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(Translation)
For Immediate Release

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Securities code: 7380 (Tokyo Stock Exchange
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Notice of Disposition of Treasury Stock through Third-Party Allotment with the Purpose of Supporting the Social Contribution Activities of the Juroku Foundation for Regional Promotion

Juroku Financial Group, Inc. (hereinafter, “**16FG**”) hereby announces that it has resolved, at a meeting of the Board of Directors held on May 11, 2023, to dispose of treasury stock through a third-party allotment with the purpose of continuously and stably supporting the social contribution activities of the Juroku Foundation for Regional Promotion (hereinafter, “**16 Foundation**”) as follows.

Approval by the 16FG Ordinary General Meeting of Shareholders scheduled for June 16, 2023 is a condition for conducting this disposition of treasury stock.

1. About 16 Foundation

(1) Purpose and role of the foundation

16 Foundation was established in 1997 as a project to commemorate the 120th anniversary of the founding of The Juroku Bank, Ltd. (hereinafter, “**16BK**”), a subsidiary of 16FG. In 2009, 16 Foundation was certified as the first public interest foundation of Gifu Prefecture and subsequently transitioned to a public interest incorporated foundation.

The purpose of 16 Foundation is to contribute to the revitalization of local communities by supporting activities related to the promotion and development of local industries, improvement of the social living environment, local culture, sports, internationalization, etc. as organized, sponsored, and co-sponsored by local governments and public organizations, to contribute to the development of human resources by financially supporting the educational opportunities of young people who will be responsible for Gifu and Aichi Prefectures in the future, and to promote and support arts and culture which contribute to the realization of affluent and comfortable life and vibrant local communities.

(2) Outline of the foundation

(i) Name	16 Foundation for Regional Promotion, a Public Interest Incorporated Foundation
(ii) Location	8-26 Kandamachi, Gifu-shi, Gifu 500-8516, Japan
(iii) Chairman	Yukio Murase

(iv) Activities	<ul style="list-style-type: none"> • Support for activities related to the promotion and development of local industries • Support for activities related to improving the local social living environment • Support for activities related to local culture, sports, internationalization, etc. • Holding training sessions and lectures related to the above activities, and subsidizing human resource development • Scholarships • Promotion of and support for art and culture • Rental of facilities • Other activities necessary to achieve the purpose of this foundation
(v) Funding for activities	Investment income from basic funds and donations (as of March 31, 2023)
(vi) Date of establishment	August 25, 1997 (transitioned to a public interest incorporated foundation in 2009)
(vii) Relationship with 16FG	
Capital relationship	16BK is a contributing company of 16 Foundation.
Personnel relationship	The Chairman of the Board of Directors of 16FG concurrently serves as the Chairman of the foundation; one Audit and Supervisory Committee Member of 16FG concurrently serves as an Auditor; and one Managing Executive Officer of 16FG concurrently serves as a Senior Managing Director. In addition, two employees of 16FG concurrently serve as councilors.
Transaction relationship	16BK makes donations to 16 Foundation. (In fiscal 2022, 16BK donated 28 million yen.)
Related party relationship	Not applicable

2. Overview of disposal

(i) Date of disposal	August 25, 2023 (scheduled)
(ii) Number of shares for disposal	350,000 shares of common stock (0.922% of total number of issued shares)*
(iii) Disposal price	1 yen per share
(iv) Amount to be procured	350,000 yen
(v) Method of offering or disposal	Disposition through third-party allotment
(vi) Subscriber (scheduled)	The Master Trust Bank of Japan, Ltd.
(vii) Other matters	The disposition of treasury stock is subject to the special resolution on the offering of shares at a favorable price at the Ordinary General Meeting of Shareholders to be held on June 16, 2023. The date of disposition and other related details will be resolved at the meeting of the Board of Directors to be held following the meeting of shareholders.

