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May 12, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

Company name: MIGALO HOLDINGS Inc.
Listing: Tokyo Stock Exchange
Securities code: 5535
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Scheduled date of annual general meeting of shareholders: June 25, 2025
Scheduled date to commence dividend payments: June 26, 2025
Scheduled date to file annual securities report: June 25, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (For institutional investors and analysts, for individual investors, each event)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	51,709	21.2	2,713	8.5	2,121	3.9	1,390	25.0
March 31, 2024	42,672	-	2,500	-	2,042	-	1,112	-

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥1,267 million [9.1%]
For the fiscal year ended March 31, 2024: ¥1,162 million [-%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	23.79	23.52	12.9	4.1	5.2
March 31, 2024	19.13	19.09	11.2	4.4	5.9

Note:
1. Since the Company was established on October 2, 2023 through a sole share transfer, the year-on-year rate of change in the fiscal year ending March 31, 2024 is not shown.
2. With an effective date of July 1, 2024, the Company has conducted a stock split at the rate of two shares of common stock for one common share.
3. With an effective date of March 1, 2025, the Company has conducted a stock split at the rate of two shares of common stock for one common share.
4. . At the Board of Directors meeting held on March 27, 2025, the company resolves to implement a stock split of its common shares at a ratio of two shares for every one share, with an effective date of June 1, 2025.. Assuming that the stock split occurred at the beginning of the previous fiscal year, net income per share and net income per share adjusted for potential shares are calculated.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	54,506	11,273	20.4	190.21
March 31, 2024	48,446	10,456	21.4	177.32

Reference: Equity
As of March 31, 2025: ¥11,131 million
As of March 31, 2024: ¥10,350 million

Note:
1. With an effective date of July 1, 2024, the Company has conducted a stock split at the rate of two shares of common stock for one common share.
2. With an effective date of March 1, 2025, the Company has conducted a stock split at the rate of two shares of common stock for one common share.
3. At the Board of Directors meeting held on March 27, 2025, the company resolves to implement a stock split of its common shares at a ratio of two shares for every one share, with an effective date of June 1, 2025. Assuming that the stock split occurred at the beginning of the previous fiscal year, net assets per share are calculated.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	(7,305)	(103)	5,389	6,869
March 31, 2024	(691)	(359)	3,130	8,888

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	-	-	-	45.00	45.00	328	29.4	3.2
Fiscal year ended March 31, 2025	-	12.00	-	8.00	-	409	29.4	3.7
Fiscal year ending March 31, 2026 (Forecast)		3.00		5.00	8.00		36.0	

Note:
1. The year-end dividend for the fiscal year ended March 2024 consists of an ordinary dividend of 40.00 yen and a commemorative dividend of 5.00 yen. The commemorative dividend is provided in celebration of the 20th anniversary of the founding of Property Agent Co., Ltd., the effective predecessor of the Company.
2. With an effective date of July 1, 2024, the Company has conducted a stock split at the rate of two shares of common stock for one common share.
3. With an effective date of March 1, 2025, the Company has conducted a stock split at the rate of two shares of common stock for one common share.
4. For the fiscal year ending March 2024 and the end of the second quarter of the fiscal year ending March 2025, the actual amount of dividends is described.
   For the end of the fiscal year ending March 31, 2025, the amount is stated taking into account the impact of the stock split described in 3 above.
5. At the Board of Directors meeting held on March 27, 2025, the company resolves to implement a stock split of its common shares at a ratio of two shares for every one share, with an effective date of June 1, 2025.
6. Excluding the impact of the stock splits described in 2 and 3 above, the dividend for the fiscal year ending March 31, 2025 is 24.00 yen at the end of the second quarter and 32.00 yen at the fiscal year-end, totaling 56.00 yen.
7. Excluding the impact of the stock splits described in 2, 3, and 5 above, the forecasted dividend for the fiscal year ending March 2026 is expected to be 24.00 yen at the end of the second quarter and40.00 yen at the fiscal year-end, totaling 64.00 yen.

