

Summary of Consolidated Financial Results
for the Second Quarter of Fiscal Year Ending March 31, 2025
(Six Months Ended September 30, 2024)

[Japanese GAAP]

Company name: Shobunsha Holdings, Inc. Listing: Tokyo Stock Exchange, Standard Market
Stock code: 9475 URL: <https://www.mapple.co.jp/en/>
Representative: Shigeo Kuroda, President & Representative Director
Contact: Hiroyuki Kato, Director, General Manager, Business Administration Division
Tel: +81-3-3556-8171

Scheduled date to file semi-annual securities report: November 13, 2024

Scheduled date of payment of dividend: –

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter Ended September 30, 2024
(April 1, 2024–September 30, 2024)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2024	2,756	(2.3)	(112)	–	(92)	–	262	–
Six months ended Sep. 30, 2023	2,822	17.0	3	–	47	–	7	–

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2024: 256 (up 25.3%)

Six months ended Sep. 30, 2023: 204 (–%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2024	14.42	–
Six months ended Sep. 30, 2023	0.41	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2024	18,154	12,856	70.8
As of Mar. 31, 2024	18,879	12,690	67.2

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income) (million yen)

As of Sep. 30, 2024: 12,856

As of Mar. 31, 2024: 12,690

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2024	–	0.00	–	5.00	5.00
Fiscal year ending Mar. 31, 2025	–	0.00			
Fiscal year ending Mar. 31, 2025 (forecasts)			–	–	–

Note: Revisions to the most recently announced dividend forecast: None

There is currently no forecast for the year-end dividend for the fiscal year ending March 31, 2025. An announcement will be made promptly once it becomes possible to disclose a dividend forecast.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025
(April 1, 2024–March 31, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	6,600	3.0	100	(77.1)	170	(67.3)	350	(80.2)	19.25

Note: Revisions to the most recently announced earnings forecasts: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly added: – Excluded: –

(2) Application of special accounting methods for presenting semi-annual consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

Note: Please refer to “2. Semi-annual Consolidated Financial Statements and Notes, (3) Notes to Semi-annual Consolidated Financial Statements, Changes in Accounting Policies” on page 9 of the attachments for details.

(4) Number of issued shares (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of Sep. 30, 2024:	18,178,173 shares	As of Mar. 31, 2024:	18,178,173 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2024:	1,002 shares	As of Mar. 31, 2024:	1,002 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2024:	18,177,171 shares	Six months ended Sep. 30, 2023:	18,177,222 shares
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* Semi-annual financial results reports are exempt from interim review conducted by certified public accountants or an audit firm.

* Appropriate use of earnings forecasts, and other special items

Forward-looking statements in these materials are based on assumption judged to be valid and information available to the Company’s management at the time the materials were prepared. Actual results may differ significantly from these forecasts for a number of factors. Please refer to “1. Qualitative Information on Semi-annual Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements” on page 4 of the attachments for forecast assumptions and notes of caution for usage.

How to view supplementary materials on financial results

Supplementary materials for financial results will be available on our website at the beginning of December 2024. We decided not to hold a financial results meeting for analysts. Alternatively, we will have a conference call or other meeting.

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1. Qualitative Information on Semi-annual Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the current fiscal year (from April 1, 2024 to September 30, 2024) (hereinafter the “period under review”), the Japanese economy saw industrial production remain largely stable and corporate earnings were on an upward path, though being affected by a slowdown in the recovery of overseas economies. A rise in capital investment remained moderate, however, partly reflecting the cautious stance of companies. As for the household sector, in spite of continued wage increases, real wages were on a downward trend and consumer spending as a whole remained sluggish. Behind this was the ongoing historic depreciation of the yen and rises in prices because of the prolonged Russian invasion of Ukraine, combined with new geopolitical risks in the Middle East. Meanwhile, a recovery trend continued in the tourism market, in which Shobunsha Holding, Inc. (hereinafter the “Company”) and its subsidiaries and associates (hereinafter collectively the “Group”) mainly operates its business. However, the pace of the recovery was slower compared with previous year, when the market recovered rapidly resulting from the downgrade of the COVID-19 infection to a Class 5 disease under the Infectious Disease Act. In cross-border traveling, the inbound tourism market rapidly expanded, benefited from the historic depreciation of the yen. In fact, the number of foreign travelers visiting Japan in August 2024 hit a record high for the seventh consecutive month. In contrast, recovery in the outbound tourism market was still weak.