* Percentage of 37,924,134 shares issued as of March 31, 2023

3. Purpose and reason for disposal

The 16FG group, whose core company is a regional bank, supports local people and companies to realize their sustainable growth and prosperity, which is the very purpose of the existence of regional banks. Under the group management philosophy of “Achieving growth and prosperity for our customers and local communities,” 16FG utilizes the customer base, information, and human network cultivated by 16BK, which has a history of more than 140 years, in our main sales areas of Gifu and Aichi Prefectures, to be a “Comprehensive regional financial services group staying ahead of the curve to constantly serve the local communities.”

To realize this objective, the 16FG group has set forth in its long-term vision for the next 10 years, “16Vision-10,” to contribute to local communities (meaning “local stakeholders”) by realizing “sustainability (creation of social value)” and “growth (creation of economic value)” driven by the group management philosophy. The three public interest activities of 16 Foundation “regional revitalization activity support projects,” “scholarship provision projects,” and “arts and culture promotion and support activity projects”—contribute to the realization of the group management philosophy. The 16FG group believes that this will lead to sustainable growth of the group and improvement of corporate value over the medium to long term.

Through this disposition of treasury stock, 16FG will realize the group management philosophy of "Achieving growth and prosperity for our customers and local communities" by adopting a mechanism in which dividends on the company’s stock will be contributed in addition to the previous donation from 16BK and by securing a stable source of funds for the activities of 16 Foundation.

In order to continuously and stably support the social contribution activities of 16 Foundation, 16FG will establish a third-party benefit trust (hereinafter, the “Trust”) with Mitsubishi UFJ Trust and Banking Corporation as the trustee, The Master Trust Bank of Japan, Ltd. as the co-trustee, and 16 Foundation as the beneficiary. The Trust will subscribe to purchase shares of 16FG’s stock and will pay trust proceeds earned from those dividends to 16 Foundation, which will use those proceeds to partially fund its activities and perform its activities in the future.

The disposition of 16FG’s treasury stock will be made to the Trust, which will be established to provide funding for the social contribution activities of 16 Foundation.

4. Amount and use of funds to be procured, and scheduled timing of expenditure

(1) Amount of funds to be procured

(i) Total amount to be paid in	350,000 yen
(ii) Estimated amount of issuance costs	0 yen
(iii) Estimated net proceeds	350,000 yen

(2) Specific use of funds to be procured

The above estimated net proceeds are scheduled to be applied towards the costs needed to build the scheme.

5. Views concerning rationality of use of funds

The proceeds are scheduled to be applied to expenses, incurred in connection with considering the building of the scheme. Each of those expenses is necessary for building the scheme and 16FG believes that the said use of proceeds is reasonable.

6. Rationality of disposal conditions, etc.

(1) Basis of calculation and specific details of the amount to be paid in

16 Foundation aims to revitalize local communities, develop human resources, and promote and support arts and culture.

16FG believes that this will contribute to the realization of the 16FG group management philosophy and will lead to the sustainable growth of the group and improvement of its corporate value.

The purpose of the disposition of treasury stock is to fund the social contribution activities of 16 Foundation, and the proceeds will be allocated to building the scheme as described in section 4(2) above. Accordingly, 16FG believes that the price of disposition of 1 yen per share is reasonable. In addition, since the disposition of treasury stock qualifies as an offering at a price that is favorable to 16 Foundation, the disposition is subject to the special resolution at the Ordinary General Meeting of Shareholders to be held on June 16, 2023.

(2) Basis of judgment that the disposal quantity and impact of dilution are reasonable

In order to continuously and stably implement the three public interest activities of 16 Foundation “regional revitalization activity support projects,” “scholarship provision projects,” and “arts and culture promotion and support activity projects”. 16FG believes that the number of shares to be disposed of is at a reasonable size for

funding the activities of the 16 Foundation. Moreover, under the structure of the scheme, since the treasury stock is not currently expected to be sold into the market after the disposition, and as the impact on the secondary market triggered by the disposition of treasury stock will be small, 16FG believes that the number of shares to be disposed of is at a reasonable level.

