October 18, 2024

To all

Company name	Last One Mile Co., Ltd.
Representative	President and Representative Director, Makoto Watanabe (Code : 9252 Tokyo Stock Exchange Growth Market)
Contact	Director, General Manager of Finance & Accounting Department, Kohei Ichikawa (Tel 050-1781-0250)

(Correction of numerical data)
Correction of "Consolidated Financial Results for the First Quarter of the Fiscal Year Ending August 2024 [IFRS]

There were some errors in the content of the 'Consolidated Financial Results for the First Quarter of the Fiscal Year Ending August 2024 [IFRS]' announced on January 12, 2024, so we will make the following corrections. There were also corrections to the numerical data, so we will also send the corrected numerical data.

Details

1. Reason for the correction

While the Company was proceeding with the closing procedures for the fiscal year ending August 2024, it was discovered that, in the process of recording expenses, the recording period for some expenses had been misidentified, and that expenses had been under-recorded. Specifically, the Company had not correctly identified the timing of recording advertising expenses for listing advertisements in the listing media business it operates. It was confirmed that 21,950,000 yen was not recorded in the first quarter, and this has been corrected and recorded. The Company has discussed the results of the fact-finding with our accounting auditor, Faith Audit Firm, and the amount of impact, and in light of the importance of the impact, the Company has decided to correct the past quarterly financial results. In addition, when making the correction, the Company has also made corrections to items that were not corrected in the same target fiscal year from the perspective of importance.

＜Summary of the correction of the consolidated financial statements＞

	After correction (A)	Before correction (B)	Difference(A-B)
Sales revenue	2,398,690	2,398,690	0
Cost of sales	939,586	939,586	0
Selling, general and administrative expenses	1,382,687	1,360,736	21,950
Other income	10,984	10,984	0
Other expense	0	0	0
Operating income	87,401	109,352	△ 21,950
Income before income taxes	83,439	105,389	△ 21,950
Net income for the period	71,710	86,939	△ 15,229
Income attributable to owners of parent company	71,710	86,939	△ 15,229

Total assets	5,176,124	5,176,124	0
Total equity	1,535,240	1,550,469	△15,229
Equity attributable to owners of the parent company	1,535,239	1,550,468	△15,229

2. Details of correction

As there are many corrections, the full text after the corrections has been made is attached, and the corrected parts are displayed with underlines.

End

FY 2024 1st Quarter Consolidated the Financial Results <IFRS>

January 12, 2024

Listed Company Name:The Last One Mile, Co., Ltd. Stock Exchange Listing: Tokyo

Code No. 9252 URL http://lomgrp.co.jp/

Representative: Makoto Watanabe, President and Representative Director
Inquiries: Kohei Ichikawa, Director, General Manager of Finance & Accounting Department
Tel: +81-(0)50-1781-0250

Date of quarterly report filing: January 12, 2024
Date of dividend payment commencement: —

Preparation of supplementary materials for financial results: Yes

Holding of financial results briefing: Yes (for institutional and individual investors)

(Amounts are rounded down to nearest million yen)

1. Consolidated Financial Results for the FY2024 1st Quarter (September 1, 2023 - November 30, 2023)

（１）Consolidated operating results (Cumulative) (Percentages represent changes from the previous year)

	Sales		Operating income		Income before taxation		Income for the period		Income attributable to owners of the parent		Total comprehensive income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
1st Quarter FY2024	2,399	10.1	87	846.6	83	978.0	72	(22.3)	72	(21.0)	72	(22.3)
1st Quarter FY2023	2,178	—	9	—	8	—	92	—	91	—	92	—

	Earnings per share(basic)	Earnings per share (diluted)
	¥	¥
1st Quarter FY2024	26.41	24.35
1st Quarter FY2023	33.72	32.84

（２）Consolidated financial position

	Total assets	Total equity	Total shareholder’s equity	Total shareholder’s equity ratio
	million yen	million yen	million yen	%
1st Quater FY2024	5,176	1,535	1,535	29.7
4th Quarter FY2023	3,904	1,450	1,450	37.1

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter Annual	Total
	¥	¥	¥	¥	¥
FY 2023(Actual)	—	0.00	—	0.00	0.00
FY 2024(Actual)	—				
FY 2024(Forecast)		0.00	—	0.00	0.00

(Note) Revision from the dividend forecast announced most recently : None

3. Forecast for FY2024 (From September 1 2023 to August 31 2024)

(Percentages represent changes from the previous year.)

	Sales		Operating income		Income before taxation		Income after taxation		Income attributable to owners of the parent		Earnings per share (basic)
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	¥
Full year	10,100	8.0	450	74.5	440	78.9	289	(9.3)	289	(8.9)	106.44

(Note) Revision to the earnings forecast announced most recently : None

From this period our earnings forecast is being announced under International Financial Reporting Standards (IFRS), and the earnings forecast FY 2024, which was announced on October 13, 2023, has partially revised. For details, please refer to the attached document (page 5, " Narratives about financial results for FY2024 1st Quarter (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information").

*Notes

(1) Changes in principal subsidiaries during the period : None

(changes in specified subsidiaries resulting in changes in scope of consolidation)

New: — Excluded: —

(2) Changes in accounting policies and accounting estimates

(i) Changes in accounting policies required by IFRS : None

(ii) Changes in accounting policies other than (i) : None

(iii) Changes in accounting estimates : None

(3) Number of shares issued and outstanding (common stock)

(i) Number of shares outstanding at the term-end (including treasury stock)

(ii) Number of treasury stock at the term-end

(iii) Average number of shares outstanding during

FY2024 Q1	2,808,718shares	FY2023	2,798,418shares
FY2024 Q1	90,072shares	FY2023	90,072shares
FY2024 Q1	2,715,270shares	FY2023 Q1	2,692,569shares

※ The quarterly financial results are not subject to quarterly review by a certified public accountant or auditing firm.

※ Explanation of appropriate use of earnings forecasts and other special notes

(Note: Regarding Forward-Looking Statements, etc.)

The forward-looking statements in this document are based on information available to the Company as of the date of this document and certain assumptions that the Company considers reasonable, and there is no guarantee that the Company will achieve these forecasts. Forward-looking statements are included in the attached materials (see page 5, ″ Narratives about financial results for FY2024 1st Quarter (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information″3, ″1.

