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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]



November 14, 2024

Company name: Remixpoint, inc.

Stock exchange listing: Tokyo Stock Exchange

Code number: 3825

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Scheduled date of filing semi-annual securities report: November 14, 2024

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on financial results: Available

Schedule of financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2024	11,269	11.0	551	(36.5)	508	(38.7)	427	(52.5)
September 30, 2023	10,155	(35.2)	868	—	829	—	900	(77.2)

(Note) Comprehensive income: Six months ended September 30, 2024: ¥427 million [(52.5)%]

Six months ended September 30, 2023: ¥900 million [(77.2)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	3.55	3.55
September 30, 2023	7.59	7.59

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2024	21,014	18,399	87.5
As of March 31, 2024	19,714	17,969	91.1

(Reference) Equity: As of September 30, 2024: ¥18,389 million

As of March 31, 2024: ¥17,962 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2025	–	0.00			
Fiscal year ending March 31, 2025 (forecast)			–	–	–

(Note) Revision to the dividend forecasts announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	24,200	18.1	835	(52.1)	790	(55.1)	685	(36.0)	5.69

(Note) Revision to the financial results forecast announced most recently: Yes

Profit and loss from owned cryptoassets and investments related to cryptoassets are not included in the Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025. When there is a significant impact on the consolidated financial results in the future, the Company intends to disclose the information as soon as possible.

* Notes:

- (1) Significant changes in the scope of consolidation during the period: No
- (2) Accounting policies adopted specially for the preparation of semi-annual consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (4) Total number of issued shares (common stock)
 - 1) Number of issued shares at the end of the period (including treasury shares):
 - September 30, 2024: 122,727,800 shares
 - March 31, 2024: 122,727,800 shares
 - 2) Number of treasury shares at the end of the period:
 - September 30, 2024: 2,435,000 shares
 - March 31, 2024: 2,435,000 shares
 - 3) Average number of shares during the period:
 - Six months ended September 30, 2024: 120,292,800 shares
 - Six months ended September 30, 2023: 118,657,800 shares

* These semi-annual financial results are outside the scope of review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other special notes

(Caution regarding forward-looking statements)

The forward-looking statements herein are based on information that is currently available and certain assumptions deemed reasonable by the Company.

For matters to note concerning conditions serving as the basis for financial forecasts and the use of financial forecasts, etc., see "1. Overview of Operating Results, etc. (3) Explanation of Consolidated Financial Forecasts and Other Forward-Looking Statements" on page 4 of the attached materials.

(Holding of financial results briefing session and obtaining supplementary documentation)

The Company plans to hold an online briefing session for institutional investors and analysts on Monday, November 25, 2024.

The supplementary documentation will be posted on the Company's website immediately after the announcement of consolidated financial results.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Period under Review

For the six months ended September 30, 2024 (April 1, 2024 – September 30, 2024), net sales increased by 11.0% year on year to ¥11,269 million. Operating profit decreased by 36.5% year on year to ¥551 million, ordinary profit decreased by 38.7% year on year to ¥508 million, and profit attributable to owners of parent decreased by 52.5% year on year to ¥427 million.

Operating results by business segment for the six months ended September 30, 2024 are as follows.

Net sales amounts given here for each segment do not include inter-segment net sales. The Group's reportable segments have been determined based on sections of high importance in accordance with the evaluation of operating results, the building of business strategies, the allocation of management resources, etc., and, up to the six months ended September 30, 2023, were organized into three sections as the "energy business," "resilience business," and "other businesses." As announced in the press release titled "Notification Concerning Acquisition of ZERO MEDICAL, INC. as a Wholly-owned Subsidiary through Simplified Share Exchange," dated October 26, 2023, the Company concluded a share exchange agreement with ZERO MEDICAL, INC (hereinafter, "ZERO MEDICAL"), in which the Company becomes a wholly-owning parent company resulting from the share exchange and ZERO MEDICAL becomes a wholly-owned subsidiary company resulting from the share exchange. Since the Company made ZERO MEDICAL a wholly-owned subsidiary on December 1, 2023, the effective date of the agreement, the business operated by ZERO MEDICAL has been included in the reportable segment as "medical business."

As a result, from the previous fiscal year, the Group's reportable segments comprised the "energy business," "resilience business," "medical business," and "other businesses."

