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 Third Quarter of the Fiscal Year Ending August 2024 [IFRS]

There were some errors in the content of the 'Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending August 2024 [IFRS]' announced on July 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. In addition, during the process of preparing consolidated financial statements in the financial reporting process for the period ending August 2024, the Company discovered that it had incorrectly offset deferred tax assets and deferred tax liabilities between different taxpayers, and that this had to be corrected. The specific corrections are as follows:

(1) Accounting for advertising expenses
The Company did not correctly recognize the timing of accounting for advertising expenses for listing advertisements in the listing media business it operates. An omission of 44,798 thousand yen was confirmed in the third quarter cumulative period, and this has been corrected and accounted for.

(2) Offsetting of deferred tax assets and deferred tax liabilities
In the process of preparing consolidated financial statements in the financial reporting process, there was an incorrect offsetting of deferred tax assets and deferred tax liabilities between different taxpayers, so in order to correct this, we have recorded deferred tax assets and deferred tax liabilities of 85,347,000 yen each.

We have discussed the results of the fact-finding with our accounting auditor, Faith Audit Firm, and have decided to revise our past quarterly financial statements in light of the importance of the impact. In addition, when making the revisions, we have also revised items that were not revised in the subject fiscal year due to their lack of importance.

＜Summary of the correction of the consolidated financial statements＞

	After correction (A)	Before correction (B)	Difference(A-B)
Sales revenue	8,571,246	8,571,246	0
Cost of sales	2,917,319	2,917,319	0
Selling, general and administrative	4,984,908	4,940,110	44,798

expenses			
Other income	35,253	35,253	0
Other expense	819	819	0
Operating income	703,452	748,250	△ 44,798
Income before income taxes	691,208	736,006	△ 44,798
Net income for the period	449,568	480,649	△ 31,081
Income attributable to owners of parent company	449,568	480,649	△ 31,081
Total assets	5,176,124	5,176,124	0
Total equity	2,468,148	2,499,229	△ 31,081
Equity attributable to owners of the parent company	2,468,146	2,499,228	△ 31,081

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 3rd Quarter Consolidated the Financial Results <IFRS>

July 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: July 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 3rd Quarter (September 1, 2023 - May 31, 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	%
3rd Quarter FY2024	8,571	19.7	703	291.7	691	297.4	450	100.4	450	101.7	450	100.4
3rd Quarter FY2023	7,159	—	180	—	174	—	224	—	223	—	224	—

	Earnings per share(basic)	Earnings per share (diluted)
	¥	¥
3rd Quarter FY2024	162.19	150.11
3rd Quarter FY2023	82.97	79.03

(2) Consolidated financial position

	Total assets	Total equity	Total shareholder's equity	Total shareholder's equity ratio
	million yen	million yen	million yen	%
3rd Quarter FY2024	8,549	2,468	2,468	28.9
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 Q3	3,043,193shares	FY2023	2,798,418shares
（ii）Number of treasury stock at the term-end	FY2024 Q3	144,004shares	FY2023	90,072shares
（iii）Average number of shares outstanding during cumulative period	FY2024 Q3	2,771,886shares	FY2023 Q3	2,686,026shares

※ 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 third 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 third 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 third quarter and also the full year of the previous consolidated fiscal year have been reclassified for comparative analysis based on IFRS.

During the cumulative third quarter of the current fiscal year (September 1, 2023 to May 31, 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 third quarter of the current fiscal year were as follows: sales revenue of ¥ 8,571,246 thousand (up 19.7% year-on-year), operating income of ¥ 703,452 thousand (up 291.7% year-on-year), income before income taxes of ¥691,208 thousand (up 297.4% year-on-year), and income attributable to owners of the parent of the Company of ¥ 449,568 thousand (up 101.7% year-on-year).