(Application of International Financial Reporting Standards (IFRS))

The Group has adopted International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ending August 31, 2024. Financial figures for the first quarter and also the full year of the previous fiscal year are also presented in accordance with IFRS. Please refer to ″2. Condensed Consolidated Financial Statements and Notes (5) Notes to Condensed Consolidated Financial Statements (First-time Adoption)″ on page 13 for the differences between IFRS and Japanese GAAP (hereinafter “JGAAP”).

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1. Narratives about financial results for FY2024 1st Quarter

(1) Explanation of Operating Results

Forward-looking statements in the text are based on the judgment of the Group as of the end of the first quarter of the current consolidated fiscal year. The Group has adopted IFRS instead of JGAAP from the first quarter of the current consolidated fiscal year, and figures for the first quarter and also the full year of the previous consolidated fiscal year have been reclassified for comparative analysis based on IFRS.

(1) Financial position and operating results

(i)Operating Results

During the first quarter of the current fiscal year (September 1, 2023 to November 30, 2023), the Japanese economy showed signs of picking up as the impact of the new coronavirus infection (COVID-19) subsided, society moved into a new phase, and economic activity began to normalize. However, the outlook remains uncertain due to prolonged international instability, rising prices, and the effects of supply-side constraints. Our group has been working to strengthen existing businesses and establish a new foundation for growth under the sales policy of building a new market (blue ocean) and exclusively selling all kinds of products by considering sales methods that do not yet exist in the world, regardless of industry or business category. In this environment, consolidated operating results for the first quarter of the current fiscal year were as follows: sales revenue of ¥ 2,398,690 thousand (up 10.1% year-on-year), operating income of ¥ 87,401 thousand (up 846.0% year-on-year), income before income taxes of ¥83,439 thousand (up 978.0% year-on-year), and income attributable to owners of the parent of the Company of ¥ 71,710 thousand (down 21.0% year-on-year). Income before income taxes and equity in earnings of affiliated company was ¥ 105,389 thousand (up 1,261.6% year on year), and income attributable to owners of the parent was ¥ 86,939 thousand (down 4.3% year on year).

(2) Explanation of Financial Condition

(i) Assets, Liabilities and Shareholders' Equiti

(Assets)

Total assets at the end of the first quarter of the current consolidated fiscal year amounted to ¥ 5,176,125 thousand, an increase of ¥ 1,272,378 thousand from the end of the previous consolidated fiscal year. The main factors were an increase of ¥ 712,863 thousand in goodwill, ¥ 164,505 thousand in cash and cash equivalents, ¥ 148,364 thousand in intangible assets, ¥ 122,813 thousand in trade and other receivables, and ¥ 113,761 thousand in right of use assets, while other financial assets (current assets) increased ¥ 36,714 thousand. Other financial assets (current assets) decreased by ¥ 36,714 thousand.

(Liabilities)

Total liabilities at the end of the first quarter amounted to ¥ 3,640,884 thousand, up ¥ 1,187,090 thousand from the end of the previous fiscal year. The main factors were ¥ 548,625 thousand increase in loans payable (non-current liabilities), ¥ 317,198 thousand yen increase in bonds payable and loans payable (current liabilities), and ¥ 142,902 thousand increase in trade and other payables.

(Capital)

Total shareholders' equity at the end of the first quarter of the current fiscal year amounted to ¥ 1,535,240 thousand, an increase of ¥ 85,288 thousand from the end of the previous fiscal year. The main factors were an increase of ¥ 71,710 thousand in retained earnings due to the posting of quarterly profit attributable to owners of the parent company, and an increase of ¥ 6,105 thousand in capital stock and capital surplus, respectively.

(ii) Cash Flows

Cash and cash equivalents (hereinafter referred to as "cash") in the first quarter of the current consolidated cumulative period increased by ¥ 164,505 thousand from the end of the previous consolidated fiscal year to ¥ 1,429,161 thousand. Cash and cash equivalents at the end of the first quarter increased ¥ 164,505 thousand from the end of the previous fiscal year to ¥ 1,429,161 thousand.

The following is a summary of the situation and the factors behind it.

(Cash flows from operating activities)

Net cash provided by operating activities in the first quarter under review amounted to ¥ 129,526 thousand (net cash provided of ¥ 53,531 thousand in the same period last year), mainly due to income before income taxes of ¥ 83,439 thousand, an increase in trade and other payables of ¥ 74,852 thousand, a decrease in trade and other receivables of ¥ 21,892 thousand, and a change in other of ¥ 62,964 thousand.

(Cash flows from investing activities)

Net cash used in investing activities during the period under review amounted to ¥ 539,187 thousand (net cash used of ¥ 47,970 thousand in the same period of the previous year), mainly due to ¥ 417,620 thousand in payments for purchase of investments in subsidiaries, ¥ 178,600 thousand in payments for long-term loans receivable, ¥ 30,328 thousand in proceeds from sales of investment securities and ¥ 19,024 thousand in proceeds from collection of long-term loans receivable.

(Cash flows from financing activities)

Net cash provided by financing activities in the first quarter under review amounted to ¥ 574,166 thousand (¥ 331,350 thousand in the same period of the previous year), mainly due to proceeds from long-term loans payable of ¥ 600,000 thousand, a net increase in short-term loans payable of ¥ 120,000 thousand and repayment of long-term loans payable of ¥ 129,207 thousand.

(3) Explanation of consolidated earnings forecasts and other forward-looking information

The Group has revised its earnings forecast for the fiscal year ending August 31, 2024, which was announced on October 13, 2023. Since the Group voluntarily adopted International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ending August 31, 2024, the consolidated earnings forecast for the fiscal year ending August 31, 2024 has been prepared in accordance with IFRS. For details, please refer to the "Notice of Earnings Forecast" released on January 12, 2024. The forecasts are based on currently available information, and actual results may differ from the forecasts due to various factors in the future.

