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

There were some errors in the content of the 'Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending August 2024 [IFRS]' announced on April 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 30,391,000 yen was not recorded in the second 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 | 5,235,750 | 5,235,750 | 0 |
| Cost of sales | 1,945,951 | 1,945,951 | 0 |
| Selling, general and administrative expenses | 3,032,535 | 3,002,144 | 30,391 |
| Other income | 18,795 | 18,795 | 0 |
| Other expense | 0 | 0 | 0 |
| Operating income | 276,058 | 306,449 | △ 30,391 |
| Income before income taxes | 268,926 | 299,317 | △ 30,391 |
| Net income for the period | 179,951 | 201,036 | △ 21,085 |
| Income attributable to owners of parent company | 179,951 | 201,036 | △ 21,085 |

| | | | |
|---|---|---|---|
| Total assets | 5,849,345 | 5,849,345 | 0 |
| Total equity | 1,325,744 | 1,346,829 | △21,085 |
| Equity attributable to owners of the parent company | 1,325,742 | 1,346,828 | △21,085 |

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 2nd Quarter Consolidated Financial Results <IFRS>

April 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: April 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 2nd Quarter (September 1, 2023 - February 29, 2024)

### (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 | % |
| 2nd Quarter FY2024 | 5,236 | 8.4 | 276 | 91.2 | 269 | 91.0 | 180 | (7.9) | 180 | (7.3) | 180 | (7.9) |
| 2nd Quarter FY2023 | 4,829 | — | 144 | — | 141 | — | 195 | — | 194 | — | 195 | — |

| | Earnings per share(basic) | Earnings per share (diluted) |
|---|---|---|
| | ¥ | ¥ |
| 2nd Quarter FY2024 | 66.43 | 61.30 |
| 2nd Quarter FY2023 | 72.29 | 70.26 |

### (2) Consolidated financial position

| | Total assets | Total equity | Total shareholder's equity | Total shareholder's equity ratio |
|---|---|---|---|---|
| | million yen | million yen | million yen | % |
| 2nd Quarter FY2024 | 5,849 | 1,326 | 1,326 | 22.7 |
| 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 |
| | ¥ | ¥ | ¥ | ¥ | ¥ |
| FY 2023(Actual) | — | 0.00 | — | 0.00 | 0.00 |
| FY 2024(Actual) | — | 0.00 | | | |
| FY 2024(Forecast) | | | — | 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 | % | million yen |
| Full year | 10,950 | 17.1 | 850 | 229.7 | 850 | 245.6 | 559 | 75.4 | 559 | 76.2 | 190.96 |

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

*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) | FY2024 Q2 | 2,835,718shares | FY2023 | 2,798,418shares |
| （ii）Number of treasury stock at the term-end | FY2024 Q2 | 194,073shares | FY2023 | 90,072shares |
| （iii）Average number of shares outstanding during cumulative period | FY2024 Q2 | 2,708,793shares | FY2023 Q2 | 2,684,101shares |

※ 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 second 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 15 for the differences between IFRS and Japanese GAAP (hereinafter "JGAAP").

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## 1. Narratives about financial results for FY2024 second 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 second 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 second quarter and also the full year of the previous consolidated fiscal year have been reclassified for comparative analysis based on IFRS.

During the cumulative second quarter of the current fiscal year (September 1, 2023 to February 29, 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 cumulative second quarter of the current fiscal year were as follows: sales revenue of ¥ 5,235,750 thousand (up 8.4% year-on-year), operating income of ¥ 276,058 thousand (up 91.2% year-on-year), income before income taxes of ¥268,926 thousand (up 91.0% year-on-year), and income attributable to owners of the parent of the Company of ¥ 179,951 thousand (up 7.3% year-on-year).

### (2) Explanation of Financial Condition

①Assets, Liabilities and Shareholders' Equity

(Assets)

Total assets at the end of the cumulative second quarter of the current consolidated fiscal year amounted to ¥ 5,849,345 thousand, an increase of ¥ 1,945,599 thousand from the end of the previous consolidated fiscal year. The main factors were an increase of ¥ 712,863 thousand in goodwill, ¥ 501,276 thousand in trade and other receivables, ¥ 244,534 thousand in right of use assets, ¥ 192,291 thousand in cash and cash equivalents and ¥ 224,035 thousand in other current assets, while other financial assets (current assets) decreased by ¥ 36,714 thousand.

