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# Recent Trends in Shareholder Benefits and Downward Pressure on Stock Prices due to Their Abolition

**Many companies have abolished shareholder benefits for fair return of profits. Stock prices tend to fall after the announcement of the abolition**

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## Summary

- As of September 2022, 1,463 companies, or about 40% of all listed companies in Japan, implement shareholder benefits. The number of companies providing shareholder benefits has generally been on an uptrend for more than 20 years, but peaked in 2019.
- In recent years, the number of companies that have abolished shareholder benefits each year has exceeded the number of newly established companies that offer them. Looking at the reasons for abolishing benefits in recent years, the response "for fair return of profits" is on an increasing trend. Some companies have abolished shareholder benefits from the standpoint of shareholder equality. Some reports show that one of the reasons seem to be that shareholder benefits are difficult for institutional investors and foreign shareholders to take advantage of.
- An analysis of stock price performance at the time of the abolition showed that the return on the day after the announcement of abolition was estimated to be, on average, about 5-6%pt lower than it otherwise would have been. This analysis also suggests that the decline in returns may be smaller for corporations that announced an increase in dividends at the same time as the abolition of shareholder benefits.

### Attention

This report is a summary translation. The official document is only in Japanese.