2. Condensed Consolidated Financial Statements and Notes

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Unit: thousand yen)

	Transition date (September 1, 2022)	Previous fiscal year (August 31, 2023)	1st Quarter FY2024 (November 30, 2023)
Assets			
Current assets			
Cash and cash equivalents	1,201,605	1,264,656	1,429,161
Trade and other receivables	1,318,460	1,283,949	1,406,763
Inventories	14,697	14,701	16,790
Other financial assets	30,002	99,475	62,761
Income taxes receivable	37,547	8,230	9,302
Other current assets	120,753	69,695	92,962
Total current assets	2,723,065	2,740,706	3,017,740
Non-current assets			
Property, plant and equipment	69,621	81,725	93,868
Right-of-use assets	601,677	518,283	632,045
Goodwill	36,319	36,319	749,182
Intangible assets	120,206	97,254	245,618
Other financial assets	89,216	284,503	284,726
Deferred tax assets	41,579	140,600	139,583
Other non-current assets	7,840	4,356	13,364
Total non-current assets	966,458	1,163,040	2,158,385
Total assets	3,689,522	3,903,746	5,176,125

(Unit: thousand yen)

	Transition date (September 1, 2022)	Previous fiscal year (August 31, 2023)	1st Quarter FY2024 (November 30, 2023)
Liabilities and Equity			
liabilities			
current liabilities			
Trade and other payables	807,889	717,471	860,372
Bonds and loans payable	395,382	329,747	646,945
Lease obligations	106,375	79,078	96,776
Income taxes payable	24,047	9,870	27,243
Refund liabilities	171,108	154,407	198,331
Provisions	7,910	—	—
Other current liabilities	205,702	297,118	284,205
Total current liabilities	1,718,413	1,587,690	2,113,872
Non-Current Liabilities			
Borrowings	337,399	403,683	952,308
Lease obligations	496,732	437,229	532,531
Provisions	25,152	25,192	29,693
Other non-current liabilities	—	—	12,480
Total non-current liabilities	859,283	866,104	1,527,012
Total liabilities	2,577,696	2,453,794	3,640,884
Capital			
Capital stock	340,594	354,016	360,121
Capital surplus	307,578	320,999	327,104
Retained earnings	540,605	848,017	919,727
Treasury stock	(66,443)	(91,349)	(91,349)
Other components of equity	(10,450)	18,268	19,637
Equity attributable to owners of the parent company Total	1,111,884	1,449,951	1,535,239
Noncontrolling interest	(57)	1	1
Total equity	1,111,827	1,449,952	1,535,240
Total liabilities and equity	3,689,522	3,903,746	5,176,125

(2) Condensed quarterly consolidated statements of income and comprehensive income

Condensed Quarterly Consolidated Statements of Income

1st Quarter cumulative period

(Unit: thousand yen)

	1st Quarter FY2023 (September 1, 2022 - November 30, 2022)	1st Quarter Fy2024 (September 1, 2023 - November 30, 2023)
Sales revenue	2,178,484	2,398,690
Cost of sales	874,079	939,586
Gross profit	1,304,405	1,459,104
Selling, general and administrative expenses	1,301,236	1,382,687
Other income	6,071	10,984
Operating income	9,239	87,401
Financial revenue	1	1,216
Financial expenses	1,500	5,178
Income before income taxes	7,740	83,439
Income tax expense	(84,528)	11,730
Net income for the period	92,268	71,710
Attribution of quarterly profit		
Owners of parent company	90,804	71,710
Noncontrolling interest	1,464	—
Net income for the period	92,268	71,710
Earnings per share		
Basic earnings per share (yen)	33.72	26.41
Diluted earnings per share (yen)	32.84	24.35

Condensed Quarterly Consolidated Statements of Comprehensive Income

1st Quarter cumulative period

(Unit: thousand yen)

	1st Quarter FY2023 (September 1, 2022 to November 30, 2022)	1st Quarter FY2024 (September 1, 2023 to November 30, 2023)
Profit for the period	92,268	71,710
Comprehensive income	92,268	71,710
Attribution of comprehensive income for the period		
Parent Company Owners	90,804	71,710
Non-controlling interest	1,464	—
Comprehensive income for the period	92,268	71,710

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

1st Quarter FY2023 (September 1, 2022 to November 30, 2022)

(Unit: thousand yen)

	Equity attributable to owners of the parent company						Non-controlling interest	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total amount		
Balance at September 1, 2022	340,594	307,578	540,605	(66,443)	(10,450)	1,111,884	(57)	1,111,827
Net income for the period	—	—	90,804	—	—	90,804	1,464	92,268
Comprehensive income	—	—	90,804	—	—	90,804	1,464	92,268
Issuance of new shares	2,822	2,822	—	—	—	5,643	—	5,643
Repurchase of treasury stock	—	—	—	(24,660)	—	(24,660)	—	(24,660)
Sale of consolidated subsidiaries	—	—	—	—	—	—	(1,407)	(1,407)
Total amount of transactions with owners	2,822	2,822	—	(24,660)	—	(19,017)	(1,407)	(20,424)
Balance at November	343,416	310,399	631,409	(91,103)	(10,450)	1,183,671	—	1,183,671

1st Quarter FY2024 (September 1, 2023 to November 30, 2023)

(Unit: thousand yen)

	Equity attributable to owners of the parent company						Non-controlling interest	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total amount		
Balance at September 1, 2023	354,016	320,999	848,017	(91,349)	18,268	1,449,951	1	1,449,952
Net income for the period	—	—	71,710	—	—	71,710	—	71,710
Comprehensive income	—	—	71,710	—	—	71,710	—	71,710
Issuance of new shares	6,105	6,105	—	—	—	12,210	—	12,210
Stock compensation transactions	—	—	—	—	1,369	1,369	—	1,369
Total amount of transactions with owners and others	6,105	6,105	—	—	1,369	13,578	—	13,578
Balance at November 30, 2023	360,121	327,104	919,727	(91,349)	19,637	1,535,239	1	1,535,240

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Unit: thousand yen)