The Group addressed challenges caused by the prolonged impact of the COVID-19 pandemic. In doing so, we implemented the Group’s business restructuring including the restructuring of the retail publishing business, which is the Group’s core business. We also rationalized and streamlined the operations through digital transformation (DX). Furthermore, we took other measures including effective use of assets owned by the Group. As a result, backed by the recovery of market environment, we turned into profitability by reporting profit for the previous fiscal year for two fiscal years in a row. Since the previous fiscal year when the COVID-19 pandemic nearly subsided, we have positioned the initiatives implemented to promote DX and realize a decarbonized society among others as part of our sustainability strategy that aligns with the corporate philosophy of “organization that provides support for good living and enjoyable traveling”. With this as a basic policy, we will continue focusing on the efforts to enhance efficiency of the existing businesses, to develop new businesses, and to develop products and services through business alliances with other companies so as to achieve sustained growth.

Net sales for the period under review were 2,756 million yen, a slight decrease of 66 million yen (2.3%) compared with 2,822 million yen one year earlier. Although sales mainly in the retail publishing, e-books, and apps related to tourism remained robust, net sales did not reach the level of the same period of the previous year, when the market recovered rapidly after the COVID-19 pandemic. In terms of profitability, operating loss was 112 million yen, a deterioration of 115 million yen from operating profit of 3 million yen one year earlier due to a fall in profit associated with a decrease in sales, and a year-on-year increase in selling, general and administrative expenses, owing to the impact of rising prices and the recording of expenses related to the relocation of an office, which were not recorded in the previous year. Ordinary loss was 92 million yen, a deterioration of 139 million yen from ordinary profit of 47 million yen one year earlier. This was mainly due to the recording of foreign exchange losses in non-operating expenses. In addition, we included in extraordinary income a gain on sale of investment securities in the period under review, as described in “Notice of Revision to the Consolidated Earnings Forecasts for the Six Months Ending September 30, 2024 and for the Full Fiscal Year Ending March 31, 2025” (Japanese version only), which was announced on August 5, 2024. Because of this and other factors, profit attributable to owners of parent was 262 million yen, an improvement of 254 million yen from profit attributable to owners of parent of 7 million yen one year earlier.

Results by business segment of the Group were as follows.

Media Business

This segment engages in planning, producing, and selling retail publications, e-books, and apps; selling magazine and web ads; planning, producing, and selling customized items; obtaining permission to use brands and trademarks on publications, and others.

During the period under review, the segment saw robust sales of retail publications, particularly traveling magazine for Japan’s major tourist areas such as MAPPLE Magazines. Additionally, sales of e-books, including the subscription service to provide unlimited access to e-books, remained favorable. However, sales in the segment

were lower than the same period of the previous year, when the market rebounded rapidly after the COVID-19 pandemic. In the retail publications business, we expanded traveling magazines including the revised editions of overseas travel magazines for the first time in several years under the impact of the COVID-19 pandemic. In addition, we released new books in the *Sutto Atama ni Hairu* (quickly learn) series, which is our well-received book series. The new publications offer a various lineup: *Chizu de Sutto Atamani Hairu Sekai Keizai*, a book that explains the current complicated global economy in a wide range; *Chizu de Sutto Atamani Hairu Sekai no Kokuryoku Ranking*, a book that shows what true national power is; *Chizu de Sutto Atamani Hairu 50 States of America*, a revised new edition with an eye to the year of the presidential election in the United States; and *Sutto Atamani Hairu Kukai no Oshie*, a book about the teachings of Kukai, a Buddhist monk as the first great historical figures version of the series.

As a result, net sales of the segment were 1,974 million yen (compared with 2,042 million yen one year earlier). Operating profit was 41 million yen (compared with operating profit of 156 million yen one year earlier).

Solutions Business

This segment engages in selling the database of maps and guidebooks that are the Group's core competencies, selling system products and solution services using the database, and other activities.

During the period under review, we continued to focus on receiving orders from government agencies including police and fire departments that were less susceptible to economic trends. We have also focused on renewing contracts with private companies on subscription-based products.