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2026	60,000	16.0	2,800	3.2	2,150	1.3	1,300	(6.5)	22.21

Note:
For the six months of the fiscal year, we do not disclose earnings forecasts.
At the Board of Directors meeting held on March 27, 2025, the company resolves to implement a stock split of its common shares at a ratio of two shares for every one share, with an effective date of June 1, 2025.
Earnings per share is calculated and presented based on the post-stock-split number of shares.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	58,849,600 shares
As of March 31, 2024	58,704,000 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2025	330,616 shares
As of March 31, 2024	330,216 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	58,457,986 shares
Fiscal year ended March 31, 2024	58,195,376 shares

Note:

1. With an effective date of July 1, 2024, the Company has conducted a stock split at the rate of two shares of common stock for one share of common stock.
2. The Company has implemented a stock split effective as of March 1, 2025, at the ratio of two shares of common stock to one share of common stock.
3. At the Board of Directors meeting held on March 27, 2025, the company resolves to implement a stock split of its common shares at a ratio of two shares for every one share, with an effective date of June 1, 2025.
4. Calculated based on the assumption that the stock splits described in 1 to 3 were effective at the beginning of the consolidated fiscal year.

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* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Cautions on forward-looking statements, etc.)

The forward-looking statements, including forecasts of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual financial results, etc. may differ substantially due to various factors. Please refer to “(4) Future outlook” of “1. Overview of Operating Results and Others” on page 5 of the attached materials for the conditions that form the assumptions for the forecasts of financial results and cautions concerning the use thereof.

(Method of accessing supplementary material on financial results and contents of the financial results briefing)

The Company plans to hold an online financial results briefing for individual investors on Monday, May 12, 2025, and an online financial results briefing for institutional investors and analysts on Tuesday, May 13, 2025, using a web conferencing system. For information on how to hold an online financial results briefing, please refer to the Company's website (https://www.migalo.co.jp/ir/).

(Other special notes)

The Company was established on October 2, 2023 as the wholly owned parent company of Property Agent Co., Ltd. through a sole share transfer. Accordingly, the consolidated financial statements for the previous fiscal year (from April 1, 2023 to March 31, 2024) are prepared by taking over the consolidated financial statements of Property Agent Co., Ltd., which became a wholly owned subsidiary of the Company through a sole share transfer.

Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	8,898,146	6,895,216
Accounts receivable - trade	510,275	581,410
Inventories	36,330,489	44,218,415
Advance payments to suppliers	443,654	423,690
Prepaid expenses	152,800	152,407
Other	89,834	188,222
Allowance for doubtful accounts	(1,703)	(2,214)
Total current assets	46,423,497	52,457,148
Non-current assets		
Property, plant and equipment		
Buildings, net	100,290	129,332
Structures, net	5,907	5,549
Vehicles, net	0	0
Tools, furniture and fixtures, net	25,311	20,088
Land	22,062	30,302
Total property, plant and equipment	153,571	185,272
Intangible assets		
Goodwill	605,927	759,406
Software	177,363	156,046
Other	25,397	56,208
Total intangible assets	808,688	971,661
Investments and other assets		
Investment securities	468,493	232,355
Deferred tax assets	366,032	421,293
Other	365,144	377,386
Allowance for doubtful accounts	(138,936)	(138,936)
Total investments and other assets	1,060,734	892,099
Total non-current assets	2,022,995	2,049,033
Total assets	48,446,492	54,506,181