Energy business

In the energy business, the Company is engaged primarily in the electric power retail business. With regard to the business conditions for the energy business during the six months ended September 30, 2024, electricity trading prices on the Japan Electric Power Exchange (hereinafter, referred to as "JEPX," and such trading price as the "JEPX Trading Prices") increased by an average of around ¥2/kWh year on year. However, since trading prices of natural gas and coal, which are mainly used as fuel of thermal power generation in Japan, leveled off from the previous year, the business conditions remained relatively calm in terms of procurement of power source.

In response to the payment for capacity contributions that started in this fiscal year, the Company had all the high-voltage customers switch to a new rate plan in July 2023, which increased the number of canceled contracts at the same time, and transiently decreased the total contracted capacity (kW) of the high-voltage customers. However, as a result of promoting activities such as strengthening the sales agent network and proactively releasing the new plan, the total contracted capacity as of the current period under review has recovered to a level exceeding that of the previous corresponding period. Although the Company restarted accepting new individual low-voltage customers in April 2023, the number of contracts has remained on a downward trend as measures for winning new contracts through WEB marketing were implemented and enhanced later than initially planned. Meanwhile, with regard to corporate low-voltage customers whom the Company is putting emphasis on winning, the number of new orders received grew higher than expected by seeking new agencies and strengthening relations with existing agencies. Accordingly, the Company has been able to steadily accumulate the number of contracts.

As the ratio of market-linked plans is high, in which electricity sales prices are linked to the JEPX Trading Prices for both high-voltage and low-voltage electricity, an increase in JEPX Trading Prices tends to lead to an increase in revenue. In addition, the steady growth in the number of high-voltage and low-voltage customers contributed to the revenue increase.

By combining three rate plans: the market-linked plan, the fixed-unit-price plan, and a mixture of the market-linked plan and the fixed-unit-price plan from the previous fiscal year, the Company has worked to minimize risks of fluctuation in JEPX Trading Prices on operating revenue and improve a foundation to ensure stable profits, and it has also sought to shift to the new rate system in anticipation of the capacity

contributions system which started in April 2024 as said above. The estimated amount of capacity contributions that the Company will pay in the fiscal year ending March 31, 2025 is approx. ¥1,486 million in total. For the six months ended September 30, 2024, approx. ¥745 million for six months was recorded as cost of sales, which became a factor to depress profits. In the fiscal year ending March 31, 2026, since the total amount of capacity contributions to be paid by electricity retailers will decrease, segment profit is expected to recover.

As a result, net sales for the segment increased by 4.6% year on year to ¥10,148 million and segment profit (operating profit) decreased by 33.6% to ¥811 million.

Resilience business

The resilience business consists of the energy saving consulting business and the storage batteries business. While the income from sales of energy-saving products and adoption of subsidies in the energy saving consulting business decreased, sales of MA-T System products (“Amazing Water” series), the Company’s main product in the infection control business, increased year on year. In the storage batteries business, net sales and profit increased as the number of storage batteries sold significantly grew in the Company’s original-brand home-use storage battery systems (remixbattery) as a result of the development of sales agents for storage batteries and active promotion of sales activities. The Company will promote in full swing sales of small industrial hybrid storage batteries for plants, commercial facilities and other corporate customers, which allow them to curb introduction costs and efficiently store surplus electricity.

Seal Engineering Inc. (hereinafter, “Seal Engineering”), which changed its trade name from Jarvis, Inc. (a consolidated subsidiary) on July 1, 2024, also began a storage batteries business with a renewable energy aggregation business in view. In the future, Seal Engineering will aim to further expand revenue from the storage batteries business by providing one-stop services for the design, construction, operation, and maintenance of storage batteries.

As a result, net sales for the segment increased by 33.2% year on year to ¥465 million and segment profit (operating profit) increased by 92.7% to ¥28 million.

Medical business

The medical business is conducted by ZERO MEDICAL, which became a wholly owned subsidiary through a stock exchange on December 1, 2023, and consists of the web creation business that mainly sells web marketing tools specializing in medical institutions, the medical consulting business that provides management support through management improvement consulting specializing in medical institutions, and through marketing and media dissemination related to regenerative medicine, and the welfare-related business that operates after-school services, Type B offices that support continued employment, and home-visit nursing care offices.