(Liabilities)

Total liabilities at the end of the cumulative second quarter amounted to ¥ 4,523,601 thousand, up ¥ 2,069,807 thousand from the end of the previous fiscal year. The main factors were ¥ 695,799 thousand increase in loans payable (non-current liabilities), ¥ 629,899 thousand increase in bonds payable and loans payable (current liabilities), and ¥ 371,567 thousand increase in trade and other payables and ¥ 211,781 thousand increase in lease obligations.

(Capital)

Total shareholders' equity at the end of the second quarter of the current fiscal year amounted to ¥ 1,325,744 thousand, a decrease of ¥ 124,209 thousand from the end of the previous fiscal year. The main factors were an increase of ¥ 373,092 thousand in treasury stock, while there was an increase of ¥ 179,951 thousand in retained earnings due to the posting of quarterly profit attributable to owners of the parent company and an increase of ¥ 33,097 thousand in capital stock and capital surplus.

(ii) Cash Flows

Cash and cash equivalents (hereinafter referred to as "cash") in the cumulative second quarter of the current consolidated cumulative period increased by ¥ 192,291 thousand from the end of the previous consolidated fiscal year to ¥ 1,456,946 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 cumulative second quarter under review amounted to ¥ 69,254 thousand (net cash provided of ¥ 34,535 thousand in the same period last year), mainly due to income before income taxes of ¥ 268,926 thousand, an increase in trade and other payables of ¥ 304,030 thousand, and a change in other of ¥ 196,185 thousand.

(Cash flows from investing activities)

Net cash used in investing activities during the period under review amounted to ¥ 515,629 thousand (net cash used of ¥ 31,322 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, ¥ 31,416 thousand in proceeds from sales of investment securities and ¥ 29,714 thousand in proceeds from collection of long-term loans receivable.

(Cash flows from financing activities)

Net cash provided by financing activities in the cumulative second quarter under review amounted to ¥ 638,665 thousand (¥ 303,986 thousand in the same period of the previous year), mainly due to proceeds from long-term loans payable of ¥ 930,000 thousand, a net increase in short-term loans payable of ¥ 370,000 thousand, ¥ 373,092 thousand of payment to purchase of treasury stock and repayment of long-term loans payable of ¥ 246,354 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 January 12, 2024. 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 April 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) | 2nd Quarter FY2024 (February 29, 2024) |
|---|---|---|---|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 1,201,605 | 1,264,656 | 1,456,946 |
| Trade and other receivables | 1,318,460 | 1,283,949 | 1,785,225 |
| Inventories | 14,697 | 14,701 | 26,533 |
| Other financial assets | 30,002 | 99,475 | 47,762 |
| Income taxes receivable | 37,547 | 8,230 | 334 |
| Other current assets | 120,753 | 69,695 | 293,731 |
| Total current assets | 2,723,065 | 2,740,706 | 3,610,530 |
| Non-current assets | | | |
| Property, plant and equipment | 69,621 | 81,725 | 93,837 |
| Right-of-use assets | 601,677 | 518,283 | 762,817 |
| Goodwill | 36,319 | 36,319 | 749,182 |
| Intangible assets | 120,206 | 97,254 | 233,431 |
| Other financial assets | 89,216 | 284,503 | 276,989 |
| Deferred tax assets | 41,579 | 140,600 | 110,487 |
| Other non-current assets | 7,840 | 4,356 | 12,072 |
| Total non-current assets | 966,458 | 1,163,040 | 2,238,815 |
| Total assets | 3,689,522 | 3,903,746 | 5,849,345 |