Furthermore, since the extent of dilution of shares of 16FG's stock triggered by the disposition of treasury stock is small, representing 0.922% (truncated to three decimal places; 0.965% against the 362,690 aggregate voting rights as of March 31, 2023) of the total number of issued shares, 16FG believes that the impact on the stock market triggered by the disposition of treasury stock will be small.

In addition, 16FG plans to appropriate the treasury stock to be acquired as separately announced today in the "Notice of Determination of Matters Related to Acquisition and Cancellation of Treasury Stock." 16FG believes that the scale of share dilution is reasonable because we have taken measures to avoid stock dilution.

7. Reason for selection of scheduled disposal recipient, etc.

(1) Overview of scheduled disposal recipient

(i) Name: The Master Trust Bank of Japan, Ltd.

(ii) Overview of trust agreement

Type of trust	Money trust other than a specific individually operated money trust (third-party benefit trust)
Purpose of trust	To deliver to the beneficiary as trust income dividends arising from common stock issued by the assignor to perform social contribution activities.
Settlor	Juroku Financial Group, Inc.
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiary	Juroku Foundation for Regional Promotion
Date of trust agreement	August 25, 2023 (planned)
Term of trust	2 years (planned)

Note: The Master Trust Bank of Japan, Ltd. shall not exercise during the term of trust the voting rights of the shares acquired by the Trust upon disposition of the treasury stock. Details of the trust agreement to be executed between 16FG and Mitsubishi UFJ Trust and Banking Corporation, as trustee, will be determined in the future.

(Reference)

(i) Name	The Master Trust Bank of Japan, Ltd.
(ii) Location	2-11-3 Hamamatsucho, Minato-ku, Tokyo
(iii) Job title and name of representative	Toshikazu Mukohara, Representative Director, President
(iv) Description of business	Operations for management of securities and management of and settlement in asset management
(v) Share capital	10 billion yen
(vi) Date of establishment	May 9, 2000
(vii) Number of issued shares	120,000 shares of common stock
(viii) Fiscal year-end	March 31
(ix) Number of employees	1,028 (as of March 31, 2022)
(x) Major trading partners	Industrial corporations and financial institutions
(xi) Main banks	—

(xii) Major shareholders and ownership ratios	Mitsubishi UFJ Trust and Banking Corporation: 46.5% Nippon Life Insurance Company: 33.5% Meiji Yasuda Life Insurance Company: 10.0% The Norinchukin Trust & Banking Co., Ltd.: 10.0%		
(xiii) Relationship between the parties			
	Capital relationship	Not applicable	
	Personnel relationship	Not applicable	
	Business relationship	Not applicable	
	Related party relationship	Not applicable	
(xiv) Operating results and financial positions for the last three years			
Fiscal year ended	March 31, 2020	March 31, 2021	March 31, 2022
Net assets (yen)	24,292 million	24,813 million	25,658 million
Total assets (yen)	3,190,818 million	3,642,035 million	6,048,540 million
Net assets per share (yen)	202,440.80	206,775.35	213,817.18
Ordinary income (yen)	25,448 million	27,328 million	29,664 million
Ordinary profit (yen)	1,333 million	1,055 million	1,384 million
Net income (yen)	970 million	760 million	1,034 million
Net income per share (yen)	8,085.91	6,341.46	8,620.68

*16FG has confirmed that the subscriber and its officers or major shareholders (major investors) have no relationships with antisocial forces, based on an investigation of their respective web pages, disclosure books and other publicly disclosed information, and it has submitted to Tokyo Stock Exchange, Inc. (hereinafter, “Tokyo Stock Exchange”) a written confirmation stating to that effect.

(2) Reason for selection of scheduled disposal recipient

In consideration of achieving the purposes described in section “3. Purpose and reason for disposition” above, 16FG selected Mitsubishi UFJ Trust and Banking Corporation as trustee because 16FG determined that it is the most suitable due to its abundant track record and experience in the trust business. In addition, The Master Trust Bank of Japan, Ltd. will be selected as the subscriber because it will conduct trust affairs, as co-trustee, in accordance with the trust agreement to be executed between 16FG and Mitsubishi UFJ Trust and Banking Corporation, as well as custodial and settlement services for the assets in trust.

