

Consolidated Financial Statements for the Third Quarter Ended December 31, 2019 FY2020 (April 1, 2019 - March 31, 2020) [UNAUDITED]

Company name: Takara Holdings Inc.
 Stock exchange listings: Tokyo Stock Exchange (1st section)
 Code number: 2531
 URL: <https://www.takara.co.jp/>
 Company representative: Mutsumi Kimura, President
 Contact: Takuya Kakemi, General Manager of Investor Relations Dept.
 TEL: (075)241-5124
 Quarterly statement filing date (as planned): February 14, 2020

- Notes: 1. The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.
 2. Amounts are rounded down to the nearest million yen.

1. Results for the nine months ended December 31, 2019 (April 1, 2019 - December 31, 2019)

(1) Consolidated Operating results

Note: Percentages indicated changes from the same period of the previous fiscal year.

	Nine months ended December 31, 2019		Nine months ended December 31, 2018	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	212,172	0.7	210,622	3.1
Operating income (loss)	12,836	(14.5)	15,015	10.4
Ordinary income (loss)	13,290	(13.8)	15,420	10.3
Net income (loss) attributable to owners of the parent	8,300	(7.3)	8,952	(13.9)
Net income (loss) per share (Yen)	41.61		44.85	
Fully diluted net income per share (Yen)	-		-	
Note: Comprehensive income (loss)	6,406	(5.9)	6,807	(54.2)

(2) Consolidated Financial position

	As of December 31, 2019	As of March 31, 2019
	(Millions of yen)	(Millions of yen)
Total assets	287,676	287,106
Net assets	180,804	179,795
Equity ratio (%)	51.8	51.6
(Reference) Equity	149,065	148,197

2. Dividends

	Dividend per share (Yen)		
	Year ended March 31, 2019	Year ending March 31, 2020	Year ending March 31, 2020 (Forecast)
First quarter end	-	-	
Second quarter end	-	-	
Third quarter end	-	-	
Year end	18.00		20.00
Annual	18.00		20.00

Note: Correction of dividend forecast from the most recent dividend forecast : No

3. Forecast for the year ending March 31, 2020 (April 1, 2019 - March 31, 2020)

Note: Percentages indicated changes from the same period of the previous fiscal year.

	Year ending March 31, 2020	
	(Millions of yen)	(%)
Net sales	280,000	0.9
Operating income (loss)	15,300	(14.1)
Ordinary income (loss)	15,700	(14.5)
Net income (loss) attributable to owners of the parent	8,600	(17.4)
Net income per share (Yen)	43.20	

Note: Correction of financial forecast from the most recent financial forecast : Yes

4. Others

- (1) Material changes in subsidiaries during this period
(Changes in specified subsidiaries that caused a change in the scope of consolidation): No
- (2) Accounting procedures specific to quarterly consolidated financial statements: No
- (3) Changes in accounting policies, accounting estimates and retrospective restatement
 - 1) Changes based on revisions of accounting standard: Yes
 - 2) Changes other than ones based on revisions of accounting standard: No
 - 3) Changes in accounting estimates: No
 - 4) Restatement: No
- (4) Number of outstanding shares (common stock)
 - 1) Number of outstanding shares at the end of each period (Treasury stocks are included):

As of December 31, 2019	201,699,743 shares
As of March 31, 2019	201,699,743 shares
 - 2) Number of treasury stocks at the end of each period:

As of December 31, 2019	3,577,758 shares
As of March 31, 2019	2,069,706 shares
 - 3) Average number of outstanding shares in each period:

Nine months ended December 31, 2019	199,495,658 shares
Nine months ended December 31, 2018	199,630,283 shares

Contents of the attached document

1. Qualitative Information for the Nine Months Ended December 31, 2019.....	2
(1) Consolidated Financial Results.....	2
(2) Consolidated Financial Position.....	3
(3) Qualitative Information Regarding Consolidated Forecasts.....	4
2. Consolidated Financial Statements and Important Notes.....	5
(1) Consolidated Balance Sheets.....	5
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	7
(Consolidated Statements of Income).....	7
(For the Nine Months Ended December 31, 2019 and 2018)	
(Consolidated Statements of Comprehensive Income).....	8
(For the Nine Months Ended December 31, 2019 and 2018)	
(3) Notes on Consolidated Financial Statements	9
(Notes on Premise of Going Concern)	9
(Notes on Material Changes in Shareholders' Equity)	9
(Changes in Accounting Policies)	9
(Segment Information)	9
(Significant Subsequent Events).....	10