(Unit: thousand yen)

| | Transition date (September 1, 2022) | Previous fiscal year (August 31, 2023) | 2nd Quarter FY2024 (February 29, 2024) |
|---|---|---|---|
| Liabilities and Equity | | | |
| liabilities | | | |
| current liabilities | | | |
| Trade and other payables | 807,889 | 717,471 | 1,089,037 |
| Bonds and loans payable | 395,382 | 329,747 | 959,646 |
| Lease obligations | 106,375 | 79,078 | 110,042 |
| Income taxes payable | 24,047 | 9,870 | 75,391 |
| Refund liabilities | 171,108 | 154,407 | 196,163 |
| Provisions | 7,910 | — | — |
| Other current liabilities | 205,702 | 297,118 | 299,963 |
| Total current liabilities | 1,718,413 | 1,587,690 | 2,730,242 |
| Non-Current Liabilities | | | |
| Borrowings | 337,399 | 403,683 | 1,099,482 |
| Lease obligations | 496,732 | 437,229 | 649,010 |
| Provisions | 25,152 | 25,192 | 33,128 |
| Other non-current liabilities | — | — | 11,739 |
| Total non-current liabilities | 859,283 | 866,104 | 1,793,360 |
| Total liabilities | 2,577,696 | 2,453,794 | 4,523,601 |
| Capital | | | |
| Capital stock | 340,594 | 354,016 | 387,113 |
| Capital surplus | 307,578 | 320,999 | 354,097 |
| Retained earnings | 540,605 | 848,017 | 1,027,968 |
| Treasury stock | △66,443 | △91,349 | △464,441 |
| Other components of equity | △10,450 | 18,268 | 21,005 |
| Equity attributable to owners of the parent company Total | 1,111,884 | 1,449,951 | 1,325,742 |
| Noncontrolling interest | △57 | 1 | 1 |
| Total equity | 1,111,827 | 1,449,952 | 1,325,744 |
| Total liabilities and equity | 3,689,522 | 3,903,746 | 5,849,345 |

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

Condensed Quarterly Consolidated Statements of Income

2nd Quarter cumulative period

((Unit: thousand yen)

| | 2nd Quarter FY2023 (September 1, 2022 - February 28, 2023) | 2nd Quarter FY2024 (September 1, 2023 - February 29, 2024) |
|---|---|---|
| Sales revenue | 4,829,326 | 5,235,750 |
| Cost of sales | 2,001,119 | 1,945,951 |
| Gross profit | 2,828,208 | 3,289,799 |
| Selling, general and administrative expenses | 2,711,772 | 3,032,535 |
| Other income | 27,941 | 18,795 |
| Operating income | 144,376 | 276,058 |
| Financial revenue | 108 | 3,497 |
| Financial expenses | 3,705 | 10,630 |
| Income before income taxes | 140,779 | 268,926 |
| Income tax expense | △54,713 | 88,975 |
| Net income for the period | 195,491 | 179,951 |
| Attribution of quarterly profit | | |
| Owners of parent company | 194,027 | 179,951 |
| Noncontrolling interest | 1,464 | － |
| Net income for the period | 195,491 | 179,951 |
| Earnings per share | | |
| Basic earnings per share (yen) | 72.29 | 66.43 |
| Diluted earnings per share (yen) | 70.26 | 61.30 |

2nd Quarter period

(Unit: thousand yen)

| | 2nd Quarter FY2023 (December 1, 2022 - February 28, 2023) | 2nd Quarter FY2024 (December 1, 2023 - February 29, 2024) |
|---|---|---|
| Sales revenue | 2,650,842 | 2,837,060 |
| Cost of sales | 1,127,039 | 1,006,365 |
| Gross profit | 1,523,803 | 1,830,695 |
| Selling, general and administrative expenses | 1,410,536 | 1,649,849 |
| Other income | 21,870 | 7,811 |
| Operating income | 135,137 | 188,657 |
| Financial revenue | 107 | 2,281 |
| Financial expenses | 2,205 | 5,452 |
| Income before income taxes | 133,038 | 185,487 |
| Income tax expense | 29,815 | 77,245 |
| Net income for the period | 103,223 | 108,242 |
| | | |
| Attribution of quarterly profit | | |
| Owners of parent company | 103,223 | 108,242 |
| Net income for the period | 103,223 | 108,242 |
| | | |
| Earnings per share | | |
| Basic earnings per share (yen) | 38.58 | 40.06 |
| Diluted earnings per share (yen) | 37.53 | 36.98 |

