit was ¥391 million (up 7.4% year on year).

### 2) Global Trading Business

Handling volume increased in the transactions of recycled resources, as the global sales environment moderately recovered, although the metal scrap purchasing conditions remained sluggish. However, profit decreased because it was difficult to secure a profit margin amid market prices that are bullish in Japan and bearish overseas with the added impact of the foreign exchange market. In logistics agency services, handling volume increased as the shipping environment improved owing to the fall in ocean freight rates for containers, etc.

As a result, net sales in the Global Trading Business segment were ¥8,709 million (up 10.6% year on year), while segment profit was ¥124 million (down 20.6% year on year).

NEWSCON Netherlands opened in July 2023. We will continue to aim for expansion of business areas.

### 3) Lithium-ion Battery Recycling Business

Handling volume increased amid continued strong demand for materials for batteries. Meanwhile, market prices remained low compared with the same period of the previous fiscal year. This is attributable to easing demand and supply for minor metals, which are materials for batteries.

As a result, net sales in the Lithium-ion Battery Recycling Business segment were ¥356 million (up 9.1% year on year), while segment profit was ¥81 million (down 22.2% year on year).

We will proceed with the preparation to start operations of the Ibaraki Plant scheduled in June 2024.

### 4) Others

In the Environment Management Consulting Business, the Company boosted investment in human capital as it pushed ahead with new initiatives, such as TNFD response support, consulting services related to circular economy, and CO<sub>2</sub> calculation system development. Meanwhile, increased demand for CDP scoring services contributed to revenue.

Concerning the Welfare Service Business for People with Disabilities, the number of new users, as well as cumulative total number of users, increased mainly in Type B Continuous Employment Support, owing to an increased level of recognition. Furthermore, the unit price for compensation rose in Employment Transfer Support.

As a result, net sales in the Others segment were ¥157 million (up 16.4% year on year), while segment profit was ¥66 million (up 30.9% year on year).

## (2) Explanation of Financial Position

### Status of assets, liabilities, and net assets

Total assets at September 30, 2023 amounted to ¥33,571 million (down ¥115 million, or 0.3% from the end of the previous fiscal year). Current assets amounted to ¥18,724 million (down ¥364 million, or 1.9% from the end of the previous fiscal year). This was primarily due to decreases of ¥724 million in other current assets, ¥563 million in cash and deposits, despite increases of ¥473 million in Notes and accounts receivable – trade and ¥391 million in merchandise and finished goods. Non-current assets amounted to ¥14,847 million (up ¥248 million, or 1.7% from the end of the previous fiscal year). This was mainly due to increases of ¥441 million in machinery, equipment and vehicles and ¥140 million in investment securities, despite a decrease of ¥292 million in construction in progress.

Total liabilities at September 30, 2023 amounted to ¥16,763 million (down ¥97 million, or 0.6% from the end of the previous fiscal year). Current liabilities amounted to ¥10,530 million (up ¥115 million, or 1.1% from the

end of the previous fiscal year). This was mainly due to increases of ¥458 million in notes and accounts payable – trade and ¥178 million in provision for bonuses, despite a decrease of ¥472 million in other current liabilities. Non-current liabilities amounted to ¥6,232 million (down ¥213 million, or 3.3% from the end of the previous fiscal year). This was mainly due to decreases of ¥195 million in long-term borrowings and ¥17 million in lease liabilities.

Total net assets at September 30, 2023 amounted to ¥16,807 million (down ¥17 million, or 0.1% from the end of the previous fiscal year). This was mainly due to decreases of ¥112 million in non-controlling interests and ¥56 million in retained earnings, despite an increase of ¥131 million resulting from the disposal of treasury shares.