As a result, net sales for the segment was ¥654 million and segment profit (operating profit) was ¥105 million.

Others

In other businesses, profit and loss from the used car business and the financial business, for which business discontinuation was completed, were included in the previous fiscal year, but not included in the six months ended September 30, 2024.

As a result, segment loss (operating loss) was ¥1 million (segment profit [operating profit] was ¥6 million in the previous corresponding period).

(2) Overview of Financial Position for the Period under Review

1) Assets, liabilities, and net assets

For the period under review, total assets were ¥21,014 million, an increase of ¥1,300 million from ¥19,714 million at the end of the previous fiscal year. The main factors for this include increases of ¥998 million in trade receivables and contract asset, ¥750 million in deposits paid, ¥694 million in owned cryptoassets, and ¥350 million in investment securities, along with decreases of ¥1,384 million in cash and deposits, and ¥159 million in leasehold and guarantee deposits.

Total liabilities were ¥2,615 million, an increase of ¥870 million from ¥1,744 million at the end of the previous fiscal year. The main factors for this include increases of ¥664 million in accounts payable - trade, ¥245 million in current portion of long-term borrowings, and ¥223 million in deposits received, along with a decrease of ¥304 million in long-term borrowings.

Total net assets were ¥18,399 million, an increase of ¥429 million from the end of the previous fiscal year (¥17,969 million). The main factors for this include a recording of ¥427 million in profit attributable to owners of parent.

2) Cash flows

For the period under review, cash and cash equivalents (hereinafter, “net cash”) were ¥12,938 million, a decrease of ¥638 million from the previous fiscal year. The cash flows for the period under review and their contributing factors, classified by activity, are as follows.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥249 million (compared to net cash provided by operating activities of ¥1,671 million in the previous corresponding period). This is mainly due to ¥998 million in increase in trade receivables, ¥694 million in increase in owned cryptoassets, ¥664 million in increase in trade payables, and ¥511 million in profit before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥231 million (compared to net cash used in investing activities of ¥58 million in the previous corresponding period). This is mainly due to ¥468 million in proceeds from refund of leasehold and guarantee deposits, ¥350 million in purchase of investment securities, ¥316 million in payments of leasehold and guarantee deposits, and ¥65 million in purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥157 million (compared to net cash used in financing activities of ¥235 million in the previous corresponding period). This is mainly due to ¥100 million in decrease in short-term borrowings and ¥58 million in repayments of long-term borrowings.

(3) Explanation of Consolidated Financial Forecasts and Other Forward-Looking Statements

1) Performance outlook for the fiscal year under review

For the consolidated financial results forecast for the fiscal year ending March 31, 2025, see “Notice of Revisions to Full-Year Consolidated Results Forecast (Upward Revisions) for Fiscal Year Ending March 31, 2025” disclosed on November 14, 2024.

2) Dividend outlook for the fiscal year under review

The Company’s core approach to capital policy is to seek an appropriate balance between healthy financial underpinnings, improving capital efficiency and the strengthening of shareholder returns, while also increasing corporate value by growing and expanding businesses and by improving management efficiency and profitability. The Company considers the returning of profits to our shareholders to be a priority management policy.

For the fiscal year ending March 31, 2025, the Company expects to secure stable earnings in its existing businesses by appropriately responding to the risk of energy price fluctuations, etc. However, the Company intends to implement a flexible strategy to further expand the Group’s earnings, by investment, including M&A, in business areas that have a high affinity with existing businesses and areas where new business opportunities will be generated, and strengthening of organizational capabilities by securing human resources. Thus, no interim dividends will be paid and year-end dividend forecast has not yet been determined.

2. Semi-Annual Consolidated Financial Statements and Primary Notes
(1) Semi-Annual Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	13,573	12,188
Trade receivables and contract asset	3,554	4,553
Finished goods	0	0
Merchandise	251	175
Raw materials and supplies	13	8
Work in process	1	1
Accrued income taxes	11	6
Owned cryptoassets	68	762
Deposits paid	-	750
Other	302	468
Allowance for doubtful accounts	(62)	(88)
Total current assets	17,714	18,828
Non-current assets		
Property, plant and equipment	208	262
Intangible assets		
Software	68	87
Software in progress	25	5
Total intangible assets	93	92
Investments and other assets		
Investment securities	37	387
Deferred tax assets	19	2
Leasehold and guarantee deposits	1,275	1,115
Fixed loan	94	94
Other	364	325
Allowance for doubtful accounts	(94)	(94)
Total investments and other assets	1,696	1,831
Total non-current assets	1,999	2,186
Total assets	19,714	21,014