Condensed Quarterly Consolidated Statements of Comprehensive Income
2nd Quarter cumulative period

(Unit: thousand yen)

| | 2nd Quarter FY2023 (September 1, 2022 to February 28, 2023) | 2nd Quarter FY2024 (September 1, 2023 to February 29, 2024) |
|---|---|---|
| Profit for the period | 195,491 | 179,951 |
| Comprehensive income | 195,491 | 179,951 |
| Attribution of comprehensive income for the period | | |
| Parent Company Owners | 194,027 | 179,951 |
| Non-controlling interest | 1,464 | — |
| Comprehensive income for the period | 195,491 | 179,951 |

2nd Quarter period

(Unit: thousand yen)

| | 2nd Quarter FY2023 (December 1, 2022 to February 28, 2023) | 2nd Quarter FY2024 (December 1, 2023 to February 28, 2024) |
|---|---|---|
| Profit for the period | 103,223 | 108,242 |
| Comprehensive income | 103,223 | 108,242 |
| Attribution of comprehensive income for the period | | |
| Parent Company Owners | 103,223 | 108,242 |
| Comprehensive income for the period | 103,223 | 108,242 |

## (3) Condensed Quarterly Consolidated Statement of Changes in Equity

2nd Quarter FY2023 (September 1, 2022 to February 28, 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, 2022 | 340,594 | 307,578 | 540,605 | △66,443 | △10,450 | 1,111,884 | △57 | 1,111,827 |
| Net income for the period | — | — | 194,027 | — | — | 194,027 | 1,464 | 195,491 |
| Comprehensive income | — | — | 194,027 | — | — | 194,027 | 1,464 | 195,491 |
| Issuance of new shares | 5,198 | 5,198 | — | — | — | 10,395 | — | 10,395 |
| Acquisition of treasury stock | — | — | — | △24,660 | — | △24,660 | — | △24,660 |
| Stock compensation transactions | — | — | — | — | 456 | 456 | — | 456 |
| Sale of consolidated subsidiaries | — | — | — | — | — | — | △1,407 | △1,407 |
| Issuance of stock acquisition rights | — | — | — | — | 15,525 | 15,525 | — | 15,525 |
| Total amount of transactions with owners | 5,198 | 5,198 | — | △24,660 | 15,981 | 1,716 | △1,407 | 309 |
| Balance at February 28, 2023 | 345,792 | 312,775 | 734,632 | △91,103 | 5,531 | 1,307,627 | — | 1,307,627 |

2nd Quarter FY2024 (September 1, 2023 to February 29, 2024)

(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 | — | — | 179,951 | — | — | 179,951 | — | 179,951 |
| Comprehensive income | — | — | 179,951 | — | — | 179,951 | — | 179,951 |
| Issuance of new shares | 33,097 | 33,097 | — | — | — | 66,195 | — | 66,195 |
| Acquisition of treasury stock | — | — | — | △373,092 | — | △373,092 | — | △373,092 |
| Stock compensation transactions | — | — | — | — | 2,737 | 2,737 | — | 2,737 |
| Total amount of transactions with owners and others | 33,097 | 33,097 | — | △373,092 | 2,737 | △304,160 | — | △304,160 |
| Balance at February 29, 2024 | 387,113 | 354,097 | 1,027,968 | △464,441 | 21,005 | 1,325,742 | 1 | 1,325,744 |