(2) Explanation of Financial Condition

(i) Assets, Liabilities and Shareholders' Equity

(Assets)

Total assets at the end of the cumulative third quarter of the current consolidated fiscal year amounted to ¥ 8,548,971 thousand, an increase of ¥ 4,645,225 thousand from the end of the previous consolidated fiscal year. The main factors were an increase of ¥ 1,594,627 thousand in goodwill, ¥ 851,888 thousand in cash and cash equivalents, ¥ 809,710 thousand in right of use assets, ¥ 477,094 thousand in trade and other receivables and ¥ 427,628 thousand in intangible assets, while deferred tax assets decreased by ¥ 17,055 thousand.

(Liabilities)

Total liabilities at the end of the cumulative third quarter amounted to ¥ 6,080,824 thousand, up ¥ 3,627,030 thousand from the end of the previous fiscal year. The main factors were ¥ 1,057,138 thousand increase in loans payable (non-current liabilities), ¥ 1,002,476 thousand increase in bonds payable and loans payable (current liabilities), ¥ 795,293 thousand increase in lease obligations (non-current liabilities) and ¥ 247,288 thousand increase in trade and other payables.

(Capital)

Total shareholders' equity at the end of the third quarter of the current fiscal year amounted to ¥ 2,468,148 thousand, an increase of ¥ 1,018,195 thousand from the end of the previous fiscal year. The main factors were an increase of ¥ 820,131 thousand in capital surplus, an increase of ¥ 449,568 thousand in retained earnings due to the posting of quarterly profit attributable to owners of the parent company, while there was an increase of ¥ 289,903 thousand in treasury stock.

(ii) Cash Flows

Cash and cash equivalents (hereinafter referred to as "cash") in the cumulative third quarter of the current consolidated cumulative period increased by ¥ 851,888 thousand from the end of the previous consolidated fiscal year to ¥ 2,116,544 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 third quarter under review amounted to ¥ 657,019 thousand (net cash provided of ¥ 447,438 thousand in the same period last year), mainly due to income before income taxes of ¥ 691,208 thousand, an increase in trade and other payables of ¥ 173,248 thousand, depreciation and amortization of ¥152,841, payment of income tax of ¥ 59,268 thousand.

(Cash flows from investing activities)

Net cash used in investing activities during the period under review amounted to ¥ 328,325 thousand (net cash used of ¥ 35,154 thousand in the same period of the previous year), mainly due to ¥ 417,620 thousand in payments for purchase of investments in subsidiaries, ¥ 290,376 thousand in proceeds from purchase of investments in subsidiaries, ¥ 178,600 thousand in payments for long-term loans receivable, ¥ 58,755 thousand in payment for purchase of property, plant and equipment and ¥ 31,416 thousand in proceeds from sales of investment securities.

(Cash flows from financing activities)

Net cash provided by financing activities in the cumulative third quarter under review amounted to ¥ 523,194 thousand (¥ 110,393 thousand in the same period of the previous year), mainly due to proceeds from long-term loans payable of ¥ 1,030,000 thousand, a net increase in short-term loans payable of ¥ 590,000 thousand, ¥ 505,446 thousand of payment to purchase of treasury stock and repayment of long-term loans payable of ¥ 499,137 thousand.

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

There is no revision in its earnings forecast for the fiscal year ending August 31, 2024, which was announced on April 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)	3rd Quarter FY2024 (May 31, 2024)
Assets			
Current assets			
Cash and cash equivalents	1,201,605	1,264,656	2,116,544
Trade and other receivables	1,318,460	1,283,949	1,761,043
Inventories	14,697	14,701	38,104
Other financial assets	30,002	99,475	129,687
Income taxes receivable	37,547	8,230	333
Other current assets	120,753	69,695	155,715
Total current assets	2,723,065	2,740,706	4,201,426
Non-current assets			
Property, plant and equipment	69,621	81,725	228,890
Right-of-use assets	601,677	518,283	1,426,280
Goodwill	36,319	36,319	1,630,946
Intangible assets	120,206	97,254	524,881
Other financial assets	89,216	284,503	396,702
Deferred tax assets	41,579	140,600	123,545
Other non-current assets	7,840	4,356	16,301
Total non-current assets	966,458	1,163,040	4,347,545
Total assets	3,689,522	3,903,746	8,548,971

(Unit: thousand yen)