As for car navigation products, we have strived for increasing orders of business-use car navigation, aiming to make them a new business foundation as well as to offset a demand decrease in PND caused by rapid shrinking of the commercial PND market due mainly to the spread of free-of-charge navigation apps available on smartphones. Specifically, we started supply of *Business-use Car Navigation System SDK Ver. 9.0*. This is the newest version of the key product, which enables users to search routes efficiently with consideration of traffic restrictions imposed depending on load capacity. Orders received for business-use car navigation have steadily increased mainly from police, fire departments, and major infrastructure companies. On top of that, we saw a steady increase in orders received for alliance partner's smart GPS products that enable high-precision autonomous navigation, as the semiconductor market recovered.

Additionally, we focused on receiving more orders related to tourism DX with an eye to rapidly growing inbound tourism market by the effect of the weaker yen. We released *Super MAPPLE Digital 25* as a commercially available product, which is the latest version of our map software for PC with a new function to support managing and analyzing tasks using open data.

As a result, net sales of the segment were 686 million yen (compared with 720 million yen one year earlier). Operating loss was 181 million yen (compared with operating loss of 161 million yen one year earlier).

Sales Agency Business

The segment engages in serving as the point of contact for agreements of the business consignment when customers, who are mainly government agencies, consign business such as data production, etc., and thereby earns commission income for such dealings.

The Company continued to receive orders of business consignment from customers during the period under review. As a result, net sales of the segment were 54 million yen (compared with 23 million yen one year earlier). Operating profit was 36 million yen (compared with operating profit of 8 million yen one year earlier).

Other Businesses

This segment engages in the real estate business that sells or leases the Group's property, such as land and buildings, to external counterparties.

During the period under review, other businesses operated as planned. Sales increased with the expansion of the area where we have leased our property to external counterparties.

As a result, net sales of the segment were 41 million yen (compared with 36 million yen one year earlier). Operating profit was 13 million yen (compared with operating profit of 14 million yen one year earlier).

(2) Explanation of Financial Position

Total assets at the end of the period under review decreased 724 million yen (3.8%) from the end of the previous fiscal year to 18,154 million yen. This was mainly due to decreases in accounts receivable-trade of 836 million yen, other of current assets of 435 million yen, and other of investments and other assets of 409 million yen, which were partly offset by increases in cash and deposits of 711 million yen and investment securities of 253 million yen. Total liabilities decreased 890 million yen (14.4%) from the end of the previous fiscal year to 5,298 million yen. This was mainly due to decreases in notes and accounts payable-trade of 110 million yen, short-term borrowings of 130 million yen, income taxes payable of 232 million yen, and other of current liabilities of 488 million yen, which were partly offset by an increase in refund liabilities of 96 million yen. The Company implemented the accounting treatment procedures as announced in “Notice of Reduction in the Amounts of Share Capital and Legal Capital Surplus and Appropriation of Surplus” (Japanese version only) dated May 15, 2024. As a result, while share capital decreased 5,141 million yen from the end of the previous fiscal year, there were increases in capital surplus of 2,023 million yen and retained earnings of 3,288 million yen including the recording of profit attributable to owners of parent. As a result of these factors, total net assets increased 165 million yen (1.3%) from the end of the previous fiscal year to 12,856 million yen.

Consequently, the equity ratio increased 3.6 percentage points to 70.8%.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

While net sales for the period under review were slightly below the figure in the consolidated earnings forecasts for the period under review announced on August 5, 2024, each profit item exceeded the figures in the forecasts. This is because some expenses are occurring later than expected at the time of the forecast announcement. We consider that our businesses have largely performed within the range of our expectations for the fiscal year ending March 31, 2025 as a whole, as the tourism market where the Group operates its core business has continued to recover steadily. We have therefore decided not to revise the forecasts for the full fiscal year announced on August 5, 2024.

Note that the earnings forecasts are based on information that is currently available to us and on certain assumptions that we believe reasonable. However, actual results may differ significantly from these forecasts for a number of factors. For information about business risks, which constitute the factors, please refer to the business risk section of our Annual Securities Report (*Yukashoken Hokokusho*) for the fiscal year ended March 31, 2024, which was filed on June 27, 2024.