## (4) Condensed Quarterly Consolidated Statements of Cash Flows

(Unit: thousand yen)

| | 2nd Quarter FY2023 (September 1, 2022 - February 28, 2023) | 2nd Quarter FY2024 (September 1, 2023 - February 29, 2024) |
|---|---|---|
| Cash flows from operating activities | | |
| Income before income taxes | 140,779 | 268,926 |
| Depreciation and amortization | 89,895 | 82,131 |
| Financial income | △108 | △3,497 |
| Financial expenses | 3,705 | 10,630 |
| Decrease (increase) in inventories | 1,228 | △11,831 |
| Decrease (increase) in trade and other receivables | △521,631 | △356,526 |
| Increase (decrease) in trade and other payables | 658,844 | 304,030 |
| Increase (decrease) in provisions | △3,000 | — |
| Other changes | △345,704 | △196,185 |
| Subtotal | 24,008 | 97,677 |
| Interest and dividends received | 108 | 813 |
| Interest expenses paid | △3,675 | △10,033 |
| Income taxes paid | △23,453 | △27,098 |
| Corporate income tax refund | 37,547 | 7,896 |
| Net cash provided by operating activities | 34,535 | 69,254 |
| Cash flows from investing activities | | |
| Proceeds from sales of property, plant and equipment | 70 | — |
| Purchase of property, plant and equipment | △30,215 | △2,892 |
| Net decrease (increase) in short-term loans receivable | — | 15,000 |
| Proceeds from collection of security deposit and guarantee money | 6,632 | 119 |
| Payments for security deposit and guarantee money | — | △788 |
| Proceeds from collection of long-term loans receivable | — | 29,714 |
| 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 | — | 31,416 |
| Proceeds from withdrawal of insurance reserve | — | 8,000 |
| Net cash used in investing activities | 11 | 23 |
| Cash flows from investing activities | △31,322 | △515,629 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | 95,000 | 370,000 |
| Proceeds from long-term debt | 400,208 | 930,000 |
| Repayment of long-term debt | △139,072 | △246,354 |
| Repayment of lease obligations | △53,410 | △51,100 |
| Proceeds from issuance of stock | 10,395 | 17,211 |
| Proceeds from issuance of stock acquisiton rights | 15,525 | — |
| Acquisition of treasury stock | △24,660 | △373,092 |
| Payments for redemption of bonds | — | △8,000 |
| Cash flows from financing activities | 303,986 | 638,665 |

(Unit: thousand yen)

| | 2nd Quarter FY2023 (September 1, 2022 - February 28, 2023) | 2nd Quarter FY2024 (September 1, 2023 - February 29, 2024) |
|---|---|---|
| Net increase (decrease) in cash and cash equivalents | 307,199 | 192,291 |
| Cash and cash equivalents at beginning of period | 1,201,605 | 1,264,656 |
| Cash and cash equivalents at end of period | 1,508,804 | 1,456,946 |