### (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, 2024 announced in the Consolidated Financial Results dated August 10, 2023.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of June 30, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	7,390,449	6,827,348
Notes and accounts receivable - trade	4,761,700	5,234,712
Merchandise and finished goods	3,857,343	4,248,954
Work in process	81,724	98,528
Raw materials and supplies	630,437	669,093
Other	2,377,737	1,652,744
Allowance for doubtful accounts	(11,175)	(7,319)
Total current assets	19,088,218	18,724,063
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,674,502	8,706,727
Accumulated depreciation	(5,204,026)	(5,279,482)
Buildings and structures, net	3,470,476	3,427,244
Machinery, equipment and vehicles	15,113,483	15,700,469
Accumulated depreciation	(12,359,773)	(12,505,751)
Machinery, equipment and vehicles, net	2,753,709	3,194,717
Land	3,839,023	3,841,021
Construction in progress	622,877	330,601
Other	978,459	967,626
Accumulated depreciation	(819,738)	(815,082)
Other, net	158,721	152,544
Total property, plant and equipment	10,844,809	10,946,129
Intangible assets		
Goodwill	26,729	25,927
Other	122,223	130,616
Total intangible assets	148,952	156,543
Investments and other assets		
Investment securities	3,172,757	3,312,885
Investments in capital	17,224	17,324
Deferred tax assets	332,771	332,969
Other	288,418	285,845
Allowance for doubtful accounts	(206,166)	(204,293)
Total investments and other assets	3,605,005	3,744,730
Total non-current assets	14,598,767	14,847,403
Total assets	33,686,985	33,571,466

(Thousands of yen)

	As of June 30, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,816,158	3,274,431
Short-term borrowings	4,230,000	4,160,000
Current portion of long-term borrowings	967,280	963,973
Lease liabilities	93,655	88,644
Income taxes payable	149,139	179,310
Provision for bonuses	108,123	286,364
Other	2,050,985	1,578,240
Total current liabilities	10,415,342	10,530,963
Non-current liabilities		
Long-term borrowings	4,822,781	4,626,890
Lease liabilities	213,549	195,913
Deferred tax liabilities for land revaluation	64,022	64,022
Retirement benefit liability	950,773	949,614
Asset retirement obligations	198,579	198,687
Other	196,431	197,443
Total non-current liabilities	6,446,137	6,232,571
Total liabilities	16,861,480	16,763,535
Net assets		
Shareholders' equity		
Share capital	1,524,830	1,535,811
Capital surplus	1,982,822	1,977,984
Retained earnings	12,889,079	12,832,988
Treasury shares	(131,732)	-
Total shareholders' equity	16,264,999	16,346,785
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,218	28,849
Revaluation reserve for land	8,598	8,598
Foreign currency translation adjustment	94,228	103,313
Total accumulated other comprehensive income	121,045	140,761
Share acquisition rights	326,584	320,384
Non-controlling interests	112,875	-
Total net assets	16,825,505	16,807,931
Total liabilities and net assets	33,686,985	33,571,466



## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

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

(Thousands of yen)

	For the three months ended September 30, 2022	For the three months ended September 30, 2023
Net sales	11,174,033	12,812,581
Cost of sales	9,048,975	10,690,043
Gross profit	2,125,057	2,122,537
Selling, general and administrative expenses	1,736,535	1,709,709
Operating profit	388,521	412,827
Non-operating income		
Interest income	497	306
Share of profit of entities accounted for using equity method	92,710	128,683
Foreign exchange gains	92,719	-
Rental income	7,277	12,180
Outsourcing service income	2,056	1,556
Other	17,316	14,853
Total non-operating income	212,578	157,579
Non-operating expenses		
Interest expenses	6,214	9,502
Commission expenses	913	2,557
Foreign exchange losses	-	15,167
Provision of allowance for doubtful accounts	22,559	-
Depreciation	1,057	15,260
Other	1,020	4,182
Total non-operating expenses	31,764	46,671
Ordinary profit	569,335	523,736
Extraordinary income		
Gain on sale of non-current assets	12,853	8,959
Total extraordinary income	12,853	8,959
Extraordinary losses		
Loss on retirement of non-current assets	30	815
Loss on sale of non-current assets	0	-
Total extraordinary losses	30	815
Profit before income taxes	582,158	531,879
Income taxes	192,752	153,351
Profit	389,405	378,527
Profit attributable to non-controlling interests	15,664	18,776
Profit attributable to owners of parent	373,741	359,751