(3) Holding policy of scheduled disposal recipient

Pursuant to the trust agreement, The Master Trust Bank of Japan, Ltd., as the subscriber, will pay trust proceeds earned from dividends on 16FG’s stock to 16 Foundation. The Trust will hold the shares to be disposed of in accordance with the trust agreement to be executed in the future. In the event that the Trust is terminated, the trust property will be delivered to the beneficiary of the Trust, as is.

The voting rights of the shares held by the Trust upon disposition of the treasury stock shall not be exercised during the term of trust.

16FG will receive from The Master Trust Bank of Japan, Ltd., as the subscriber, a written confirmation stating that if all or part of the disposed shares are transferred within two (2) years after the payment date for any specific reason, then the names and addresses of the transferees, number of shares transferred, date of transfer, transfer price, reason for transfer and method of transfer will be immediately reported in writing to 16FG, which will notify the details of such report to Tokyo Stock Exchange and that such details will be made publicly available.

(4) Confirmation of existence of assets required for the scheduled disposal recipient to make payment

The Master Trust Bank of Japan, Ltd., as the subscriber, will make payment in cash, which will be the trust property of the Trust to be established by 16FG.

8. Major shareholders and ownership ratios after the disposal

Before the disposal (as of March 31, 2023)		After the disposal	
The Master Trust Bank of Japan, Ltd. (Trust)	9.37%	The Master Trust Bank of Japan, Ltd. (Trust)	9.39%
Custody Bank of Japan, Ltd. (Trust)	5.76%	Custody Bank of Japan, Ltd. (Trust)	5.78%
16 Bank Employee Stockholding Association	3.18%	16 Bank Employee Stockholding Association	3.19%
Fuji Banking Group	2.62%	Fuji Banking Group	2.63%
Meiji Yasuda Life Insurance Company	2.53%	Meiji Yasuda Life Insurance Company	2.53%
Sompo Japan Insurance Inc.	1.70%	Sompo Japan Insurance Inc.	1.71%
Seino Holdings Co., Ltd.	1.52%	Seino Holdings Co., Ltd.	1.53%
The Bank of Nagoya, Ltd.	1.46%	The Bank of Nagoya, Ltd.	1.46%
JP Morgan Chase Bank 385781	1.27%	JP Morgan Chase Bank 385781	1.27%
DFA INTL Small Cap Value Portfolio	1.16%	DFA INTL Small Cap Value Portfolio	1.16%

Note 1. The above ratios (%) are of the number of shares owned out of 36,580,856 shares, which is the 37,924,134 total issued shares minus 1,343,278 shares of treasury stock.

Note 2. Regarding the major shareholders and ownership ratios after the disposal, based on the shareholder register as of March 31, 2023, only increases or decreases in the number of shares due to the disposal of treasury stock (350,000 shares), the acquisition of treasury stock (460,000 shares) separately disclosed today are taken into account.

9. Future outlook

16FG expects the impact of the third-party allotment on its future results to be immaterial. To the extent any disclosable matters arise in the future, the company plans to promptly make the appropriate disclosures.

10. Matters concerning the procedure required by the corporate code of conduct

Because (i) the dilution ratio is less than 25% and (ii) there is no change in controlling shareholders, there is no need to obtain an opinion from an independent third party or to follow the procedures for confirming the intent of shareholders pursuant to Article 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange.

11. Operating results and status of equity finance executed for the last three years

(1) Operating results for the last three years (Consolidated)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Consolidated ordinary income (yen)	—	117,350 million	112,685 million
Consolidated ordinary profit (yen)	—	26,798 million	27,262 million
Profit attributable to owners of parent (yen)	—	17,191 million	18,630 million
Consolidated earnings per share (yen)	—	460.45	505.78
Dividend per share (yen)	—	70.00	130.00
Consolidated net assets per share (yen)	—	10,799.17	10,626.43

*16FG was established on October 1, 2021 through a single share transfer of 16BK.