	1st Quarter FY2023 (September 1, 2022 - November 30, 2022)	1st Quarter FY2024 (September 1, 2023 - November 30, 2023)
Cash flows from operating activities		
Income before income taxes	7,740	83,439
Depreciation and amortization	40,968	39,785
Financial income	(1)	(1,216)
Financial expenses	1,500	5,178
Decrease (increase) in inventories)	(539)	(2,089)
Decrease (increase) in trade and other receivables	65,955	21,892
Increase (decrease) in trade and other payables	(56,367)	74,852
Other changes	19,243	(62,964)
Subtotal	78,499	158,879
Interest and dividends received	1	337
Interest expenses paid	(1,517)	(4,370)
Income taxes paid	(23,453)	(25,320)
Corporate income tax refund	—	1
Net cash provided by operating activities	53,531	129,526
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	52	—
Purchase of property, plant and equipment	(16,858)	(203)
Net decrease (increase) in short-term loans receivable	(30,000)	—
Proceeds from collection of security deposits and guarantee money	6,632	119
Payments for security deposits and guarantee money	—	(257)
Proceeds from collection of long-term loans receivable	—	19,024
Payments for long-term loans	—	(178,600)
Purchase of investments in subsidiaries	—	(417,620)
Payments for sales of investments in subsidiaries	(7,819)	—
Proceeds from sales of investment securities	—	30,328
Proceeds from withdrawal of insurance reserve	—	8,000
Other	22	23
Net cash used in investing activities	(47,970)	(539,187)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	135,000	120,000
Proceeds from long-term debt	300,208	600,000
Repayment of long-term debt	(57,609)	(129,207)
Repayment of lease obligations	(27,231)	(23,836)
Proceeds from issuance of stock	5,643	12,210
Purchase of treasury stock	(24,660)	—
Payments for redemption of bonds	—	(5,000)
Cash flows from financing activities	331,350	574,166
Net increase (decrease) in cash and cash equivalents	336,911	164,505
Cash and cash equivalents at beginning of	1,201,605	1,264,656

(Unit: thousand yen)

	1st Quarter FY2023 (September 1, 2022 - November 30, 2022)	1st Quarter FY2024 (September 1, 2023 - November 30, 2023)
period		
Cash and cash equivalents at end of period	1,538,516	1,429,161

(５) Notes to Condensed Consolidated Financial Statement

(Notes regarding going concern)

Not applicable.

(First-time adoption)

The Company group has been disclosing condensed quarterly consolidated financial statements in accordance with IFRSs since the first quarter of this consolidated fiscal year. The most recent consolidated financial statements prepared in accordance with accounting principles generally accepted in Japan (hereinafter referred to as "JGAAP") are those for the consolidated fiscal year ending August 31, 2023, and the date of transition to IFRSs is September 1, 2022.

(1) Exemptions for retroactive application

IFRS 1 requires an entity applying IFRS for the first time to adopt IFRS retrospectively in principle. However, exceptions are permitted in some cases, and the exemptions adopted by the Group are as follows.

(i) Business Combinations

The Company has elected not to apply IFRS 3 "Business Combinations" retrospectively to business combinations that took place before the transition date. As a result, business combinations that took place before the transition date are accounted for in accordance with JGAAP and have not been restated.

(ii) Lease

The Company determines whether a lease is included in the contract based on events and circumstances existing at the transition date. Except for assets classified as finance leases prior to the transition date, lease liabilities are measured as of the transition date and the same amount is recognized as a right-of-use asset. The derecognition of the underlying asset in the case of a small or short-term lease is determined based on the circumstances existing at the transition date.

(iii) Designation of financial instruments recognized prior to the transition date

The classification of financial instruments under IFRS 9 is based on facts and circumstances existing at the date of transition.

(2) Mandatory exceptions

IFRS 1 prohibits retrospective application of IFRS for items such as "estimates" and "derecognition of financial assets and financial liabilities". The Group has applied these items prospectively from the date of transition.

(3) Reconciliation table

The effects of the transition from J GAAP to IFRS on the financial position, results of operations, and cash flows of the Group are summarized in the following table. In the reconciliation table, "Reclassifications" includes items that do not affect retained earnings and comprehensive income, "Differences due to changes in scope of consolidation or closing date" includes the effect of the difference in scope of consolidated subsidiaries between J GAAP and IFRS and the effect of unifying the closing dates of subsidiaries whose closing dates differed from that of the Company, and "Recognition and measurement differences" includes items that affect retained earnings and comprehensive income.

n the first quarter of the previous fiscal year, the Company finalized the provisional accounting treatment for the business combination. Therefore, adjustments to equity as of the transition date (September 1, 2022) reflect the finalization of the provisional accounting treatment.

(i) Adjustments to equity at the date of transition (September 1, 2022)

(Unit: thousand yen)

Accounts in JGAAP	JGAAP figure	Reclassification of representation	Change in scope of consolidation or closing date	Recognition and measurement differences	IFRS figure	Note	Accounts in IFRS
Assets							Assets
Current assets							Current assets
Cash and cash equivalents	1,140,854	(30,002)	90,753	—	1,201,605		Cash and cash equivalents
Accounts receivable	1,340,651	(16,316)	(5,875)	—	1,318,460		Trade and other receivables
Merchandise	9,459	5,238	—	—	14,697		Inventories
Supplies	5,238	(5,238)	—	—	—		
	—	37,439	—	108	37,547		Income tax receivable
	—	59,002	(29,000)	—	30,002	d	Other financial assets
Other	184,582	(73,313)	6,403	3,082	120,753		Other current assets
Allowance for doubtful accounts	(27,778)	23,190	3,657	931	—		
Total current assets	2,653,006	—	65,938	4,121	2,723,065		Total current assets
Fixed assets							Non-current assets
Property, plant and equipment							
Buildings and accompanying facilities	84,387	(26,434)	30	11,638	69,621	a	Property, plant and equipment
Other	46,054	(46,054)	—	—	—		
Accumulated depreciation	(62,888)	62,888	—	—	—		
	—	9,600	—	592,077	601,677	b	Right to use assets
Intangible fixed assets							
Customer-related assets	112,230	(112,230)	—	—	—		
Goodwill	36,319	—	—	—	36,319	c	Goodwill
Other	8,076	112,230	(100)	—	120,206		Intangible assets
Investments and other assets							
Security deposit and guarantee money	89,519	22,416	(18,638)	(4,082)	89,216	d	Other financial assets
Deferred tax assets	26,972	—	—	14,607	41,579	e	Deferred tax assets
Other	52,698	(44,988)	130	—	7,840		Other non-current assets
Allowance for doubtful accounts	(22,572)	22,572	—	—	—		
Total fixed assets	370,796	—	(18,578)	614,240	966,458		Total non-current assets
Total Assets	3,023,802	—	47,360	618,361	3,689,522		Total Assets

(Unit: thousand yen)