2. Semi-annual Consolidated Financial Statements and Notes**(1) Semi-annual Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/24 (As of Mar. 31, 2024)	Second quarter of FY3/25 (As of Sep. 30, 2024)
Assets		
Current assets		
Cash and deposits	6,277,422	6,989,120
Accounts receivable-trade	2,303,354	1,466,489
Merchandise and finished goods	1,141,408	929,237
Work in process	165,220	226,320
Raw materials and supplies	258	258
Other	759,696	324,162
Allowance for doubtful accounts	(341)	(241)
Total current assets	10,647,020	9,935,348
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	779,834	826,973
Land	2,558,671	2,558,671
Other, net	64,893	91,956
Total property, plant and equipment	3,403,399	3,477,601
Intangible assets		
Other	92,691	137,704
Total intangible assets	92,691	137,704
Investments and other assets		
Investment securities	2,674,768	2,928,059
Retirement benefit asset	1,444,101	1,468,769
Other	665,092	255,454
Allowance for doubtful accounts	(48,038)	(48,038)
Total investments and other assets	4,735,924	4,604,244
Total non-current assets	8,232,015	8,219,551
Total assets	18,879,036	18,154,899

	(Thousands of yen)	
	FY3/24 (As of Mar. 31, 2024)	Second quarter of FY3/25 (As of Sep. 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	573,011	462,254
Short-term borrowings	770,000	640,000
Income taxes payable	293,593	60,794
Refund liabilities	2,261,560	2,357,804
Provision for bonuses	298,806	243,216
Other	831,107	342,812
Total current liabilities	5,028,080	4,106,882
Non-current liabilities		
Deferred tax liabilities	794,661	796,745
Retirement benefit liability	103,121	108,844
Other	263,114	286,400
Total non-current liabilities	1,160,897	1,191,991
Total liabilities	6,188,977	5,298,873
Net assets		
Shareholders' equity		
Share capital	10,141,136	5,000,000
Capital surplus	4,168,372	6,192,139
Retained earnings	(2,844,951)	443,615
Treasury shares	(542)	(542)
Total shareholders' equity	11,464,014	11,635,212
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,248,319	1,238,979
Remeasurements of defined benefit plans	(22,275)	(18,166)
Total accumulated other comprehensive income	1,226,043	1,220,813
Total net assets	12,690,058	12,856,025
Total liabilities and net assets	18,879,036	18,154,899

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income**Semi-annual Consolidated Statement of Income**

	(Thousands of yen)	
	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)
Net sales	2,822,711	2,756,444
Cost of sales	1,769,999	1,750,114
Gross profit	1,052,712	1,006,330
Selling, general and administrative expenses	1,049,263	1,118,367
Operating profit (loss)	3,448	(112,037)
Non-operating income		
Interest income	73	8,419
Dividend income	28,705	31,561
Rental income	1,320	1,320
Share of profit of entities accounted for using equity method	3,296	1,934
Foreign exchange gains	10,559	–
Subsidy income	2,957	–
Other	3,866	14,968
Total non-operating income	50,779	58,203
Non-operating expenses		
Interest expenses	5,694	5,694
Loss on investments in investment partnerships	1,362	–
Foreign exchange losses	–	32,704
Other	0	152
Total non-operating expenses	7,057	38,551
Ordinary profit (loss)	47,171	(92,386)
Extraordinary income		
Gain on sale of non-current assets	585	20
Gain on sale of investment securities	–	406,366
Total extraordinary income	585	406,386
Extraordinary losses		
Loss on retirement of non-current assets	–	700
Loss on sale of investment securities	–	16
Loss on valuation of investment securities	1,129	–
Total extraordinary losses	1,129	717
Profit before income taxes	46,626	313,282
Income taxes-current	37,595	47,256
Income taxes-deferred	1,550	3,943
Total income taxes	39,146	51,199
Profit	7,480	262,083
Profit attributable to owners of parent	7,480	262,083

Semi-annual Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)
Profit	7,480	262,083
Other comprehensive income		
Valuation difference on available-for-sale securities	184,177	(9,340)
Remeasurements of defined benefit plans, net of tax	13,281	4,109
Total other comprehensive income	197,459	(5,230)
Comprehensive income	204,939	256,853
Comprehensive income attributable to:		
Owners of parent	204,939	256,853
Non-controlling interests	–	–

(3) Notes to Semi-annual Consolidated Financial Statements

Changes in Accounting Policies

Application of the Accounting Standard for Current Income Taxes, etc.

The Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter the “Revised Accounting Standard 2022”) and others have been applied from the beginning of the period under review.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter the “Revised Implementation Guidance 2022”). This change in accounting policies has no impact on the semi-annual consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been applied from the beginning of the period under review. This change in accounting policies was applied retrospectively. Hence, the semi-annual consolidated financial statements and the consolidated financial statements for the previous fiscal year are after retrospective application. This change in accounting policies has no impact on the semi-annual consolidated financial statements and the consolidated financial statements for the previous fiscal year.