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	1,947,673	1,219,345
Short-term borrowings	9,719,246	10,164,820
Current portion of bonds payable	68,000	468,000
Current portion of long-term borrowings	8,092,321	8,430,777
Accounts payable - other	254,450	373,896
Accrued expenses	488,248	353,400
Income taxes payable	326,167	545,064
Accrued consumption taxes	394,531	86,661
Deposits received	1,066,133	770,839
Provision for bonuses	74,882	79,659
Provision for bonuses for directors (and other officers)	67,000	80,500
Provision for costs after sales	140,783	192,172
Other	523,044	819,478
Total current liabilities	23,162,482	23,584,616
Non-current liabilities		
Bonds payable	734,000	266,000
Long-term borrowings	13,788,234	19,052,459
Deferred tax liabilities	50,967	-
Other	254,680	329,662
Total non-current liabilities	14,827,881	19,648,121
Total liabilities	37,990,364	43,232,738
Net assets		
Shareholders' equity		
Share capital	73,431	79,671
Capital surplus	1,098,456	600,908
Retained earnings	9,108,681	10,499,461
Treasury shares	(48,732)	(48,891)
Total shareholders' equity	10,231,837	11,131,150
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	119,093	-
Total accumulated other comprehensive income	119,093	-
Share acquisition rights	6,147	46,202
Non-controlling interests	99,049	96,090
Total net assets	10,456,128	11,273,443
Total liabilities and net assets	48,446,492	54,506,181

Consolidated statement of income

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	42,672,075	51,709,146
Cost of sales	35,593,574	43,635,873
Gross profit	7,078,501	8,073,272
Selling, general and administrative expenses	4,578,318	5,360,071
Operating profit	2,500,182	2,713,201
Non-operating income		
Interest income	119	4,418
Dividend income	5,604	2,922
Penalty income	3,950	2,200
Insurance fee income	4,523	-
Subsidy income	1,490	5,793
Gain on investments in investment partnerships	-	10,465
Other	5,462	4,482
Total non-operating income	21,149	30,283
Non-operating expenses		
Interest expenses	322,004	480,360
Commission expenses	130,216	133,277
Other	27,094	8,058
Total non-operating expenses	479,314	621,696
Ordinary profit	2,042,017	2,121,788
Extraordinary income		
Gain on sale of investment securities	-	214,215
Total extraordinary income	-	214,215
Extraordinary losses		
Amortization of goodwill	19,074	22,702
Loss on valuation of investment securities	112,536	-
Total extraordinary losses	131,610	22,702
Profit before income taxes	1,910,407	2,313,301
Income taxes - current	792,405	963,879
Income taxes - deferred	(4,993)	(37,399)
Total income taxes	787,411	926,480
Profit	1,122,995	1,386,821
Profit (loss) attributable to non-controlling interests	10,002	(3,958)
Profit attributable to owners of parent	1,112,993	1,390,779

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	1,122,995	1,386,821
Other comprehensive income		
Valuation difference on available-for-sale securities	39,341	(119,093)
Total other comprehensive income	39,341	(119,093)
Comprehensive income	1,162,337	1,267,727
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,152,335	1,271,686
Comprehensive income attributable to non-controlling interests	10,002	(3,958)

Consolidated statement of changes in equity

Fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	617,249	535,927	8,286,477	(48,732)	9,390,922	79,752	79,752	7,568
Changes by share transfer	(548,734)	548,734			-			
Issuance of new shares - exercise of share acquisition rights	4,916	4,916			9,833			
Dividends of surplus			(290,788)		(290,788)			
Profit attributable to owners of parent			1,112,993		1,112,993			
Purchase of treasury shares								
Change in ownership interest of parent due to transactions with non-controlling interests		8,877			8,877			
Net changes in items other than shareholders' equity					-	39,341	39,341	(1,421)
Total changes during period	(543,817)	562,529	822,204	-	840,915	39,341	39,341	(1,421)
Balance at end of period	73,431	1,098,456	9,108,681	(48,732)	10,231,837	119,093	119,093	6,147

	Non-controlling interests	Total net assets
Balance at beginning of period	93,906	9,572,150
Changes by share transfer		-
Issuance of new shares - exercise of share acquisition rights		9,833
Dividends of surplus		(290,788)
Profit attributable to owners of parent		1,112,993
Purchase of treasury shares		
Change in ownership interest of parent due to transactions with non-controlling interests		8,877
Net changes in items other than shareholders' equity	5,142	43,063
Total changes during period	5,142	883,978
Balance at end of period	99,049	10,456,128