Accounts in JGAAP	JGAAP figure	Reclassification of representation	Change in scope of consolidation or closing date	Recognition and measurement differences	IFRS figure	Note	Accounts in IFRS
Liabilities							Liabilities and Equity
							Liabilities
Current liabilities							Current liabilities
	—	808,163	(274)	—	807,889		Trade and other payables
Short-term borrowings	200,000	191,642	3,740	—	395,382		Bonds and loans payable
Current portion of long-term debt	191,642	(191,642)	—	—	—		
Accounts payable	790,639	(790,639)	—	—	—		
Accrued expenses	116,276	(116,276)	—	—	—		
Income taxes payable	25,265	—	—	(1,218)	24,047		Income taxes payable
Consumption taxes payable	16,125	(16,125)	—	—	—		
Asset retirement obligations	4,795	—	3,000	115	7,910	g	Provisions
Refund liability	165,937	—	5,171	—	171,108		Refund liability
	—	11,030	—	95,345	106,375	b	Lease obligations
Other	38,822	103,847	(161)	63,194	205,702	h	Other current liabilities
Total current liabilities	1,549,501	—	11,476	157,436	1,718,413		Total current liabilities
Long-term liabilities							Non-current liabilities
Long-term debt	334,510	—	2,889	—	337,399		Debt
Asset retirement obligations	19,879	—	1	5,272	25,152	g	Provisions
	—	—	—	496,732	496,732	b	Lease obligations
Total long-term liabilities	354,389	—	2,890	502,003	859,283		Total non-current liabilities
Total liabilities	1,903,890	—	14,366	659,439	2,577,696		Total liabilities
Net Assets							Equity
Capital	340,594	—	—	—	340,594		Called up share capital
Capital surplus	315,377	—	—	(7,799)	307,578	j	Capital surplus
Retained earnings	530,383	—	33,051	(22,829)	540,605	k	Retained earnings
Treasury stock	(66,443)	—	—	—	(66,443)		Treasury stock
	—	—	—	(10,450)	(10,450)	d	Other components of equity
	1,119,912	—	33,051	(41,079)	1,111,884		Total equity attributable to owners of the parent
	—	—	(57)	—	(57)		Non-controlling interests
Total net assets	1,119,912	—	32,994	(41,079)	1,111,827		Total equity
Total liabilities and equity	3,023,802	—	47,360	618,361	3,689,522		Total liabilities and equity

(ⅱ) Adjustments to equity for the first quarter of the previous fiscal year (November 30, 2022)

(Unit: thousand yen)

Accounts in JGAAP	JGAAP figure	Reclassification of representation	Change in scope of consolidation or closing date	Recognition and measurement differences	IFRS figure	Note	Accounts in IFRS
Assets							Assets
Current assets							Current assets
Cash and cash equivalents	1,531,286	(30,002)	37,232	—	1,538,516		Cash and cash equivalents
Accounts receivable	1,269,541	(18,640)	(2,464)	150	1,248,587		Trade and other receivables
Merchandise	10,139	5,097	—	—	15,236		Inventories
Supplies	5,097	(5,097)	—	—	—		
	—	37,439	—	108	37,548		Income tax receivable
	—	60,002	—	—	60,002	d	Other financial assets
Other	184,983	(73,467)	(7,320)	—	104,196		Other current assets
Allowance for doubtful accounts	(24,668)	24,668	—	—	—		
Total current assets	2,976,379	—	27,448	258	3,004,085		Total current assets
Fixed assets							Non-current assets
Property, plant and equipment							
Buildings and accompanying facilities	88,693	(9,393)	(152)	7,383	86,531	a	Property, plant and equipment
Other	62,779	(62,779)	—	—	—		
Accumulated depreciation	(72,172)	72,172	—	—	—		
	—	—	—	566,540	566,540	b	Right to use assets
Intangible fixed assets							
Customer-related assets	107,166	(107,166)	—	—	—		
Goodwill	30,307	—	—	6,012	36,319	c	Goodwill
Other	7,102	107,166	(100)	—	114,168		Intangible assets
Investments and other assets							
Security deposit and guarantee money	82,564	10	—	—	82,574	d	Other financial assets
Deferred tax assets	108,772	—	—	19,669	128,441	e	Deferred tax assets
Other	29,972	(22,978)	(13)	—	6,981		Other non-current assets
Allowance for doubtful accounts	(22,968)	22,968	—	—	—		
Total fixed assets	422,217	—	(265)	599,604	1,021,556		Total non-current assets
Total Assets	3,398,595	—	27,183	599,862	4,025,640		Total Assets

(Unit: thousand yen)

Accounts in JGAAP	JGAAP figure	Reclassification of representation	Change in scope of consolidation or closing date	Recognition and measurement differences	IFRS figure	Note	Accounts in IFRS
Liabilities							Liabilities and Equity
							Liabilities
Current liabilities							Current liabilities
	—	746,851	2,147	—	748,997		Trade and other payables
Short-term borrowings	335,000	272,109	(2,160)	—	604,949		Bonds and loans payable
Current portion of long-term debt	272,109	(272,109)	—	—	—		
Accounts payable	731,587	(731,587)	—	—	—		
Accrued expenses	100,082	(100,082)	—	—	—		
Income taxes payable	4,120	—	23	(1,197)	2,946		Income taxes payable
Consumption taxes payable	28,936	(28,936)	—	—	—		
Asset retirement obligations	4,832	4,500	3,000	77	12,409	g	Provisions
Refund liability	—	169,259	1,509	—	170,767		Refund liability
	—	10,034	—	87,070	97,105	b	Lease obligations
Other	213,684	(70,040)	(5,482)	68,443	206,605	h	Other current liabilities
Total current liabilities	1,690,349	—	(963)	154,393	1,843,778		Total current liabilities
Long-term liabilities							Non-current liabilities
Long-term debt	496,579	—	(2,320)	—	494,259		Debt
Asset retirement obligations	23,995	—	1	1,166	25,162	g	Provisions
	—	—	—	478,771	478,771	b	Lease obligations
Total long-term liabilities	520,574	—	(2,319)	479,937	998,192		Total non-current liabilities
Total liabilities	2,210,923	—	(3,282)	634,329	2,841,970		Total liabilities
Net Assets							Equity
Capital	343,416	—	—	—	343,416		Called up share capital
Capital surplus	318,199	—	—	(7,799)	310,399	j	Capital surplus
Retained earnings	617,161	—	30,466	(16,218)	631,409	k	Retained earnings
Treasury stock	(91,103)	—	—	—	(91,103)		Treasury stock
	—	—	—	(10,450)	(10,450)	d	Other components of equity
	1,187,672	—	30,466	(34,468)	1,183,671		Total equity attributable to owners of the parent
	1,187,672	—	30,466	(34,468)	1,183,671		Non-controlling interests
Total net assets	3,398,595	—	27,183	599,862	4,025,640		Total equity
Total liabilities and equity							Total liabilities and equity

