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For Immediate Release

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Notice Regarding the Recording of Extraordinary Losses and Revision of the Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2023

CERES INC. (the Company) hereby announces the recording of extraordinary losses in the third quarter of the consolidated financial results for the fiscal year ending December 31, 2023 and the revision of the consolidated earnings forecast for the fiscal year ending December 31, 2023 (from January 1, 2023 to December 31, 2023), announced on February 10, 2023.

1. Regarding the recording of extraordinary losses

Mercury Inc., which is a consolidated subsidiary of the Company, recorded an impairment loss of ¥368 million on its system-related software assets as an extraordinary loss in the third quarter of the consolidated fiscal year ended December 31, 2023, in accordance with the Accounting Standard for Impairment of Fixed Assets.

The crypto asset exchange "CoinTrade" and the crypto asset staking service "CoinTradeStake, both are operated by Mercury Inc., are steadily increasing in the number of accounts and the number of currencies for staking services, but the Company made a conservative decision in light of the characteristics of the crypto asset market and the business environment.

2. Regarding the revision of the consolidated earnings forecast

(1) Revision of the consolidated earnings forecast for the fiscal year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

	Net sales	EBITDA	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previously announced forecast (A)	(million yen) 23,000	(million yen) 2,100	(million yen) 1,600	(million yen) 1,600	(million yen) 800	(yen) 70.24
Revised forecast (B)	24,000	1,500	1,000	1,000	250	21.92
Amount of change (B – A)	1,000	(600)	(600)	(600)	(550)	—
Percentage change (%)	4.3%	(28.6)%	(37.5)%	(37.5)%	(68.7)%	—
[Reference] Results for the fiscal year ended December 31, 2022	20,536	1,147	1,246	679	46	4.12

(2) Reasons for the revision

The Company raised its net sales forecast by ¥1,000 million to ¥24,000 million. While sales in the point business fell short of expectations due to sluggish demand for advertising, sales in the D2C business were much higher than expected, mainly due to strong sales of the high-performance insole "Pitsole,".

On the other hand, the Company revised its consolidated operating profit forecast downward by ¥600 million from the previous forecast to ¥1,000 million. This is was due to the remaining impact of the shifting of the cost of sales of "Moppy" point media from the previous year to the first quarter, a decrease in profit due to a larger-than-expected decline in sales of AD.TRACK and advertorial media, as well as increased costs from proactive investments in human resources and a loss from unprofitable projects at YUMEMI.

The forecast for profit attributable to owners of parent has been revised downward by ¥550 million from the previously announced forecast to ¥250 million, in additions to the reasons mentioned above, taking into account that an impairment loss of ¥368 million was recorded as an extraordinary loss in the third quarter of the fiscal year ending December 31, 2023.

(Note) The above figures are based on judgements derived from information available as of the date of this announcement. Actual results may differ from the estimated figures shown herein due to a variety of factors.

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