○Supplement for the Consolidated Financial Statements

1. Qualitative Information for the Nine Months Ended December 31, 2019

(1) Consolidated Financial Results

In the nine months ended December 31, 2019, although some weakness persisted, primarily for exports, the Japanese economy maintained a moderate recovery backed by continued improvements in the employment and income environment. While the moderate recovery overall is expected to continue overseas, the global economic outlook remains uncertain, mainly due to such factors as the developments around trade issues, the impact of the U.K. withdrawal from the EU, and the slowdown in the Chinese economy.

Under these economic circumstances, under the Takara Group Medium-Term Management Plan FY2020, which is the last step towards achieving its long-term Takara Group Vision 2020, the Company is aiming to build up a great number of fields in which it can beat competitors and establish a balanced business foundation able to grow revenues significantly, no matter what environmental changes occur, by further increasing the overseas sales ratio together with having a full product line-up and many products with a competitive edge, both in Japan and overseas.

As a result, in the nine months ended December 31, 2019, net sales were up 0.7% year on year to ¥212,172 million. Gross profit fell 1.1% year on year to ¥82,004 million. Operating income decreased by 14.5% year on year to ¥12,836 million while ordinary income fell 13.8% year on year to ¥13,290 million. Net income attributable to owners of the parent decreased by 7.3% year on year to ¥8,300 million.

Results by business segment were as follows.

[Takara Shuzo]

For alcoholic beverages, in the nine months ended December 31, 2019, while sales of light-alcohol refreshers remained robust, sales of shochu and sake fell, and sales of alcoholic beverages overall declined.

In the seasonings, sales increased as sales of mirin and cooking sake grew. Sales of raw alcohol and other products were up as sales of raw alcohol for alcoholic beverages remained strong.

As a result, net sales for the Takara Shuzo Group fell 0.1% year on year to ¥118,897 million. Cost of sales increased by 0.9% year on year to ¥71,578 million. Consequently, gross profit fell 1.6% year on year to ¥47,318 million. SG&A expenses were up by 2.3% year on year to ¥42,334 million, due to increases in promotion expenses and other expenses. Accordingly, the Takara Shuzo Group recorded operating income down 25.4% year on year to ¥4,983 million.

[Takara Shuzo International Group]

In the nine months ended December 31, 2019, sales for the Japanese Food Wholesale Business in overseas markets remained robust for Mutual Trading Co., Inc. (U.S.) and other companies. Sales of products such as whiskey also increased in the Overseas Alcoholic Beverage Business. As a result, net sales for the Takara Shuzo International Group increased by 6.4% to ¥60,461 million.

Cost of sales increased by 7.5% year on year to ¥43,194 million. Consequently, gross profit rose by 3.7% year on year to ¥17,266 million. SG&A expenses were up by 11.5% year on year to ¥14,953 million due mainly to increases in personnel and transportation expenses. Accordingly, the Takara Shuzo International Group recorded operating income down 28.4% to ¥2,313 million.

[Takara Bio Group]

Net sales for the nine months ended December 31, 2019 were down by 5.1% year on year to ¥24,558 million due to a decrease in sales of scientific instruments and the impact from the transfer of both the functional food and the mushroom businesses during the previous fiscal year although sales of mainstay research reagents and contract research services increased. Cost of sales fell 10.8% year on year to ¥9,767 million, due to a lower cost rate with changes in the structure of sales for each product, and gross profit decreased 1.0% year on year to ¥14,791 million.

SG&A expenses decreased by 5.2% year on year to ¥10,911 million due to a decrease in research and development expenses and other factors. Accordingly, operating income increased by 13.0% year on year to ¥3,879 million.

[Other]

Net sales of the Other segment for the nine months ended December 31, 2019 declined 3.7% to ¥24,644 million as Takara Healthcare Inc. was excluded from the scope of consolidation during the previous fiscal year accompanying the sale of shares in that company although sales in the logistics business and other businesses increased.

Cost of sales declined by 1.1% year on year to ¥21,393 million. Consequently, gross profit decreased by 18.1% year on year to ¥3,251 million. SG&A expenses fell by 33.8% year on year to ¥1,535 million due mainly to decreases in personnel and advertisement expenses. As a result, operating income increased by 3.9% year on year to ¥1,716 million.