	Transition date (September 1, 2022)	Previous fiscal year (August 31, 2023)	3rd Quarter FY2024 (May 31, 2024)
Liabilities and Equity			
liabilities			
current liabilities			
Trade and other payables	807,889	717,471	964,758
Bonds and loans payable	395,382	329,747	1,332,223
Lease obligations	106,375	79,078	186,680
Income taxes payable	24,047	9,870	131,848
Refund liabilities	171,108	154,407	205,055
Provisions	7,910	－	12,720
Other current liabilities	205,702	297,118	411,529
Total current liabilities	1,718,413	1,587,690	3,244,815
Non-Current Liabilities			
Borrowings	337,399	403,683	1,460,821
Lease obligations	496,732	437,229	1,232,523
Provisions	25,152	25,192	40,999
Deferred tax liabilities	－	－	85,348
Other non-current liabilities	－	－	16,318
Total non-current liabilities	859,283	866,104	2,836,009
Total liabilities	2,577,696	2,453,794	6,080,824
Capital			
Capital stock	340,594	354,016	388,311
Capital surplus	307,578	320,999	1,141,130
Retained earnings	540,605	848,017	1,297,585
Treasury stock	△66,443	△91,349	△381,252
Other components of equity	△10,450	18,268	22,374
Equity attributable to owners of the parent company Total	1,111,884	1,449,951	2,468,146
Noncontrolling interest	△57	1	1
Total equity	1,111,827	1,449,952	2,468,148
Total liabilities and equity	3,689,522	3,903,746	8,548,971

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

Condensed Quarterly Consolidated Statements of Income

3rd Quarter cumulative period

(単位：千円)

	3rd Quarter FY2023 (September 1, 2022 - May 31, 2023)	3rd Quarter FY2024 (September 1, 2023 - May 31, 2024)
Sales revenue	7,159,107	8,571,246
Cost of sales	2,812,905	2,917,319
Gross profit	4,346,202	5,653,927
Selling, general and administrative expenses	4,205,625	4,984,908
Other income	38,997	35,253
その他の費用	－	819
Operating income	179,574	703,452
Financial revenue	108	8,400
Financial expenses	5,756	20,644
Income before income taxes	173,926	691,208
Income tax expense	△50,401	241,640
Net income for the period	224,327	449,568
Attribution of quarterly profit		
Owners of parent company	222,863	449,568
Noncontrolling interest	1,464	－
Net income for the period	224,327	449,568
Earnings per share		
Basic earnings per share (yen)	82.97	162.19
Diluted earnings per share (yen)	79.03	150.11

3rd Quarter period

(Unit: thousand yen)

	3rd Quarter FY2023 (March 1, 2023 - May 31, 2023)	3rd Quarter FY2024 (March 1, 2024 - May 31, 2024)
Sales revenue	2,329,781	3,335,496
Cost of sales	811,787	971,369
Gross profit	1,517,994	2,364,128
Selling, general and administrative expenses	1,493,853	1,952,373
Other income	11,056	16,458
Operating income	—	819
Financial revenue	35,198	427,393
Financial revenue	0	4,903
Financial expenses	2,050	10,014
Income before income taxes	33,148	422,282
Income tax expense	4,311	152,666
Net income for the period	28,836	269,617
Attribution of quarterly profit		
Owners of parent company	28,836	269,617
Net income for the period	28,836	269,617
Earnings per share		
Basic earnings per share (yen)	10.72	93.00
Diluted earnings per share (yen)	9.92	86.58

Condensed Quarterly Consolidated Statements of Comprehensive Income

3rd Quarter cumulative period

(Unit: thousand yen)

	3rd Quarter FY2023 (September 1, 2022 - May 31, 2023)	3rd Quarter FY2024 (September 1, 2023 - May 31, 2024)
Profit for the period	224,327	449,568
Comprehensive income	224,327	449,568
Attribution of comprehensive income for the period		
Parent Company Owners	222,863	449,568
Non-controlling interest	1,464	—
Comprehensive income for the period	224,327	449,568