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	565	1,229
Short-term borrowings	100	-
Accounts payable - other	142	296
Deposits received	97	320
Current portion of long-term borrowings	93	339
Income taxes payable	14	81
Other	308	229
Total current liabilities	1,322	2,497
Non-current liabilities		
Long-term borrowings	422	117
Total non-current liabilities	422	117
Total liabilities	1,744	2,615
Net assets		
Shareholders' equity		
Share capital	10	10
Capital surplus	10,662	10,662
Retained earnings	8,462	8,890
Treasury shares	(1,173)	(1,173)
Total shareholders' equity	17,962	18,389
Share acquisition rights	7	9
Total net assets	17,969	18,399
Total liabilities and net assets	19,714	21,014

(2) Semi-Annual Consolidated Statements of Income and Comprehensive Income
Semi-Annual Consolidated Statements of Income

(Million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	10,155	11,269
Cost of sales	8,372	9,306
Gross profit	1,783	1,963
Selling, general and administrative expenses	914	1,411
Operating profit	868	551
Non-operating income		
Interest income	0	1
Penalty income	-	5
Subsidy income	10	-
Gain on investments in investment partnerships	26	10
Other	5	4
Total non-operating income	43	21
Non-operating expenses		
Interest expenses	-	2
Share acquisition rights issuance costs	1	1
Loss on valuation of crypto assets	76	55
Other	5	4
Total non-operating expenses	83	64
Ordinary profit	829	508
Extraordinary income		
Gain on sale of non-current assets	0	-
Gain on reversal of share acquisition rights	1	0
Gain on differences between the asset retirement obligation balance and the actual retirement costs	-	3
Total extraordinary income	2	3
Profit before income taxes	831	511
Income taxes - current	4	67
Income taxes - refund	(75)	-
Income taxes - deferred	2	17
Total income taxes	(68)	84
Profit	900	427
Profit attributable to owners of parent	900	427

Semi-Annual Consolidated Statements of Comprehensive Income

(Million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	900	427
Comprehensive income	900	427
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	900	427

(3) Semi-Annual Consolidated Statements of Cash Flows

(Million yen)

	Six months ended September 31, 2023	Six months ended September 31, 2024
Cash flows from operating activities		
Profit before income taxes	831	511
Depreciation	24	33
Increase (decrease) in allowance for doubtful accounts	12	25
Gain on reversal of share acquisition rights	(1)	(0)
Gain on sale of non-current assets	(0)	-
Interest and dividend income	(0)	(1)
Interest expenses	-	2
Issuance cost of subscription rights to shares	1	1
Penalty income	-	(5)
Loss (gain) on investments in investment partnerships	(26)	(10)
Decrease (increase) in trade receivables	712	(998)
Decrease (increase) in inventories	88	80
Increase (decrease) in owned cryptoassets	76	(694)
Increase (decrease) in guarantee deposits for cryptoassets	248	-
Decrease (increase) in other current assets	(82)	(250)
Increase (decrease) in trade payables	79	664
Increase (decrease) in accounts payable - other	(280)	157
Increase (decrease) in deposits received	(202)	223
Increase (decrease) in accrued consumption taxes	(218)	90
Increase (decrease) in other current liabilities	(15)	(78)
Other, net	0	0
Subtotal	1,246	(246)
Interest and dividends received	0	1
Interest paid	-	(2)
Income taxes refund	1,189	20
Income taxes paid	(764)	(27)
Proceeds from penalty income	-	5
Net cash provided by (used in) operating activities	1,671	(249)
Cash flows from investing activities		
Purchase of property, plant and equipment	(10)	(65)
Proceeds from sale of property, plant and equipment	0	-
Purchase of intangible assets	(3)	(16)
Purchase of investment securities	-	(350)
Payments of leasehold and guarantee deposits	(1)	(316)
Proceeds from refund of leasehold and guarantee deposits	3	468
Payments for investments in investment partnerships	(90)	-
Proceeds from withdrawal of investments in partnership	21	48
Proceeds from sales of cryptoassets	20	-
Net cash provided by (used in) investing activities	(58)	(231)
Cash flows from financing activities		
Repayments of long-term borrowings	-	(58)
Net increase (decrease) in short-term borrowings	-	(100)
Proceeds from issuance of share acquisition rights	1	0
Dividends paid	(237)	-
Net cash provided by (used in) financing activities	(235)	(157)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	1,377	(638)
Cash and cash equivalents at beginning of period	11,173	13,577
Cash and cash equivalents at end of period	12,550	12,938