Breakdown of sales results by product category

Segment	Equivalent Period of Previous Fiscal Year (From April 1, 2018, to December 31, 2018)	Period under Review (From April 1, 2019, to December 31, 2019)	YoY Comparison
Product category	Amount (Millions of yen)	Amount (Millions of yen)	(%)
Takara Shuzo			
Shochu	41,186	38,026	92.3
Sake	17,524	16,860	96.2
Light-alcohol refreshers	29,742	32,603	109.6
Other alcoholic beverages	5,051	4,970	98.4
Alcoholic beverages total	93,505	92,460	98.9
Hon Mirin	11,032	11,238	101.9
Other seasonings	7,779	8,222	105.7
Seasonings total	18,811	19,461	103.5
Raw alcohol, etc	6,683	6,975	104.4
Total	119,001	118,897	99.9
Takara Shuzo International Group			
Overseas Alcoholic Beverages Business	7,616	8,010	105.2
Japanese Food Wholesales Business in overseas markets	50,591	53,881	106.5
Other	48	190	393.6
Elimination of intraGroup transaction on consolidation	(1,413)	(1,622)	—
Total	56,843	60,461	106.4
Takara Bio Group	25,888	24,558	94.9
Reported segment total	201,732	203,917	101.1
Other	25,593	24,644	96.3
Segment total	227,326	228,562	100.5
Sales not allocated to business segments and intersegment transactions	(16,703)	(16,389)	—
Total	210,622	212,172	100.7

Notes: Amounts include alcohol tax but do not include consumption tax.

(2) Consolidated Financial Position

As of December 31, 2019, current assets were ¥171,418 million, a decrease of ¥3,592 million compared with that at the end of the previous fiscal year. This was primarily due to decreases in securities of ¥11,162 million and cash and deposits of ¥3,977 million and an increase in notes and accounts receivable-trade of ¥8,716 million.

Noncurrent assets were ¥116,257 million, an increase of ¥4,162 million compared with that at the end of the previous fiscal year. This was primarily due to an increase of ¥6,357 million in property, plant and equipment and a decrease of ¥1,795 million in intangible assets.

As a result, total assets were ¥287,676 million, an increase of ¥569 million compared with that at the end of the previous fiscal year.

As of December 31, 2019, current liabilities were ¥61,034 million, an increase of ¥3,212 million compared with that at the end of the previous fiscal year. This was primarily due to increases of ¥5,000 million in current portion of bonds due to transfer from noncurrent liabilities, ¥1,526 million in accrued alcohol tax, and ¥2,524 million in Other, which includes accounts payable. There was also a decrease of ¥5,163 million in short-term loans payable.

Noncurrent liabilities were ¥45,836 million, a decrease of ¥3,652 million compared with that at the end of the previous fiscal year. This was primarily due to a decrease in bonds of ¥5,000 million.

As a result, total liabilities were ¥106,871 million, a decrease of ¥440 million compared with that at the end of the previous fiscal year.

As of December 31, 2019, total net assets were ¥180,804 million, an increase of ¥1,009 million compared with that at the end of the previous fiscal year. This was primarily due to an increase in retained earnings of ¥4,782 million and a decrease in foreign currency translation adjustment of ¥3,074 million.

As a result, the equity ratio totaled 51.8%, compared with 51.6% at the end of the previous fiscal year.

(3) Qualitative Information Regarding Consolidated Forecasts

The Company has revised the full-year consolidated results forecasts published on November 12, 2019 in view of the consolidated business results in the nine months ended December 31, 2019 and recent circumstances.

The Company has revised the full-year forecast for net sales down by ¥4,000 million from the previously published forecast as net sales at Takara Shuzo for the third quarter (October 1, 2019 to December 31, 2019), which is the period of peak demand, underperformed the plan among other factors.

In terms of profit, the Company has revised the forecasts for operating income and ordinary income down by ¥2,200 million and ¥2,300 million respectively as in addition to underperforming the plan for net sales at Takara Shuzo, there have been hikes in the price of raw materials and increases in transport and SG&A expenses plus continued increases in procurement costs and hikes in transport and personnel expenses due to exchange rate fluctuations at the Takara Shuzo International Group.