(iii) Adjustments to equity for the first quarter of the previous fiscal year (November 30, 2022)

(Unit: thousand yen)

Accounts in JGAAP	JGAAP figure	Reclassification of representation	Change in scope of consolidation or closing date	Recognition and measurement differences	IFRS figure	Note	Accounts in IFRS
Assets							Assets
Current assets							Current assets
Cash and cash equivalents	1,294,657	(30,001)	—	—	1,264,656		Cash and cash equivalents
Accounts receivable	1,315,815	(31,866)	—	—	1,283,949		Trade and other receivables
Merchandise	11,304	3,397	—	—	14,701		Inventories
Supplies	3,397	(3,397)	—	—	—		
	—	7,896	—	333	8,230		Income tax receivable
	—	99,475	—	—	99,475	d	Other financial assets
Other	155,889	(86,193)	—	—	69,695		Other current assets
Allowance for doubtful accounts	(40,689)	40,689	—	—	—		
Total current assets	2,740,373	—	—	333	2,740,706		Total current assets
Fixed assets							Non-current assets
Property, plant and equipment							
Buildings and accompanying facilities	80,474	(4,155)	—	5,406	81,725	a	Property, plant and equipment
Other	53,279	(53,279)	—	—	—		
Accumulated depreciation	(57,434)	57,434	—	—	—		
	—	—	—	518,283	518,283	b	Right to use assets
Intangible fixed assets							
Customer-related assets	91,976	(91,976)	—	—	—		
Goodwill	14,101	—	—	22,218	36,319	c	Goodwill
Other	5,278	91,976	—	—	97,254		Intangible assets
Investments and other assets							
Investment securities	63,846	(63,846)	—	—	—		
Long-term loans receivable	160,526	(160,526)	—	—	—		
Security deposit and guarantee money	65,486	224,382	—	(5,365)	284,503	d	Other financial assets
Deferred tax assets	127,739	—	—	12,861	140,600	e	
Other	6,517	(2,161)	—	—	4,356		Deferred tax assets
Allowance for doubtful accounts	(2,151)	2,151	—	—	—		Other non-current assets
Total fixed assets	609,638	—	—	553,402	1,163,040		Total non-current assets
Total Assets	3,350,011	—	—	553,736	3,903,746		Total Assets

(Unit: thousand yen)

Accounts in JGAAP	JGAAP figure	Reclassification of representation	Change in scope of consolidation or closing date	Recognition and measurement differences	IFRS figure	Note	Accounts in IFRS
Liabilities							Liabilities and Equity
							Liabilities
Current liabilities							Current liabilities
	—	717,471	—	—	717,471		Trade and other payables
Short-term borrowings	55,000	274,747	—	—	329,747		Bonds and loans payable
Current portion of long-term debt	274,747	(274,747)	—	—	—		
Accounts payable	701,691	(701,691)	—	—	—		
Accrued expenses	188,725	(188,725)	—	—	—		
Income taxes payable	12,055	—	—	(2,186)	9,870		Income taxes payable
Consumption taxes payable	21,441	(21,441)	—	—	—		
Asset retirement obligations	154,407	—	—	—	154,407		Provisions
Refund liability	—	—	—	79,078	79,078	b	Refund liability
	38,613	194,386	—	64,119	297,118	h	Lease obligations
Other	1,446,678	—	—	141,011	1,587,690		Other current liabilities
Total current liabilities							Total current liabilities
Long-term liabilities	403,683	—	—	—	403,683		Non-current liabilities
Long-term debt	24,100	—	—	1,092	25,192	g	Debt
Asset retirement obligations	—	—	—	437,229	437,229	b	Provisions
	427,783	—	—	438,321	866,104		Lease obligations
Total long-term liabilities	1,874,462	—	—	579,332	2,453,794		Total non-current liabilities
Total liabilities							Total liabilities
Net Assets							Equity
Capital	354,016	—	—	—	354,016		Called up share capital
Capital surplus	328,799	—	—	(7,799)	320,999	j	Capital surplus
Retained earnings	857,062	—	—	(9,045)	848,017	k	Retained earnings
Treasury stock	(91,349)	—	—	—	(91,349)		Treasury stock
Stock acquisition rights	27,022	—	(1)	(8,754)	18,268	d, i	Other components of equity
	1,475,550	—	(1)	(25,597)	1,449,951		Total equity attributable to owners of the parent
	—	—	1	—	1		Non-controlling interests
	1,475,550	—	—	(25,597)	1,449,952		Total equity
Total net assets	3,350,011	—	—	553,736	3,903,746		Total liabilities and equity

(iv) Adjustments to comprehensive income for the three months ended November 30, 2022 (September 1, 2022 to November 30, 2022)

(Unit: thousand yen)

Accounts in JGAAP	JGAAP figure	Reclassification of representation	Change in scope of consolidation or closing date	Recognition and measurement differences	IFRS figure	Note	Accounts in IFRS
Net sales	2,188,993	—	(10,509)	—	2,178,484		Sales revenue
Cost of sales	856,206	—	(19,728)	37,602	874,079		Cost of sales
Gross profit	1,332,787	—	9,220	(37,602)	1,304,405		Gross profit
Selling, general and administrative expenses	1,343,460	(8)	(1,167)	(41,049)	1,301,236	a	Selling, general and administrative expenses Other income
	—	5,330	—	741	6,071	b	Other income
	—	—	—	—	—	b	Other expenses
Operating loss	(10,673)	5,338	10,386	4,189	9,239		Operating income
Non-operating income	16,821	(4,186)	(12,636)	—	—		
Non-operating expenses	1,443	(1,454)	10	—	—		
Extraordinary gains	—	(1,145)	1,145	—	—		
Extraordinary losses	—	—	—	—	—		
	—	1	—	—	1	c	Financial income
	—	1,462	—	38	1,500	c	Financial expenses
Income before income taxes and minority interests	4,705	—	(1,115)	4,151	7,740		Income before income taxes
Total income taxes	(82,073)	—	6	(2,461)	(84,528)	d	Income tax expense
Net income for the period	86,778	—	(1,121)	6,611	92,268		Quarterly income
Other comprehensive income							Other comprehensive income
	—	—	—	—	—		Items not to be transferred to net income/loss Other comprehensive income measured at fair value through capital Financing to be determined property
Total other comprehensive income	—	—	—	—	—		Total other comprehensive income
Comprehensive income for the period	86,778	—	(1,121)	6,611	92,268		Comprehensive income for the period