## (５) Notes to Condensed Consolidated Financial Statements

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

(ⅱ) Adjustments to equity for the second quarter of the previous fiscal year (February 28, 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 |
|---|---|---|---|---|---|---|---|
| Assets | | | | | | | Assets |
| Current assets | | | | | | | Current assets |
| Cash and cash equivalents | 1,497,508 | △30,001 | 41,298 | — | 1,508,804 | | Cash and cash equivalents |
| Accounts receivable | 1,848,663 | △19,533 | 6,404 | — | 1,835,535 | | Trade and other receivables |
| Merchandise | 8,787 | 4,682 | — | — | 13,469 | | Inventories |
| Supplies | 4,682 | △4,682 | — | — | — | | |
| | 432,868 | △432,868 | — | — | 0 | | Income tax receivable |
| | — | 60,001 | △30,000 | — | 30,001 | d | Other financial assets |
| Other | 104,295 | 396,942 | 7,764 | — | 509,001 | | Other current assets |
| Allowance for doubtful accounts | △25,459 | 25,459 | — | — | — | | |
| Total current assets | 3,871,345 | — | 25,466 | — | 3,896,810 | | Total current assets |
| Fixed assets | | | | | | | Non-current assets |
| Property, plant and equipment | | | | | | | |
| Buildings and accompanying facilities | 97,328 | △14,436 | △200 | 3,687 | 86,378 | a | Property, plant and equipment |
| Other | 66,347 | △66,347 | — | — | — | | |
| Accumulated depreciation | △80,783 | 80,783 | — | — | — | | |
| | — | — | — | 541,003 | 541,003 | b | Right to use assets |
| Intangible fixed assets | | | | | | | |
| Customer-related assets | 102,103 | △102,103 | — | — | — | | |
| Goodwill | 24,296 | — | — | 12,024 | 36,319 | c | Goodwill |
| Other | 6,728 | 102,103 | △100 | — | 108,731 | | Intangible assets |
| Investments and other assets | | | | | | | |
| Security deposit and guarantee money | 82,564 | 10 | — | — | 82,574 | d | Other financial assets |
| Deferred tax assets | 95,374 | — | — | 21,912 | 117,286 | e | Deferred tax assets |
| Other | 30,884 | △23,439 | — | — | 7,445 | | Other non-current assets |
| Allowance for doubtful accounts | △23,429 | 23,429 | — | — | — | | |
| Total fixed assets | 401,412 | — | △300 | 578,625 | 979,736 | | Total non-current assets |
| Total Assets | 4,272,756 | — | 25,165 | 578,625 | 4,876,547 | | 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 |
| | — | 1,475,283 | △6,412 | — | 1,468,871 | | Trade and other payables |
| Short-term borrowings | 295,000 | 289,737 | △3,360 | — | 581,377 | | Bonds and loans payable |
| Current portion of long-term debt | 289,737 | △289,737 | — | — | — | | |
| Accounts payable | 1,460,812 | △1,460,812 | — | — | — | | |
| Accrued expenses | 132,166 | △132,166 | — | — | — | | |
| Income taxes payable | 21,652 | — | 23 | △70 | 21,606 | | Income taxes payable |
| Consumption taxes payable | 23,084 | △23,084 | — | — | — | | |
| Asset retirement obligations | 9,310 | — | — | 39 | 9,349 | g | Provisions |
| Refund liability | — | 164,213 | — | — | 164,213 | | Refund liability |
| | — | 10,034 | — | 78,810 | 88,844 | b | Lease obligations |
| Other | 213,140 | △33,468 | 7,788 | 64,807 | 252,267 | h | Other current liabilities |
| Total current liabilities | 2,444,901 | — | △1,961 | 143,586 | 2,586,526 | | Total current liabilities |
| Long-term liabilities | | | | | | | Non-current liabilities |
| Long-term debt | 497,488 | — | △1,120 | — | 496,368 | | Debt |
| Asset retirement obligations | 24,030 | — | 1 | 1,141 | 25,172 | g | Provisions |
| | — | — | — | 460,854 | 460,854 | b | Lease obligations |
| Total long-term liabilities | 521,518 | — | △1,119 | 461,995 | 982,394 | | Total non-current liabilities |
| Total liabilities | 2,966,419 | — | △3,079 | 605,581 | 3,568,920 | | Total liabilities |
| Net Assets | | | | | | | Equity |
| Capital | 345,792 | — | — | — | 345,792 | | Called up share capital |
| Capital surplus | 320,575 | — | — | △7,799 | 312,775 | j | Capital surplus |
| Retained earnings | 715,549 | — | 28,245 | △9,162 | 734,632 | k | Retained earnings |
| Treasury stock | △91,103 | — | — | — | △91,103 | | Treasury stock |
| Stock acquisition rights | 15,525 | — | — | △9,994 | 5,531 | d | Other components of equity |
| | 1,306,337 | — | 28,245 | △26,955 | 1,307,627 | | Total equity attributable to owners of the parent |
| Total net assets | 1,306,337 | — | 28,245 | △26,955 | 1,307,627 | | Non-controlling interests |
| Total liabilities and equity | 4,272,756 | — | 25,165 | 578,625 | 4,876,547 | | Total equity |