Consolidated statement of changes in equity

Fiscal year ended March 31, 2025

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	73,431	1,098,456	9,108,681	(48,732)	10,231,837	119,093	119,093	6,147
Changes by share transfer								
Issuance of new shares - exercise of share acquisition rights	6,239	6,239			12,478			
Dividends of surplus		(503,787)			(503,787)			
Profit attributable to owners of parent			1,390,779		1,390,779			
Purchase of treasury shares				(159)	(159)			
Change in ownership interest of parent due to transactions with non-controlling interests								
Net changes in items other than shareholders' equity					-	(119,093)	(119,093)	40,054
Total changes during period	6,239	(497,547)	1,390,779	(159)	899,312	(119,093)	(119,093)	40,054
Balance at end of period	79,671	600,908	10,499,461	(48,891)	11,131,150	-	-	46,202

	Non-controlling interests	Total net assets
Balance at beginning of period	99,049	10,456,128
Changes by share transfer		
Issuance of new shares - exercise of share acquisition rights		12,478
Dividends of surplus		(503,787)
Profit attributable to owners of parent		1,390,779
Purchase of treasury shares		(159)
Change in ownership interest of parent due to transactions with non-controlling interests		
Net changes in items other than shareholders' equity	(2,958)	(81,998)
Total changes during period	(2,958)	817,314
Balance at end of period	96,090	11,273,443

Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	1,910,407	2,313,301
Depreciation	105,209	119,155
Share-based payment expenses	(637)	42,259
Amortization of lease deposits	6,727	7,582
Amortization of long-term prepaid expenses	6,206	6,401
Increase (decrease) in allowance for doubtful accounts	(2,116)	510
Increase (decrease) in provision for bonuses	5,387	4,777
Increase (decrease) in provision for bonuses for directors (and other officers)	(3,500)	13,500
Increase (decrease) in provision for costs after sales	53,977	51,389
Interest income	(119)	(4,418)
Interest expenses	322,004	480,360
Commission expenses	130,216	133,277
Decrease (increase) in trade receivables	(152,943)	(45,160)
Decrease (increase) in inventories	(2,398,731)	(7,882,878)
Loss (gain) on valuation of investment securities	125,936	(10,434)
Loss (gain) on sale of investment securities	-	(214,215)
Decrease (increase) in advance payments to suppliers	(174,709)	58,191
Increase (decrease) in trade payables	(231,676)	(741,035)
Other, net	1,315,689	(248,297)
Subtotal	1,017,328	(5,915,733)
Interest received	119	4,390
Interest paid	(314,539)	(503,805)
Amount of payment of commission	(130,216)	(133,277)
Income taxes paid	(1,263,919)	(756,818)
Net cash provided by (used in) operating activities	(691,226)	(7,305,244)
Cash flows from investing activities		
Purchase of investment securities	-	(30,000)
Payments into time deposits	-	(14,802)
Purchase of property, plant and equipment	(3,982)	(59,524)
Proceeds from sale of investment securities	-	299,274
Purchase of intangible assets	(47,783)	(92,073)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(266,304)	(155,673)
Other, net	(41,837)	(50,522)
Net cash provided by (used in) investing activities	(359,908)	(103,323)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(114,484)	406,574
Proceeds from long-term borrowings	12,621,800	15,369,700
Repayments of long-term borrowings	(9,027,301)	(9,825,967)
Redemption of bonds	(68,000)	(68,000)
Proceeds from issuance of shares	9,049	10,273
Purchase of treasury shares	-	(159)
Dividends paid	(290,788)	(503,787)
Proceeds from share issuance to non-controlling shareholders	-	1,000
Net cash provided by (used in) financing activities	3,130,275	5,389,634
Net increase (decrease) in cash and cash equivalents	2,079,140	(2,018,933)
Cash and cash equivalents at beginning of period	6,809,005	8,888,146
Cash and cash equivalents at end of period	8,888,146	6,869,213

(Notes on segment information, etc.)