(V) Adjustments to comprehensive income for the previous fiscal year (September 1, 2022 to August 31, 2023)

(Unit: thousand yen)

Accounts in JGAAP	JGAAP figure	Reclassification of representation	Change in scope of consolidation or closing date	Recognition and measurement differences	IFRS figure	Note	Accounts in IFRS
Net sales	9,426,816	—	(76,585)	—	9,350,231		Sales revenue
Cost of sales	3,463,964	—	(19,728)	145,852	3,590,088		Cost of sales
Gross profit	5,962,851	—	(56,856)	(145,852)	5,760,143		Gross profit
Selling, general and administrative expenses	5,764,683	3,686	(38,533)	(185,439)	5,544,397	a	Selling, general and administrative expenses Other income
	—	37,594	—	4,547	42,141	b	Other income
	—	—	—	—	—	b	Other expenses
Operating loss	198,168	33,908	(18,323)	44,134	257,887		Operating income
Non-operating income	52,124	(36,677)	(14,363)	(1,084)	—		
Non-operating expenses	7,130	(7,141)	10	—	—		
Extraordinary gains	51	(1,144)	1,093	—	—		
Extraordinary losses	3,725	(8,271)	—	4,546	—		
	—	227	—	—	227	c	Financial income
	—	11,725	—	441	12,166	c	Financial expenses
Income before income taxes	239,488	—	(31,604)	38,063	245,947		Income before income taxes
Total income taxes	(87,190)	—	(17)	14,401	(72,807)	d	Income tax expense
Net income	326,678	—	(31,586)	23,662	318,754		Net income
Other comprehensive income							Other comprehensive income
							Items not to be transferred to net income/loss
	—	—	—	122	122		Other comprehensive income measured at fair value through capital Financing to be determined property
Total other comprehensive income	—	—	—	122	122		Total other comprehensive income
Comprehensive income	326,678	—	(31,586)	23,784	318,876		Comprehensive income

(vi) Notes to Capital Adjustments

(Reclassification)
The following reclassifications have been made to conform to IFRS.

・Time deposits with deposit terms of over three months, which were included in "Cash and deposits" in JGAAP, are presented as "Other financial assets (current)" in IFRS.
・Supplies" and "Merchandise", which were separately presented in JGAAP, are now presented as "Inventories" in IFRS.
・Advance payments included in "Allowance for doubtful accounts (current)" and "Other (current assets)" in JGAAP are included in "Trade and other receivables" in IFRS.
・Loans receivable, which were included in "Other (current assets)" in JGAAP, are presented as "Other financial assets (current)" in IFRS.
・The "Buildings and accompanying facilities", "Other (Property, plant and equipment)" and "Accumulated depreciation", which were separately presented in JGAAP, are now presented as "Property, plant and equipment" in IFRS.
・Customer-related assets" and "Other (intangible assets)", which were separately presented in JGAAP, are presented as "Intangible assets" in IFRS.
・Investment securities", "Security deposits and guarantee money" and "Long-term loans receivable", which were separately presented in JGAAP, are presented as "Other financial assets (non-current)" in IFRS.
・Investments and insurance funds included in "Other (investments and other assets)" in JGAAP are presented as "Other financial assets (non-current)" in IFRSs.
・Allowance for doubtful accounts (non-current)", which was separately presented in JGAAP, is presented as "Other non-current assets" in IFRS.
・Long-term prepaid expenses and long-term receivables in arrears, which were included in "Other (investments and other assets)" under JGAAP, are presented as "Other non-current assets" under IFRSs.
・The "Accounts payable", which was separately presented in JGAAP, is included in "Trade and other payables" in IFRS.
・Short-term borrowings" and "Current portion of long-term debt", which were separately presented in JGAAP, are presented as "Bonds and loans (current)" in IFRS.
・The Company has presented a portion of "income taxes payable" separately in JGAAP as "income taxes payable" in IFRSs.
・. "Accrued expenses" and "Consumption tax payable, etc.," which were separately presented under JGAAP, are now included in "Other current liabilities (current)".
・Asset retirement obligations (current)", which was separately presented in JGAAP, is presented as "Provisions (current)" in IFRS.
・Long-term borrowings", which was separately presented in JGAAP, is presented as "Borrowings (non-current)" in IFRS.
・Asset retirement obligations (non-current)", which was separately presented in JGAAP, is presented as "Provisions (non-current)" in IFRS.
・The "Stock acquisition rights" which was separately presented in JGAAP is included in "Other components of equity" in IFRSs.

(Difference due to change in scope of consolidation or closing date)

In adopting IFRS, the effect of reviewing the scope of consolidation under JGAAP, the effect of provisional settlement of accounts conducted as of the consolidated balance sheet date for subsidiaries whose balance sheet dates differed from that of the Company, and the effect of unifying the balance sheet dates in the previous fiscal year, are separately presented in this reconciliation.

Five Agent Co., Ltd. and the 9th Stock Acquisition Rights Trust were excluded from the scope of consolidation and the application of the equity method under JGAAP because their effect on the consolidated financial statements was immaterial. The Company sold all shares it owned in Five Agent Inc. on October 31, 2022.

In addition, the fiscal year end of Broadband Connection Inc. is June 30. Under JGAAP, the financial statements of Broadband Connection Inc. as of June 30 were used, and necessary consolidation adjustments were made for significant transactions that occurred between June 30 and the consolidated fiscal year end. In applying IFRS, the Company used financial figures based on provisional settlement of accounts conducted as of the consolidated balance sheet date and unified the balance sheet dates in the previous consolidated fiscal year.

(Recognition and measurement differences)

The main adjustments are as follows

(a) Tangible fixed assets

The amount of "Property, plant and equipment" has been adjusted due to a review of depreciation methods and other factors in connection with the adjustment from JGAAP to IFRS.

(b) Leases

Under JGAAP, a lessee classifies its leases into finance leases and operating leases, and accounts for operating leases in accordance with the method applicable to ordinary rental transactions. Under IFRS, a right-of-use asset and a lease liability are recognized for leases other than short-term leases, leases where the underlying assets are small in value, and leases where the lessee sub-leases as a lessor.