(iii) Adjustments to equity for the previous fiscal year (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 |
|---|---|---|---|---|---|---|---|
| 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 cumulative second quarter of the previous fiscal year (September 1, 2022 to February 28, 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 | 4,829,853 | — | △526 | — | 4,829,326 | | Sales revenue |
| Cost of sales | 1,923,628 | — | 3,347 | 74,143 | 2,001,119 | | Cost of sales |
| Gross profit | 2,906,225 | — | △3,874 | △74,143 | 2,828,208 | | Gross profit |
| Selling, general and administrative expenses | 2,788,728 | 3,707 | 6,831 | △87,494 | 2,711,772 | a | Selling, general and administrative expenses |
| | — | 26,171 | — | 1,770 | 27,941 | b | Other income |
| | — | — | — | — | — | b | Other expenses |
| Operating loss | 117,497 | 22,464 | △10,705 | 15,121 | 144,376 | | Operating income |
| Non-operating income | 18,847 | △25,134 | 6,287 | — | — | | |
| Non-operating expenses | 3,544 | △3,554 | 10 | — | — | | |
| Extraordinary gains | 52 | △1,145 | 1,093 | — | — | | |
| Extraordinary losses | 3,725 | △3,725 | — | — | — | | |
| | — | 108 | — | — | 108 | c | Financial income |
| | — | 3,572 | — | 134 | 3,705 | c | Financial expenses |
| Income before income taxes and minority interests | 129,127 | — | △3,336 | 14,987 | 140,779 | | Income before income taxes |
| Total income taxes | △56,039 | — | 6 | 1,320 | △54,713 | d | Income tax expense |
| Net income for the period | 185,166 | — | △3,342 | 13,667 | 195,491 | | 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 | 185,166 | — | △3,342 | 13,667 | 195,491 | | Comprehensive income for the period |

(v) Adjustments to comprehensive income for the second quarter of the previous fiscal year (December 1, 2022 to February 28, 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 | 2,640,860 | — | 9,982 | — | 2,650,842 | | Sales revenue |
| Cost of sales | 1,067,422 | — | 23,076 | 36,542 | 1,127,039 | | Cost of sales |
| Gross profit | 1,573,438 | — | △13,094 | △36,542 | 1,523,803 | | Gross profit |
| Selling, general and administrative expenses | 1,445,268 | 3,715 | 7,998 | △46,445 | 1,410,536 | a | Selling, general and administrative expenses |
| | — | 20,841 | — | 1,029 | 21,870 | b | Other income |
| | — | — | — | — | — | b | Other expenses |
| Operating loss | 128,170 | 17,126 | △21,092 | 10,932 | 135,137 | | Operating income |
| Non-operating income | 2,026 | △20,949 | 18,923 | — | — | | |
| Non-operating expenses | 2,101 | △2,101 | — | — | — | | |
| Extraordinary gains | 52 | — | △52 | — | — | | |
| Extraordinary losses | 3,725 | △3,725 | — | — | — | | |
| | — | 107 | — | — | 107 | c | Financial income |
| | — | 2,110 | — | 95 | 2,205 | c | Financial expenses |
| Income before income taxes | 124,422 | — | △2,221 | 10,837 | 133,038 | | Income before income taxes |
| Total income taxes | 26,034 | — | — | 3,781 | 29,815 | d | Income tax expense |
| Net income | 98,388 | — | △2,221 | 7,056 | 103,223 | | Net 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 | 98,388 | — | △2,221 | 7,056 | 103,223 | | Comprehensive income |

(vi) 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 |
| | — | 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 | Quarterly income |
| Net income for the period | 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 |

(vii) Notes to equity 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 deposit 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) | 2nd Quarter FY2023 (February 28, 2023) | Previous fiscal year (August 31, 2023) |
|---|---|---|---|
| (a) Scope of consolidation, change in closing date | 33,051 | 28,245 | — |
| (b) Property, plant and equipment | 4,337 | △47,844 | 3,071 |
| (c) Lease | — | 52,004 | 1,373 |
| (d) Goodwill | — | 12,024 | 22,218 |
| (e) Financial instruments | 10,402 | 10,450 | △4,915 |
| (f) Deferred tax assets and liabilities | △2,444 | 1,541 | △4,650 |
| (g) Provisions | — | 234 | △121 |
| (h) Accrued paid vacation | △42,924 | △44,915 | △42,123 |
| (i) Capital transactions | 7,799 | 7,799 | 7,799 |
| (j) Stock compensation expense | — | △456 | 8,302 |
| Total | 10,222 | 19,083 | △9,045 |

(viii) 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.

(ix) Reconciliation of cash flows for the cumulative second quarter FY2023 (September 1, 2022 to February 28, 2023) and 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.