Appendix/Corporate Data

Financial and Economic Environment

Looking back on the economic situation for the fiscal year ended March 31, 2023, the global economy continued to slow down mainly due to full-scale monetary tightening by the U.S. and European central banks in an effort to curb high inflation. The U.S. economy slowed due to sharp interest rate hikes by the Federal Reserve Board, but maintained positive growth on the back of a firm job market. In the Eurozone, meanwhile, economic conditions showed a stronger trend toward stagflation, in which economic stagnation and inflation coincide. The Japanese economy, although affected by the overseas economic slowdown, continued to pick up, mainly buoyed by domestic demand. The Chinese economy continued to slow due to the zero-COVID policy and the property market slump. However, after a sharp easing of the zero-COVID policy in December, it began to recover.

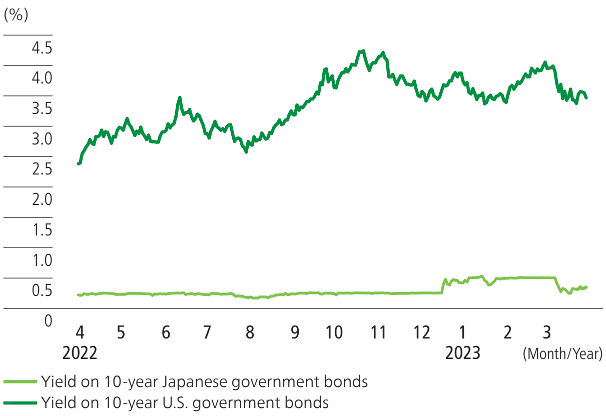
In the financial and capital markets, the yield on 10-year U.S. government bonds continued to rise on the assumption that the Fed would accelerate interest rate hikes and raise the interest rate endpoint (terminal rate) to curb high inflation. However, the collapse of a certain bank in the U.S. in March somewhat dampened market expectations of a rate hike, bringing the rate down to the mid-3% range. The yield on 10-year Japanese government bonds, which had been in the vicinity of 0.25%, soared to the 0.4% range in late December as the Bank of Japan reviewed its operation of yield curve control ("YCC"), widening the range of long-term interest rates from ± 0.25% to ± 0.5%. However, the yield fell sharply to the midpoint of the 0.2% range temporarily in March following the bank collapse in the U.S.

In addition, overseas credit spreads continued to widen in response to the outlook of higher interest rates and concerns about an economic slowdown, with a period of sharp widening in March.

In the foreign exchange market, reflecting differences in monetary policy direction between Japan, the U.S. and Europe, as well as the widening of Japan's trade deficit, the yen plunged to the ¥150 range against the dollar in late October, and the authorities in Japan carried out a currency intervention. After that, due to the Bank of Japan's review of YCC's operations, the yen remained strong at appropriately ¥130. The yen continued to weaken against the euro, falling from appropriately ¥135 at the start of April to appropriately ¥144 at the end of March.

The S&P 500 Index was buffeted by speculation over the Fed's monetary policy, resulting in a lackluster, see-saw pattern. The Nikkei Stock Average was firm compared to overseas stock prices, remaining in the range of roughly ¥26,000 to ¥28,000.

Yield on 10-year government bonds



Foreign exchange

Nikkei Stock Average

S&P 500 index