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

(Thousands of yen)

	For the three months ended September 30, 2022	For the three months ended September 30, 2023
Profit	389,405	378,527
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,664)	10,295
Foreign currency translation adjustment	20,274	9,084
Total other comprehensive income	18,609	19,380
Comprehensive income	408,015	397,908
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	392,350	379,131
Comprehensive income attributable to non-controlling interests	15,664	18,776

(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)

Tax costs 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, 2023, and by multiplying profit before income taxes by the estimated effective tax rate.

(Segment Information)  
(Segment information)

I Three months ended September 30, 2022 (July 1, 2022 to September 30, 2022)

1. Information on net sales and profit (loss) and information on disaggregation of revenue 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 Trading	Lithium- ion Battery Recycling	Total				
Net sales								
Ferrous scrap	883,106	5,163,335	—	6,046,441	—	6,046,441	—	6,046,441
Nonferrous scrap	770,330	749,076	—	1,519,406	—	1,519,406	—	1,519,406
Rubber products	497,149	—	—	497,149	—	497,149	—	497,149
Used car	—	1,718,268	—	1,718,268	—	1,718,268	—	1,718,268
Related LIB	—	—	261,915	261,915	—	261,915	—	261,915
Others	806,639	195,231	—	1,001,871	128,980	1,130,851	—	1,130,851
Revenue from contracts with customers	2,957,225	7,825,911	261,915	11,045,052	128,980	11,174,033	—	11,174,033
Net sales to outside customers	2,957,225	7,825,911	261,915	11,045,052	128,980	11,174,033	—	11,174,033
Inter-segment sales or transfers	1,222,469	46,994	65,022	1,334,486	6,069	1,340,556	(1,340,556)	—
Total	4,179,694	7,872,906	326,938	12,379,539	135,050	12,514,589	(1,340,556)	11,174,033
Segment profit	364,523	156,978	104,674	626,176	50,931	677,107	(107,771)	569,335

(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 People with Disabilities.

2. Figures are adjusted as follows:

The adjustment for segment profit of negative ¥107,771 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.

II Three months ended September 30, 2023 (July 1, 2023 to September 30, 2023)

1. Information on net sales and profit (loss) and information on disaggregation of revenue 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 Trading	Lithium- ion Battery Recycling	Total				
Net sales								
Ferrous scrap	679,714	6,313,753	—	6,993,468	—	6,993,468	—	6,993,468
Nonferrous scrap	875,167	818,543	—	1,693,711	—	1,693,711	—	1,693,711
Rubber products	1,358,027	16,050	—	1,374,077	—	1,374,077	—	1,374,077
Used car	—	1,188,274	—	1,188,274	—	1,188,274	—	1,188,274
Related LIB	—	—	287,218	287,218	—	287,218	—	287,218
Others	851,212	280,089	—	1,131,301	144,529	1,275,830	—	1,275,830
Revenue from contracts with customers	3,764,121	8,616,711	287,218	12,668,051	144,529	12,812,581	—	12,812,581
Net sales to outside customers	3,764,121	8,616,711	287,218	12,668,051	144,529	12,812,581	—	12,812,581
Inter-segment sales or transfers	1,152,129	92,575	69,568	1,314,273	12,643	1,326,917	(1,326,917)	—
Total	4,916,251	8,709,286	356,787	13,982,325	157,173	14,139,498	(1,326,917)	12,812,581
Segment profit	391,623	124,585	81,450	597,659	66,652	664,312	(140,576)	523,736

(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 People with Disabilities.

2. Figures are adjusted as follows:

The adjustment for segment profit of negative ¥140,576 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.