Segment and Other Information

Segment information

I. First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)

1. Information pertaining to net sales and profit/loss in reportable segments and on revenue breakdown

(Thousands of yen)

	Reportable Segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount in the semi- annual consolidated statement of income (Note 3)
	Media Business	Solutions Business	Sale Agency Business	Subtotal				
Net sales								
Retail publishing	1,628,007	–	–	1,628,007	–	1,628,007	–	1,628,007
Special-order products	89,237	–	–	89,237	–	89,237	–	89,237
Advertising	123,764	–	–	123,764	–	123,764	–	123,764
e-business sales	199,265	717,630	–	916,895	–	916,895	–	916,895
Other	2,200	2,553	23,530	28,284	–	28,284	–	28,284
Revenue from contracts with customers	2,042,475	720,183	23,530	2,786,189	–	2,786,189	–	2,786,189
Other income	–	–	–	–	36,522	36,522	–	36,522
Sales to external customers	2,042,475	720,183	23,530	2,786,189	36,522	2,822,711	–	2,822,711
Inter-segment sales and transfers	68,892	70,679	–	139,571	–	139,571	(139,571)	–
Total	2,111,368	790,862	23,530	2,925,761	36,522	2,962,283	(139,571)	2,822,711
Segment profit (loss)	156,442	(161,426)	8,652	3,669	14,182	17,851	(14,402)	3,448

Notes: 1. "Other" represents the businesses not included in any reportable segment and consists of the real estate business.

2. The (14,402) thousand yen adjustment to segment profit (loss) consists of 207 thousand yen of inter-segment elimination and (14,610) thousand yen of corporate revenues, net of expenses, which are not allocated to any reportable segment.

3. Segment profit (loss) is adjusted with operating profit shown on the semi-annual consolidated statement of income.

2. Information related to impairment of non-current assets, goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Significant changes in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

II. First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)

1. Information pertaining to net sales and profit/loss in reportable segments and on revenue breakdown

(Thousands of yen)

	Reportable Segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount in the semi- annual consolidated statement of income (Note 3)
	Media Business	Solutions Business	Sale Agency Business	Subtotal				
Net sales								
Retail publishing	1,610,714	–	–	1,610,714	–	1,610,714	–	1,610,714
Special-order products	80,483	–	–	80,483	–	80,483	–	80,483
Advertising	87,633	–	–	87,633	–	87,633	–	87,633
e-business sales	191,697	684,356	–	876,053	–	876,053	–	876,053
Other	3,694	1,813	54,902	60,410	–	60,410	–	60,410
Revenue from contracts with customers	1,974,224	686,170	54,902	2,715,296	–	2,715,296	–	2,715,296
Other income	–	–	–	–	41,147	41,147	–	41,147
Sales to external customers	1,974,224	686,170	54,902	2,715,296	41,147	2,756,444	–	2,756,444
Inter-segment sales and transfers	60,276	74,984	–	135,261	–	135,261	(135,261)	–
Total	2,034,500	761,154	54,902	2,850,557	41,147	2,891,705	(135,261)	2,756,444
Segment profit (loss)	41,058	(181,214)	36,926	(103,230)	13,032	(90,197)	(21,839)	(112,037)

Notes: 1. "Other" represents the businesses not included in any reportable segment and consists of the real estate business.

2. The (21,839) thousand yen adjustment to segment profit (loss) consists of (809) thousand yen of inter-segment elimination and (21,030) thousand yen of corporate revenues, net of expenses, which are not allocated to any reportable segment.

3. Segment profit (loss) is adjusted with operating loss shown on the semi-annual consolidated statement of income.

2. Information related to impairment of non-current assets, goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Significant changes in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

Significant Changes in Shareholders' Equity

First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)

Not applicable.

First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)

Based on the resolution of the Annual General Meeting of Shareholders held on June 27, 2024, capital reduction came into effect on June 27, 2024. The Company reduced share capital by 5,141,136 thousand yen and legal capital surplus by 2,576,769 thousand yen and transferred them to other capital surplus.

The Company then transferred other capital surplus of 3,026,483 thousand yen to retained earnings brought forward and appropriated it for deficit disposition.

Going Concern Assumption

Not applicable.

Subsequent Events

Not applicable.

This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.