3rd Quarter period

(Unit: thousand yen)

	3rd Quarter FY2023 (March 1, 2023 - May 31, 2023)	3rd Quarter FY2024 (March 1, 2024 - May 31, 2024)
Profit for the period	28,836	269,617
Comprehensive income	28,836	269,617
Attribution of comprehensive income for the period		
Parent Company Owners	28,836	269,617
Comprehensive income for the period	28,836	269,617

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

3rd Quarter FY2023 (September 1, 2022 - May 31, 2023)

(Unit: thousand yen)

	Equity attributable to owners of the parent company							
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total amount	Capital surplus	Retained earnings
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	—	—	222,863	—	—	222,863	1,464	224,327
Comprehensive income	—	—	222,863	—	—	222,863	1,464	224,327
Issuance of new shares	5,495	5,495	—	—	—	10,989	—	10,989
Acquisition of treasury stock	—	—	—	△24,906	—	△24,906	—	△24,906
Stock compensation transactions	—	—	—	—	1,825	1,825	—	1,825
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	5,495	5,495	—	△24,906	17,350	3,433	△1,407	2,026
Balance at May 31, 2023	346,089	313,072	763,468	△91,349	6,900	1,338,180	—	1,338,180

3rd Quarter FY2024 (September 1, 2023 - May 31, 2024)

(Unit: thousand yen)

	Equity attributable to owners of the parent company							
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total amount	Capital surplus	Retained earnings
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	—	—	449,568	—	—	449,568	—	449,568
Comprehensive income	—	—	449,568	—	—	449,568	—	449,568
Issuance of new shares	34,295	34,295	—	—	—	68,590	—	68,590
Acquisition of treasury stock	—	—	—	△505,438	—	△505,438	—	△505,438
Stock compensation transactions	—	—	—	—	4,106	4,106	—	4,106
Change by share exchange	—	785,836	—	215,534	—	1,001,370	—	1,001,370
Total amount of transactions with owners and others	34,295	820,131	—	△289,903	4,106	568,628	—	568,628
Balance at May 31, 2024	388,311	1,141,130	1,297,585	△381,252	22,374	2,468,146	1	2,468,148

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Unit: thousand yen)

	3rd Quarter FY2023 (September 1, 2022 - May 31, 2023)	3rd Quarter FY2024 (September 1, 2023 - May 31, 2024)
Cash flows from operating activities		
Income before income taxes	173,926	691,208
Depreciation and amortization	128,388	152,841
Financial income	△108	△8,400
Financial expenses	5,756	20,644
Decrease (increase) in inventories	2,835	△13,536
Decrease (increase) in trade and other receivables	200,174	△173,248
Increase (decrease) in trade and other payables	△73,635	32,131
Increase (decrease) in provisions	△3,000	18,842
Other changes	29,355	2,541
Subtotal	463,690	723,022
Interest and dividends received	108	1,227
Interest expenses paid	△5,293	△17,056
Income taxes paid	△48,614	△59,268
Corporate income tax refund	37,547	9,095
Net cash provided by operating activities	447,438	657,019
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	70	3,100
Purchase of property, plant and equipment	△31,702	△58,755
Purchase of intangible assets	△605	—
Net decrease (increase) in short-term loans receivable	—	9,494
Proceeds from collection of long-term loans receivable	—	30,404
Payments for long-term loans	—	△178,600
Proceeds from collection of security deposit and guarantee money	6,632	136
Payments for security deposit and guarantee money	△1,740	△25,078
Proceeds from purchase of investments in subsidiaries	—	290,376
Purchase of investments in subsidiaries	—	△417,620
Payments for sales of investments in subsidiaries	△7,819	—
Proceeds from sales of investment securities	—	31,416
Purchase of investment securities	—	△20,057
Proceeds from withdrawal of insurance reserve	—	8,000
Payments for insurance reserve	—	△1,140
Other	11	—
Net cash used in investing activities	△35,154	△328,325
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable)	15,000	590,000
Proceeds from long-term debt	400,208	1,030,000
Repayment of long-term debt	△218,240	△499,137
Repayment of lease obligations	△88,183	△98,829
Proceeds from issuance of stock	10,989	19,606
Proceeds from issuance of stock acquisiton rights	15,525	—
Acquisition of treasury stock	△24,906	△505,446
Payments for redemption of bonds	—	△13,000
Cash flows from financing activities	110,393	523,194