(Acquisition of Full Ownership through Simplified Share Exchange)

Based on a resolution passed at its Board of Directors meeting held on August 10, 2023, the Company conducted a share exchange where, effective September 19, 2023, it became the wholly owning parent company in share exchange and BRIGHT INNOVATION Co., Ltd. (hereinafter “Bright Innovation”) became the wholly owned subsidiary in share exchange (hereinafter referred to as the “Share Exchange”).

### 1. Overview of the Transaction

#### (1) Name of constituent enterprise and description of business

Acquired company	BRIGHT INNOVATION Co., Ltd.
Description of business	Consulting firm specialized in the fields of environment management and sustainability management

#### (2) Date of business combination

September 19, 2023

#### (3) Legal form of business combination

Share exchange with consideration of the common share of the Company

#### (4) Name after business combination

No change

#### (5) Other matters related to overview of transaction

As the simplified share exchange procedure based on the main clause of Article 796, paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended) was used for the Share Exchange, the Company did not need to obtain the approval of the General Meeting of Shareholders. BRIGHT INNOVATION Co., Ltd. obtained the approval for the share exchange agreement at its Annual General Meeting of Shareholders held on September 15, 2023. As a result, the transaction took effect on September 19, 2023.

The purpose of making Bright Innovation into a wholly owned subsidiary is to increase the mobility and flexibility of group management and to establish a more efficient consolidated management structure.

### 2. Overview of the Accounting Treatment Applied

The Share Exchange was treated as a transaction with non-controlling interest among transactions under common control, etc., set forth in the Accounting Standard for Business Combinations (ASBJ Statement No.21, January 16, 2019) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10, January 16, 2019).

### 3. Matters Related to Acquisition of Additional Shares of Subsidiary

#### (1) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	Common share of the Company	¥ 273,208 thousand
Acquisition cost		¥ 273,208 thousand

#### (2) Exchange ratio of by type of share, calculation method of exchange ratio, and number of shares issued

##### 1) Exchange ratio by type of share

The Company allotted 4,356 shares of its common share for each share of Bright Innovation’s share.

##### 2) Calculation method of exchange ratio

The Company and Bright Innovation took into account the calculated exchange ratio they each received from a third-party organization, advice from their respective legal advisers, and other factors,

and made careful consideration based mainly on the results of due diligence they conducted against each other. Giving comprehensive consideration to the other party's financial position, performance trends, and share price trends, as well as to other aspects, the two companies engaged in a series of careful negotiations and discussions on the share exchange ratio. They finally came to judge that the above exchange ratio is appropriate, and agreed on and determined the ratio.

3) Number of shares issued

426,888 shares

(Significant Subsequent Events)

(Issuance of new shares as restricted stock compensation)

The Company resolved at the Board of Directors meeting held on September 27, 2023 to issue new shares as restricted stock compensation, and completed payment from eligible persons on October 26, 2023. The details are as follows.

1. Purpose and reason for the issuance

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, Executive Officers and Advisors 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 enhance corporate value and sharing in the interests of shareholders of the Company. Also, at the Board of Directors meeting held on September 29, 2020, Counselors of the Company were added to the Eligible Persons.

Based on the Plan, the Company resolved at the Board of Directors meeting held on September 27, 2023 to grant monetary compensation receivables to Eligible Persons, 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 issuance of new shares by the Company.

2. Summary of the issuance

(1)	Date of issuance	October 26, 2023
(2)	Type and number of shares subject to issuance	40,384 common shares of the Company
(3)	Issuance value	¥683 per share
(4)	Total amount of the issuance	¥27,582,272
(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: 14,811 shares  Directors who are Audit and Supervisory Committee Members 3 persons: 3,106 shares  Employees of the Company (Counselors and Executive Officers) 5 persons: 6,732 shares  Directors of the Company’s subsidiaries 16 persons: 15,735 shares