(2) Current number of issued shares and potential shares (As of March 31, 2023)

	Number of shares	Ratio to the number of issued shares
Number of issued shares	37,924,134 shares	100%
Number of potential shares at current conversion price (exercise price)	— shares	—%
Number of potential shares at the lower limit of the conversion price (exercise price)	— shares	—%
Number of potential shares at the upper limit of the conversion price (exercise price)	— shares	—%

(3) Status of recent share prices

(i) Status for the last three years

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Opening price (yen)	—	2,055	2,160
Highest price (yen)	—	2,496	3,410
Lowest price (yen)	—	1,927	2,072
Closing price (yen)	—	2,171	2,824

*16FG was established on October 1, 2021 through a single share transfer of 16BK.

(ii) Status for the last six months

	2022 November	2022 December	2023 January	2023 February	2023 March	2023 April
Opening price (yen)	2,490	2,654	2,894	3,125	3,215	2,865
Highest price (yen)	2,736	2,923	3,155	3,320	3,410	3,080
Lowest price (yen)	2,395	2,499	2,810	2,908	2,726	2,813
Closing price (yen)	2,640	2,868	3,120	3,215	2,824	3,000

(iii) Share prices on the business day immediately preceding the date of resolution for issuance

	May 10, 2023
Opening price (yen)	3,000
Highest price (yen)	3,015
Lowest price (yen)	2,976
Closing price (yen)	2,981

(4) Status of equity finance executed for the last three years

Not applicable.

End

May 11, 2023

Q&A concerning the “Disposition of Treasury Stock through Third-Party Allotment with the Purpose of Supporting the Social Contribution Activities of the Juroku Foundation for Regional Promotion”

Q1 : Please give a brief overview of the scheme.

A1 : Juroku Financial Group, Inc. (hereinafter, “**16FG**”) will acquire 460,000 shares (scheduled) of treasury stock from the market, of which 350,000 shares will be allotted to a trust account. The trust account will distribute the profits (mainly dividends), generated from the 350,000 shares of 16FG allotted, to The Juroku Foundation for Regional Development (hereinafter, “**16 Foundation**”) every year. 16 Foundation returns the distributed profits to the local community, by spending on subsidizing local events and providing scholarships to local students. In this way, 16FG's dividends will be returned to the local community through 16 Foundation.

Q2 : The 16 Foundation is a public interest incorporated foundation. What is the difference between a public interest incorporated foundation and a general incorporated foundation?

A2 : A public interest incorporated foundation is a general incorporated foundation that satisfies certain conditions stipulated in the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations and has been authorized by administrative agencies.

For a public interest incorporated foundation to be certified, it must have public interest business as its main purpose, one-third of its directors and auditors must not be related to the same organization, its articles of incorporation must stipulate that the public interest business property shall belong to a public interest corporation or a national or local public entity if the public interest authorization is revoked.

Regarding its operation, from the perspective of ensuring transparency, it is required to disclose certain information such as business plans and business reports.

In addition, administrative agencies supervise public interest corporations to ensure proper operation of their businesses based on the applicable laws.

Public interest incorporated foundations are considered to be organizations that operate activities for public interest purposes under a certain level of governance.

Q3 : Please tell us in detail about the purpose of the activities of 16 Foundation and about the activities conducted to date.

A3 : The purpose of 16 Foundation is to contribute to the revitalization of local communities by supporting activities related to the promotion and development of local industries, improvement of the social living environment, local culture, sports, internationalization, etc. as organized, sponsored, and co-sponsored by local governments and public organizations, to contribute to the development of human resources by financially supporting the educational opportunities of young people who will be responsible for Gifu and Aichi Prefectures in the future, and to promote and support arts and culture which contribute to the realization of affluent and comfortable life and vibrant local communities.

For this purpose, 16 Foundation carries out three public interest activities: “regional revitalization activity support projects,” “scholarship provision projects,” and “arts and culture promotion and support activity projects.”