Net income attributable to owners of the parent has been revised down by ¥1,800 million from the previously published forecast due to the expectation of an increase in losses related to noncurrent assets at the Takara Bio Group in addition to the aforementioned factors.

The details of the revised consolidated results forecasts are on page 8/8 “Supplement for the Consolidated Financial Statements.”

(Full-Year Consolidated Results Forecasts)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A) (published November 12, 2019)	(Millions of yen) 284,000	(Millions of yen) 17,500	(Millions of yen) 18,000	(Millions of yen) 10,400	(Yen) 52.10
Revised forecast (B)	280,000	15,300	15,700	8,600	43.20
Difference (B – A)	(4,000)	(2,200)	(2,300)	(1,800)	—
Difference (%)	(1.4)	(12.6)	(12.8)	(17.3)	—
Reference: Business results for previous fiscal year (Ended March 31, 2019)	277,443	17,804	18,359	10,411	52.15

* Previous exchange rate forecasts: USD1 = JPY108.30, EUR1 = JPY121.30, GBP1 = JPY134.50

Current exchange rate forecasts: USD1 = JPY109.03, EUR1 = JPY122.03, GBP1 = JPY139.19

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2019	As of Dec. 31, 2019
Assets		
Current assets		
Cash and deposits	49,415	45,438
Notes and accounts receivable-trade	59,780	68,497
Securities	16,089	4,927
Merchandise and finished goods	40,600	41,212
Work in process	1,341	1,610
Raw materials and supplies	4,093	5,030
Other	4,006	5,016
Allowance for doubtful accounts	(315)	(314)
Total current assets	175,011	171,418
Noncurrent assets		
Property, plant and equipment	60,576	66,934
Intangible assets		
Goodwill	12,400	11,263
Other	7,514	6,855
Total intangible assets	19,914	18,118
Investments and other assets		
Investment securities	26,143	26,797
Other	5,520	4,470
Allowance for doubtful accounts	(60)	(64)
Total investments and other assets	31,603	31,204
Total noncurrent assets	112,094	116,257
Total assets	287,106	287,676

(Millions of Yen)

	As of Mar. 31, 2019	As of Dec. 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,374	16,971
Short-term loans payable	9,960	4,796
Current portion of bonds	-	5,000
Accrued alcohol tax	10,224	11,751
Accrued expenses	5,809	5,455
Income taxes payable	1,879	1,613
Provision	4,681	4,029
Other	8,891	11,416
Total current liabilities	57,822	61,034
Noncurrent liabilities		
Bonds payable	25,000	20,000
Long-term loans payable	5,415	5,454
Net defined benefit liability	8,757	8,775
Long-term deposits received	5,337	5,331
Other	4,977	6,275
Total noncurrent liabilities	49,489	45,836
Total liabilities	107,311	106,871
Net assets		
Shareholders' equity		
Capital stock	13,226	13,226
Capital surplus	2,417	2,417
Retained earnings	124,788	129,571
Treasury stock	(1,368)	(2,950)
Total shareholders' equity	139,064	142,263
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,814	10,599
Deferred gains or losses on hedges	114	101
Foreign currency translation adjustment	(196)	(3,270)
Remeasurements of defined benefit plans	(599)	(628)
Total accumulated other comprehensive income	9,133	6,801
Noncontrolling interests	31,597	31,739
Total net assets	179,795	180,804
Total liabilities and net assets	287,106	287,676

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**(Consolidated Statements of Income)****(For the Nine Months Ended December 31, 2019 and 2018)**

(Millions of Yen)

	FY2019 (Apr. 1, 2018 – Dec. 31, 2018)	FY2020 (Apr. 1, 2019 – Dec. 31, 2019)
Net sales	210,622	212,172
Cost of sales	127,706	130,168
Gross profit	82,915	82,004
Selling, general and administrative expenses	67,900	69,167
Operating income	15,015	12,836
Non-operating income		
Dividends income	553	585
Other	512	697
Total non-operating income	1,065	1,283
Non-operating expenses		
Interest expenses	276	303
Foreign exchange losses	88	209
Other	296	315
Total non-operating expenses	661	829
Ordinary income	15,420	13,290
Extraordinary income		
Gain on sales of investment securities	0	1,130
Insurance claim income	71	-
Other	9	163
Total extraordinary income	81	1,294
Extraordinary loss		
Loss on sales and retirement of non-current assets	128	233
Impairment loss	696	-
Provision for environmental measures	-	415
Other	249	139
Total extraordinary losses	1,075	787
Income before income taxes	14,426	13,797
Income taxes-current	4,627	4,019
Income taxes-deferred	(310)	305
Total income taxes	4,316	4,324
Net income	10,110	9,473
Net income attributable to the noncontrolling interest	1,157	1,172
Net income attributable to owners of the parent	8,952	8,300