(4) Notes to Semi-Annual Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in case of significant changes in shareholders' equity)

For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

In accordance with the resolution of the 20th annual general meeting of shareholders, the Company transferred ¥7,867 million from share capital and ¥687 million from legal capital surplus to other capital surplus.

For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

There is no relevant information.

(Changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes and the other standards)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter "2022 Revised Accounting Standard") and other standards from the beginning of the current period under review.

With regard to the revision related to classification to record income taxes (taxation on other comprehensive income), the Company has conformed to the transitional treatment provided for in the proviso to Paragraph 20-3 of 2022 Revised Accounting Standard, and the transitional treatment provided for in the proviso to Paragraph 65-2 (2) of "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter "2022 Revised Guidance"). The changes in accounting policies have no impact on Semi-Annual Consolidated Financial Statements.

With regard to the revision associated with the review of treatment in Consolidated Financial Statements of gain or loss on sale of shares in a subsidiary, etc. between consolidated companies when they are deferred for tax purpose, 2022 Revised Guidance has been applied from the beginning of the current period under review. The changes in accounting policies have been retrospectively applied, and Semi-Annual Consolidated Financial Statements for the previous corresponding period and Consolidated Financial Statements for the previous fiscal year reflect the changes in accounting policies. The changes in accounting policies have no impact on Semi-Annual Consolidated Financial Statements for the previous corresponding period and Consolidated Financial Statements for the previous fiscal year.

(Notes to segment information, etc.)

For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

1. Information on net sales, and profit (loss) for each reportable segment

(Million yen)

	Reportable segment				Adjustment (Note 1)	Amount recorded in semi-annual consolidated statement of income (Note 2)
	Energy business	Resilience business	Others	Total		
Net sales						
Net sales to outside customers	9,703	349	102	10,155	—	10,155
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	9,703	349	102	10,155	—	10,155
Segment profit	1,222	14	6	1,243	(374)	868

(Notes) 1. The adjustment for segment profit of negative ¥374 million is primarily corporate expenses not allocated to the reportable segments. The corporate expenses are mainly general and administrative expenses, which are not attributable to the reportable segments.

2. The segment profit is adjusted with operating profit in the semi-annual consolidated statement of income.

2. Information on impairment loss on non-current assets, goodwill and other items by reportable segment

There is no relevant information.

For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

1. Information on net sales, and profit (loss) for each reportable segment

(Million yen)

	Reportable segment					Adjustment (Note 1)	Amount recorded in semi-annual consolidated statement of income (Note 2)
	Energy business	Resilience business	Medical business	Others	Total		
Net sales							
Net sales to outside customers	10,148	465	654	—	11,269	—	11,269
Inter-segment net sales or transfers	—	—	2	—	2	(2)	—
Total	10,148	465	657	—	11,271	(2)	11,269
Segment profit (loss)	811	28	105	(1)	944	(393)	551

(Notes) 1. The adjustment for segment profit (loss) of negative ¥393 million is primarily corporate expenses not allocated to the reportable segments. The corporate expenses are mainly general and administrative expenses, which are not attributable to the reportable segments.

2. The segment profit is adjusted with operating profit in the semi-annual consolidated statement of income.

2. Information on impairment loss on non-current assets, goodwill and other items by reportable segment

There is no relevant information.

(Significant subsequent events)

(Additional acquisition of cryptoassets)

The Company resolved, at the Board of Directors meeting held on November 14, 2024, to acquire additional cryptoassets totaling ¥1.0 billion.

The planned additional acquisition of cryptoassets consists of ¥0.8 billion allocated to Bitcoin, ¥0.15 billion to Solana, and ¥0.05 billion to Ethereum, totaling ¥1.0 billion.

The acquisition is scheduled to be completed by around December 2024, taking market conditions into account.