In fiscal 2022, 16 Foundation provided 5,480,000 yen to subsidize 24 projects, including the Takashimaya South District Type 1 Urban Redevelopment Project and the Gifu Nagara River Cormorant Fishing Hospitality SDGs Future Project as “regional revitalization activity support projects.” As of March 31, 2023, the foundation has provided 239,233,000 yen in subsidies.

In fiscal 2022, it provided 15,400,000 yen in four-year scholarships to 40 university students from Gifu Prefecture as “scholarship provision projects.” As of March 31, 2023, the foundation has provided 306,400,000 yen in scholarships for 214 students.

In fiscal 2022, it held five performances by local musicians at the Clara Saal Juroku Music Hall and other music events for local residents as “arts and culture promotion and support activity projects.”

In fiscal 2023, 16 Foundation also plans to provide 5,000,000 yen for “regional revitalization activity support projects,” 16,000,000 yen for “scholarship provision projects,” and 7,000,000 yen for “arts and culture promotion and support activity projects.”

<p>Q4 : Why will the social contribution activities conducted by 16 Foundation lead to profits for Juroku Financial Group, Inc. ?</p>

A4 : 16FG is a comprehensive regional financial group whose main operating company is Juroku Bank, Ltd. (hereinafter, “**16BK**”), a regional bank.

The head office of 16FG and the head offices of its 10 subsidiaries are all located in Gifu City, Gifu Prefecture. Their main sales areas are in Gifu Prefecture and neighboring Aichi Prefecture. Ninety-nine percent of our 2,532 employees live in these two prefectures, and 66% of our 24,053 shareholders are corporations and individuals located here as well.

16BK, the core company of 16FG, also has 158 branches (98% of its 161 branches) located in these two prefectures, and 99% of our 6,281.3 billion yen in deposits are from customers located here as well. Most of our existing and potential customers are companies and individuals located in these two prefectures.

For this reason, 16FG’s management philosophy is “Achieving growth and prosperity for our customers and local communities.” In order to contribute to the realization of a sustainable society, we aim to be “a comprehensive financial group that creates the future of the region and achieves sustainable growth together with our customers and local communities.”

As long as 16FG is a financial group with regional banks as its core companies, it must contribute to regional development as part of the public mission of regional banks.

The purpose of the activities of 16 Foundation described in A3, “Contributing to the revitalization of local communities,” “Contributing to the development of human resources,” and “Contributing to the realization of affluent and comfortable life and vibrant local communities,” is the same as the management philosophy of 16FG.

The sustainable development of the region through the social contribution activities of 16 Foundation directly leads to the sustainable improvement of 16FG’s corporate value.

<p>Q5 : What is the reason for entrusting the shares to a trust bank instead of disposing of the treasury shares to 16 Foundation?</p>
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A5 : As described in A2, since public interest incorporated foundations are certified after ensuring a certain level of governance, the decision-making of the foundations is not influenced only by the intentions of the sponsoring companies and individual directors.

The reason for entrusting the shares to a trust bank by concluding a trust agreement is to separate the voting rights of the shares to be disposed of this time from 16FG so that the rights do not conflict with the interests of other shareholders, and to clarify that 16 Foundation will not exercise any voting rights for the treasury stock related to this disposal, considering that 16 Foundation, as a public interest corporation, needs to be cautious in exercising the voting rights of the shares it holds.

Q6 : How are voting rights exercised for shares in trust?

A6 : As described in A5, under the trust agreement, the voting rights of the shares entrusted to the trust bank by this disposal of the treasury shares are not exercised.

Q7 : Why don't we just increase the amount of donations as previously done, instead of issuing treasury stock at an advantageous rate?

A7 : Stock companies make decisions on corporate activities with the goal of maximizing net income.

The public interest activities of 16 Foundation are in line with 16FG's management philosophy, and supporting those activities directly contributes to the improvement of 16FG's corporate value.

If 16FG contributes more and more donations to 16 Foundation as operating funds, 16FG's net income will decrease, which will reduce shareholder profits in the short term and create a conflict of interest with those shareholders.