(Consolidated Statements of Comprehensive Income)
(For the Nine Months Ended December 31, 2019 and 2018)

(Millions of Yen)

	FY2019 (Apr. 1, 2018 – Dec. 31, 2018)	FY2020 (Apr. 1, 2019 – Dec. 31, 2019)
Net income	10,110	9,473
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,641)	785
Deferred gains or losses on hedges	214	(13)
Foreign currency translation adjustment	(875)	(3,820)
Remeasurements of defined benefit plans	(0)	(18)
Total other comprehensive income	<u>(3,302)</u>	<u>(3,067)</u>
Comprehensive income	<u>6,807</u>	<u>6,406</u>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	5,931	5,969
Comprehensive income attributable to noncontrolling interest	875	436

(3) Notes on Consolidated Financial Statements

(Notes on Premise of Going Concern)

No items to report.

(Notes on Material Changes in Shareholders' Equity)

No items to report.

(Changes in Accounting Policies)

Overseas subsidiaries that apply U.S. GAAP adopted ASU No. 2014-09 Revenue from Contracts with Customers (“ASU No. 2014-09”) effective from the beginning of the first quarter of the fiscal year. The method of recognizing the cumulative impact due to the adoption of the standard on the commencement date of adoption, which is permitted as an interim measure, was employed for the adoption of ASU No. 2014-09.

Accompanying this, revenue is recognized at the time of transfer to the customer of the promised goods or services in an amount that reflects the consideration that the entity expects to be entitled to in exchange for those goods and services.

The impact on the Consolidated Quarterly Financial Statements from the adoption of this accounting standard is immaterial.

Overseas subsidiaries that apply International Financial Reporting Standards (IFRS) adopted IFRS 16 Leases (“IFRS 16”) effective from the beginning of the first quarter of the fiscal year. The method of recognizing the cumulative impact due to the adoption of the standard on the commencement date of adoption, which is permitted as an interim measure, was employed for the adoption of IFRS 16.

Accompanying this, as a rule, the lessee recognizes all leases as assets and liabilities on the commencement date of adoption.

The impact on the Consolidated Quarterly Financial Statements from the adoption of this accounting standard is immaterial.

(Segment Information)

I. Equivalent Period of Previous Fiscal Year (From April 1, 2018, to December 31, 2018)

1. Net sales and Income (Loss) by Reported Segment

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated quarterly statements of income (Note: 3)
	Takara Shuzo	Takara Shuzo Internatio nal Group	Takara Bio Group	Subtotal				
Net sales								
External customers	118,520	56,625	25,480	200,626	9,996	210,622	0	210,622
Intersegment	481	217	407	1,106	15,597	16,703	(16,703)	—
Total	119,001	56,843	25,888	201,732	25,593	227,326	(16,703)	210,622
Segment income (loss)	6,683	3,230	3,432	13,346	1,651	14,997	18	15,015

Notes: 1. Other includes business segments that are not part of reported segments, such as the Company's real estate rental business and the transportation business of domestic Group companies among others.

2. Details of adjustment amounts are as follows.

(1) Net sales to external customers are income from business contracting recorded at the Company.

(2) Segment income (loss) comprises intersegment eliminations of ¥55 million and loss of the Company not allocated to business segments of ¥ 37 million.

3. Segment income (loss) has been adjusted to the operating income of consolidated quarterly statements of income.

2. Information on Impairment Loss on Noncurrent Assets, Goodwill, etc. by Reportable Segment (Significant Impairment Losses Concerning Noncurrent Asset)

Impairment losses relating to business assets which are expected to be idle and assets relating to a planned business transfer have been recorded in the Takara Bio Group segment as extraordinary loss.

The amount of impairment losses recorded was ¥696 million in the nine months ended December 31, 2018.