(c) Goodwill

Under JGAAP, goodwill was amortized over a certain period of time, but under IFRS, goodwill is not amortized, so the amortization of goodwill recorded after the transition date under JGAAP was reversed. As of the transition date, no impairment loss was recognized as a result of the impairment test performed.

(d) Financial instruments

Unlisted equity securities are carried at cost under JGAAP, but measured at fair value through other comprehensive income under IFRS. For equity instruments, impairment losses were recognized as net gains or losses in JGAAP, but changes in fair value are recognized in other comprehensive income in IFRS.

(e) Deferred tax assets and liabilities

The amounts of "Deferred tax assets" and "Deferred tax liabilities" have been adjusted due to the assessment that it is more likely than not that future taxable income will be earned as a result of the adjustment from JGAAP to IFRS.

(f) Corporate income tax

Certain items presented as total income taxes under JGAAP are presented as selling, general and administrative expenses under IFRS.

(g) Provisions

The amount of "Provisions" has been adjusted due to the adjustment from JGAAP to IFRS to the amount of asset retirement obligations at fair value.

(h) Accrued paid leave

A liability is recognized in IFRS for unused paid leave that was not recognized in JGAAP.

(i) Stock acquisition rights

The amount of "Other components of equity" has been adjusted to reflect the fact that under IFRS the full fair value is recognized as an expense over the expected vesting period, whereas under JGAAP stock-based compensation expense was recognized at vesting.

(j) Capital transactions

Capital transaction costs, which were expensed in JGAAP, are deducted from equity in IFRS.

(k) Adjustments to retained earnings

The impact of the adoption of IFRS on retained earnings is as follows. The amounts below are after adjusting for the related tax effects.

(Unit: thousand yen)

	Transition date (September 1, 2022)	Three months ended November 31, 2022	Previous fiscal year (August 31, 2023)
(a) Scope of consolidation, change in closing date	33,051	30,466	—
(b) Property, plant and equipment	4,337	4,322	3,071
(c) Lease	—	485	1,373
(d) Goodwill	—	6,012	22,218
(e) Financial instruments	10,402	10,600	4,963
(f) Deferred tax assets and liabilities	(2,444)	1,211	(4,650)
(g) Provisions	—	(67)	(121)
(h) Accrued paid vacation	(42,924)	(46,580)	(42,123)
(i) Capital transactions	7,799	7,799	7,799
(j) Stock compensation expense	—	—	8,302
Total	10,222	14,248	833

(vii) Notes on Reconciliation of Comprehensive Income

(Reclassification)

The following reclassifications have been made to conform to IFRS.

・In IFRS, financial-related items are mainly presented as "financial income" or "financial expenses", while other items are presented as "other income" or "other expenses". Other items are presented as "other income" or "other expenses".

(Difference due to change in scope of consolidation or closing date)

In applying IFRS, the effect of reviewing the scope of consolidation under JGAAP, the effect of provisional settlement of accounts conducted as of the consolidated balance sheet date for subsidiaries whose balance sheet dates differed from that of the Company, and the effect of unifying the balance sheet dates in the previous fiscal year, are separately presented in this reconciliation.

Five Agent Co., Ltd. and the 9th Stock Acquisition Rights Trust were excluded from the scope of consolidation and the application of the equity method under JGAAP because their effect on the consolidated financial statements was immaterial. The Company sold all shares it owned in Five Agent Inc. on October 31, 2022.

In addition, the fiscal year end of Broadband Connection Inc. is June 30. Under JGAAP, the financial statements of Broadband Connection Inc. as of June 30 were used, and necessary consolidation adjustments were made for significant transactions that occurred between June 30 and the consolidated fiscal year end. In applying IFRS, the Company used financial figures based on the provisional settlement of accounts conducted as of the consolidated settlement of accounts date and unified the settlement of accounts date in the previous consolidated fiscal year.

(Recognition and measurement differences)

The main adjustments are as follows

(a) Selling, general and administrative expenses

Depreciation and amortization of property, plant and equipment has changed due to the adjustment from JGAAP to IFRS.

Selling, general and administrative expenses" changed due to the recognition of right-of-use assets and lease liabilities under IFRS for certain lease transactions that were accounted for as leases under JGAAP.

Selling, general and administrative expenses" decreased due to the reversal of amortization of goodwill recorded after the transition date under JGAAP, since goodwill was amortized over a certain period under JGAAP, but not under IFRS.

Under JGAAP, items corresponding to property tax levies were expensed over the fiscal year in which they were paid. Under IFRS, however, such items are recognized as "selling, general and administrative expenses" when a liability event occurs.

Unused paid vacations, which were not recognized under JGAAP, are recognized as "Selling, general and administrative expenses" under IFRS.

Selling, general and administrative expenses" changed due to the adjustment from JGAAP to IFRS to the amount of asset retirement obligations at fair value.

Selling, general and administrative expenses have decreased because under IFRS the full fair value is recognized as an expense over the expected vesting period, whereas under JGAAP stock-based compensation expense was recognized at vesting.

Certain items that were presented in total income taxes under JGAAP are presented as "Selling, general and administrative expenses" under IFRS.

(b) Other income and expenses

If the Company subleases as a lessor under JGAAP, "Other income" is recorded.

(c) Financial income and expenses

Certain lease transactions that were accounted for as leases under JGAAP are now recognized as "finance costs" under IFRS as interest expense due to the recognition of a right-of-use asset and lease liability under IFRS. In addition, "finance income" and "finance costs" are recognized for subleases where the Company is acting as a lessor. Due to the adjustment from JGAAP to IFRS to the amount of the asset retirement obligation at fair value, "finance cost" is recorded as interest

expense.

(d) Income tax expense

Certain items of pro forma standard taxation that were presented in selling, general and administrative expenses under JGAAP are presented as "income tax expense" under IFRS. The amount of "Income tax expense" was adjusted due to the assessment that it is more likely than not that future taxable income will be earned as a result of the adjustment from JGAAP to IFRS.

(viii) Reconciliation of cash flows for the previous fiscal year (September 1, 2022 to August 31, 2023)

Lease payments, except for finance lease transactions, were classified as cash flows from operating activities in JGAAP, while in IFRS they are classified as cash flows from financing activities as repayments of lease liabilities.