On the other hand, if treasury stock is allotted and the dividends are used as funds for public interest activities, then management's decision to increase profits and dividends will benefit shareholders and expand public interest activities. 16FG believes that its long-term corporate value will increase as profits will extend to both.

Q8 : Please explain in detail the purpose and effect of the acquisition of treasury stock announced on May 11.

A8 : 16FG will acquire 460,000 shares from the market to allocate 350,000 shares of treasury stock for shareholder returns and the disposal of this treasury stock.

By repurchasing in excess of number of treasury shares as the number of shares to be disposed of before the resolution of the General Meeting of Shareholders (June 16, 2023), dilution of shares due to the disposal of treasury stock will be avoided. In addition, by canceling 1,000,000 shares of treasury stock currently held, earnings per share and net assets per share will increase, contributing to an increase in shareholder value.

Please note that if the total number of shares purchased from the market does not reach the number of shares to be disposed of, the treasury shares currently held will be appropriated.

The disposal and cancellation of treasury stock is not subject to the approval of a special resolution regarding such disposal at the General Meeting of Shareholders to be held on June 16, 2023.

Q9 : What do you think about stock dilution due to the disposal of treasury stock?

A9 : As described in A8, the treasury stock related to this disposal will be newly acquired from the stock market, and will not be sold by 16 Foundation for the time being, so the concerns about dilution will be avoided.

Q10 : What is the reason for setting the number of shares to be disposed of at 350,000 shares?

A10 : The treasury stock will be disposed of after 16FG newly acquires 460,000 shares from the market, so stock dilution concerns are avoided. Considering the scale of 16 Foundation's budget to date, and the expansion of that budget by adding Aichi Prefecture to the activity area, 350,000 is the number of shares that can receive dividends on a scale that covers the operating expenses required for the foundation.

Q11 : Were 16FG's consolidated financial results disclosed only after the fiscal year ended March 2022?

A11 : 16FG was established on October 1, 2021 through a single share transfer of 16BK.

Therefore, the operating results and financial position of 16FG are available only after that date, but the scope of consolidated companies has not changed from that of 16BK's consolidated results, so the past operating results of 16FG have continued from 16BK's consolidated results, which can be compared as continuous results.

Please refer to the table of 16FG's operating results below for your reference, in which we posted the continuous performance from 16BK's consolidated results.

In this case, 16FG's profit attributable to owners of parent has increased for five consecutive years. Dividends per share have also increased for four consecutive years from 70 yen in the fiscal year ended March 31, 2019, to 130 yen in the fiscal year ending March 31, 2023. In addition, we will purchase treasury stock, resulting in a total return ratio of 31.6%.

< 16FG operating results for the last five years (Consolidated) >

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Consolidated ordinary income (yen)	104,380 million	106,860 million	111,346 million	117,350 million	112,685 million
Consolidated ordinary profit (yen)	16,277 million	19,497 million	24,608 million	26,798 million	27,262 million
Profit attributable to owners of parent (yen)	10,658 million	12,862 million	14,722 million	17,191 million	18,630 million
Consolidated earnings per share (yen)	285.29	344.22	393.93	460.45	505.78
Dividend per share (yen)	70	80	90	120	130
Consolidated net assets per share (yen)	9,477.85	9,368.09	10,424.05	10,799.17	10,626.43

< Status of share prices for the last five years >

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Opening price (yen)	2,823	2,290	1,865	2,213	2,160
Highest price (yen)	3,270	2,713	2,464	2,496	3,410
Lowest price (yen)	2,120	1,446	1,681	1,896	2,072
Closing price (yen)	2,248	1,885	2,209	2,171	2,824

< Status of shareholder returns >

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Total dividends (yen)	2,615 million	2,989 million	3,363 million	4,453 million	4,783 million
Payout ratio	24.5%	23.2%	22.8%	26.0%	25.7%
Value of treasury stock acquisition (yen)	—	—	—	1,111 million	1,111 million
Total return ratio	24.5%	23.2%	22.8%	32.3%	31.6%

*Payout and total return ratios are calculated based on the average number of shares during the period in question.

End