II Period under Review (From April 1, 2019, to December 31, 2019)

1. Net Sales and Income (Loss) by Reported Segment

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated quarterly statements of income (Note: 3)
	Takara Shuzo	Takara Shuzo Internatio nal Group	Takara Bio Group	Subtotal				
Net sales								
External customers	118,411	60,214	24,557	203,183	8,984	212,167	5	212,172
Intersegment	485	246	1	733	15,660	16,394	(16,394)	—
Total	118,897	60,461	24,558	203,917	24,644	228,562	(16,389)	212,172
Segment income	4,983	2,313	3,879	11,176	1,716	12,892	(56)	12,836

Notes: 1. Other includes business segments that are not part of reported segments, such as the Company's real estate rental business and the transportation business of domestic Group companies among others.

2. Details of adjustment amounts are as follows.

(1) Net sales to external customers are income from business contracting recorded at the Company.

(2) Segment income (loss) comprises intersegment eliminations of ¥36 million and loss of the Company not allocated to business segments of ¥ 92 million.

3. Segment income (loss) has been adjusted to the operating income of consolidated quarterly statements of income.

2. Information on Impairment Loss on Noncurrent Assets, Goodwill, etc. by Reportable Segment

No items to report.

(Significant Subsequent Events)

(Significant Facility investment)

The Company has resolved a facility investment in Takara Bio USA, Inc. (TBUSA), a consolidated subsidiary company at the board of directors' meeting held on January 23, 2020.

1. Reason for facility investment

The reason is that TBUSA utilizes as a new facility. Also, TBUSA plans for relocation at the time of terminating the agreement of the current lease set in August 2021.

2. Outline of facility investment

- | | |
|-----------------------|--|
| (1) Location | Bay area, California, USA |
| (2) Purpose | Land, building and interior construction located newly |
| (3) Investment amount | About 76 million U.S. dollars |

3. Installation time of equipment

- | | |
|------|---|
| 2020 | Land and building obtained |
| 2021 | Planned for completion of interior construction |
| 2021 | Planned for relocation |

4. Significant impact on marketing and productivity

No impact on the current consolidated fiscal year.

(Acquisition of Treasury Stock and the Cancellation of Treasury Stock)

The meeting of the Company's Board of Directors held on November 12, 2019, approved the acquisition of treasury stock based on the provisions for Article 156 of the Companies Act described in Article 165 (3) of the same act and the cancellation of treasury stock based on the provision of Article 178 of the Companies Act.

1. Reasons for the acquisition and cancellation of treasury stock

In accordance with the financial policy stated in the Takara Group Medium-Term Management Plan FY2020, which is to "maintain a strong balance sheet and make growth-oriented investments while also improving our ROE and achieving proper stock price levels by providing appropriate shareholder returns," treasury stock is to be acquired to promote the efficient use of capital in addition to raising shareholder value per share and enhancing the return of profit to shareholders.

In addition, the Company will cancel its treasury stock in accordance with the Company's policy on ownership of treasury stock.

2. Details of acquisition of treasury stock

(1) Classification of stock to be acquired	Common stock of the Company
(2) Number of shares to be acquired	2.0 million shares (upper limit) (1.00% of total number of shares issued and outstanding (excluding treasury stock))
(3) Total cost of acquisition	2.0 billion yen (upper limit)
(4) Period of acquisition	November 18, 2019 to January 17, 2020
(5) Method of acquisition	Open market purchase through the Tokyo Stock Exchange

3. Details of cancellation of treasury stock

(1) Classification of stock to be cancelled	Common stock of the Company
(2) Number of shares to be cancelled	2.0 million shares (0.99% of total number of shares issued and outstanding before cancellation)
(3) Scheduled cancellation date	January 31, 2020

As resolved by the above of the Company's Board of Directors, the Company acquired and cancelled treasury stock as outlined below.

1. Acquisition of treasury stock

(1) Classification of stock to be acquired	Common stock of the Company
(2) Number of shares acquired	1,925,300 shares
(3) Total cost of acquisition	¥1,999,916,400
(4) Period of acquisition	November 18, 2019 to January 9, 2020
(5) Method of acquisition	Open market purchase through the Tokyo Stock Exchange

2. Cancellation of treasury stock

(1) Classification of stock cancelled	Common stock of the Company
(2) Number of shares cancelled	2,000,000 shares
(3) Date of cancellation	January 31, 2020