(Unit: thousand yen)

	3rd Quarter FY2023 (September 1, 2022 - May 31, 2023)	3rd Quarter FY2024 (September 1, 2023 - May 31, 2024)
Net increase (decrease) in cash and cash equivalents	522,677	851,888
Cash and cash equivalents at beginning of period	1,201,605	1,264,656
Cash and cash equivalents at end of period	1,724,283	2,116,544

(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 third quarter of the previous fiscal year (May 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	1,829,848	△30,001	△75,564	—	1,724,283		Cash and cash equivalents
Accounts receivable	1,124,538	△11,035	295	—	1,113,798		Trade and other receivables
Merchandise	22,114	3,504	△13,756	—	11,862		Inventories
Supplies	3,504	△3,504	—	—	—		
	—	11,327	—	—	11,327		Income tax receivable
	—	30,001	—	—	30,001	d	Other financial assets
Other	105,407	△18,549	2,806	—	89,664		Other current assets
Allowance for doubtful accounts	△18,257	18,257	—	—	—		
Total current assets	3,067,154	—	△86,220	—	2,980,934		Total current assets
Fixed assets							Non-current assets
Property, plant and equipment							
Buildings and accompanying facilities	80,474	12,846	△87	5,178	98,411	a	Property, plant and equipment
Other	49,320	△49,320	—	—	—		
Accumulated depreciation	△54,474	54,474	—	—	—		
	—	△18,000	—	537,548	519,548	b	Right to use assets
Intangible fixed assets							
Customer-related assets	97,039	△97,039	—	—	—		
Goodwill	18,284		—	18,035	36,319	c	Goodwill
Other	6,054	97,039	△100	—	102,993		Intangible assets
Investments and other assets							
Security deposit and guarantee money	84,304	10	—	—	84,314	d	Other financial assets
Deferred tax assets	96,638	—	—	17,282	113,920	e	Deferred tax assets
Other	30,446	△23,507	△10	—	6,929		Other non-current assets
Allowance for doubtful accounts	△23,497	23,497	—	—	—		
Total fixed assets	384,589	—	△197	578,043	962,435		Total non-current assets
Total Assets	3,451,742	—	△86,416	578,043	3,943,369		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
	—	747,986	△13,065	—	734,921		Trade and other payables
Short-term borrowings	315,000	276,731	△104,480	—	487,251		Bonds and loans payable
Current portion of long-term debt	276,731	△276,731	—	—	—		
Accounts payable	732,314	△732,314	—	—	—		
Accrued expenses	105,840	△105,840	—	—	—		
Income taxes payable	6,704	—	23	△105	6,623		Income taxes payable
Consumption taxes payable	14,066	△14,066	—	—	—		
Asset retirement obligations	—	166,885	—	—	166,885		Provisions
Refund liability	—	—	—	78,894	78,894	b	Refund liability
	202,791	△62,652	17,197	59,510	216,846	h	Lease obligations
Other	1,653,446	—	△100,325	138,299	1,691,420		Other current liabilities
Total current liabilities							Total current liabilities
Long-term liabilities	431,657	—	—	—	431,657		Non-current liabilities
Long-term debt	24,064	—	1	1,116	25,182	g	Debt
Asset retirement obligations	—	—	—	456,930	456,930	b	Provisions
	455,721	—	1	458,046	913,769		Lease obligations
Total long-term liabilities	2,109,167	—	△100,324	596,346	2,605,189		Total non-current liabilities
Total liabilities							
							Equity
Net Assets	346,089	—	—	—	346,089		Called up share capital
Capital	320,872	—	—	△7,799	313,072	j	Capital surplus
Capital surplus	751,439	—	13,907	△1,878	763,468	k	Retained earnings
Retained earnings	△91,349	—	—	—	△91,349		Treasury stock
Treasury stock	15,525	—	—	△8,625	6,900	d, i	Other components of equity
	1,342,575	—	13,907	△18,303	1,338,180		Total equity attributable to owners of the parent
Total net assets	1,342,575	—	13,907	△18,303	1,338,180		Total equity
Total liabilities and equity	3,451,742	—	△86,416	578,043	3,943,369		Total liabilities and 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 third quarter of the previous fiscal year (September 1, 2022 to May 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	7,131,222	—	27,885	—	7,159,107		Sales revenue
Cost of sales	2,689,220	—	11,985	111,700	2,812,905		Cost of sales
Gross profit	4,442,002	—	15,899	△111,700	4,346,202		Gross profit
Selling, general and administrative expenses	4,318,517	3,698	23,623	△140,213	4,205,625	a	Selling, general and administrative expenses
	—	35,988	—	3,009	38,997	b	Other income
	—	—	—	—	—	b	Other expenses
Operating loss	123,486	32,290	△7,724	31,522	179,574		Operating income
Non-operating income	46,021	△34,951	△10,998	△71	—		
Non-operating expenses	5,405	△5,449	44	—	—		
Extraordinary gains	52	△1,145	1,093	—	—		
Extraordinary losses	3,725	△3,725	—	—	—		
	—	108	—	—	108	c	Financial income
	—	5,476	—	280	5,756	c	Financial expenses
Income before income taxes and minority interests	160,429	—	△17,673	31,171	173,926		Income before income taxes
Total income taxes	△60,627	—	6	10,220	△50,401	d	Income tax expense
Net income for the period	221,056	—	△17,679	20,951	224,327		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	221,056	—	△17,679	20,951	224,327		Comprehensive income for the period

(v) Adjustments to comprehensive income for the third quarter of the previous fiscal year (March 1, 2023 to May 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	2,301,370	—	28,411	—	2,329,781		Sales revenue
Cost of sales	765,592	—	8,638	37,557	811,787		Cost of sales
Gross profit	1,535,778	—	19,773	△37,557	1,517,994		Gross profit
Selling, general and administrative expenses	1,529,789	△9	16,791	△52,719	1,493,853	a	Selling, general and administrative expenses
	—	9,817	—	1,239	11,056	b	Other income
	—		—	—	—	b	Other expenses
Operating loss	5,989	9,826	2,982	16,401	35,198		Operating income
Non-operating income	27,174	△9,817	△17,285	△71	—		
Non-operating expenses	1,861	△1,895	34	—	—		
Extraordinary gains	—	—	—	—	—		
Extraordinary losses	—	—	—	—	—		
	—	—	—	—	—	c	Financial income
	—	1,904	—	146	2,050	c	Financial expenses
Income before income taxes	31,301	—	△14,337	16,184	33,148		Income before income taxes
Total income taxes	△4,588	—	—	8,900	4,311	d	Income tax expense
Net income	35,890	—	△14,337	7,284	28,836		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	35,890	—	△14,337	7,284	28,836		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 income	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
	—	—	—	122	122		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	—	—	—	122	122		Total other comprehensive income
Comprehensive income	326,678	—	△31,586	23,784	318,876		Comprehensive income for the period

(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)	3rd Quarter FY2023 (May 31, 2023)	Previous fiscal year (August 31, 2023)
(a) Scope of consolidation, change in closing date	33,051	13,907	—
(b) Property, plant and equipment	4,337	△72,757	3,071
(c) Lease	—	76,956	1,373
(d) Goodwill	—	18,035	22,218
(e) Financial instruments	10,402	10,450	△4,915
(f) Deferred tax assets and liabilities	△2,444	863	△4,650
(g) Provisions	—	△185	△121
(h) Accrued paid vacation	△42,924	△41,215	△42,123
(i) Capital transactions	7,799	7,799	7,799
(j) Stock compensation expense	—	△1,825	8,302
Total	10,222	12,029	△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 third quarter FY2023 (September 1, 2022 to May 31, 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.