Segment Information

1. Overview of Reporting Segments

The Group's reporting segments are those of the constituent units of the Group for which segregated financial information is available and are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate business performance.

Depending on the nature of the business, the Group has two reporting segments: the DX Promotion Business and the DX Real Estate Business.

The DX promotion business is engaged in the business of promoting DX in society and companies, such as the introduction and operation of face recognition solutions using the face recognition platform service (FreeiD), contract development of DX-related systems, cloud system introduction and operation support, and cloud integration services. This includes CB Lab Inc., CloudTechPlus Co.Ltd., resolver inc., Omniscience Co., Ltd, dresscode Inc, ., and BEST PRACTICE Inc.

In the DX real estate business, we have DX,our core business, such as attracting members through digital marketing, marketing automation through SFA, thorough use of CRM, and automation through a real estate purchase assessment system that uses AI. We are engaged in the development and sales business for investors and actual demand of newly built condominiums that achieve superior productivity compared to other companies, the investor matching business for used condominiums (Smart Second), the crowdfunding business (Rimple) for DX, finance, and real estate, and the rental management business, building management business, and real estate management business, which are stock businesses that have been overwhelmingly streamlined by DX. This includes Property Agent Inc., AKI Commerce Co., Ltd., and Associa Property Co., Ltd.

In addition, in order to represent appropriate reporting segments in line with business segments and the actual conditions of business activities, general and administrative expenses that are not directly attributable to the reporting segments are included in the adjustment amount as company-wide expenses.

2. Method of calculating the amount of sales, profits or losses, assets and other items for each reporting segment

The accounting methods for the reported business segments are generally identical to those used in the preparation of consolidated financial statements. In addition, profit in the reporting segment is a figure based on operating income.

Internal sales and transfers between segments are primarily based on market prices.

Information on the amount of sales, profits or losses, assets and other items for each reported segment, and information on the breakdown of revenues

The previous fiscal year (April 1, 2023 to March 31, 2024)

(Unit: 1 thousand yen)

	Reportable segments			Adjustment amount (Note) 1	Amount recorded in consolidated financial statements (Note)2
	DX Promotion	DX Real estate	Total		
Sales					
Revenue generated from customer contracts	2,629,498	35,505,137	38,134,635	87,915	38,046,719
Other earnings (Note)3	-	4,625,356	4,625,356	-	4,625,356
Revenues from external customers	2,541,582	40,130,493	42,672,075	-	42,672,075
Transactions with other segments	87,915	-	87,915	(87,915)	-
Total	2,629,498	40,130,493	42,759,991	(87,915)	42,672,075
Segment profit (loss)	(101,311)	3,848,508	3,747,197	(1,247,015)	2,500,182
Segment Assets	2,132,376	38,060,024	40,192,401	8,254,091	48,446,492
Other items					
Depreciation	8,892	14,549	23,442	80,598	104,040
Depreciation of goodwill (Note)4	33,843	-	33,843	-	33,843
Increase in property, plant and equipment and intangible assets	46,811	4,446	51,258	1,458	52,716

Note:

1. The amount of adjustment is as follows.

(1) The adjusted amount of segment profit or loss (loss) of (1,247,015) thousand yen includes 3,828 thousand yen of inter-segment transaction elimination and (1,250,843) thousand yen of company-wide expenses that have not been allocated to each reporting segment. Company-wide expenses mainly include general and administrative expenses that are not attributable to the reporting segment.

(2) The adjusted amount of segment assets of 8,254,091 thousand yen includes the elimination of inter-segment transactions of (52,066) thousand yen and the company-wide assets of 8,306,158 thousand yen that have not been distributed to reporting segments. Company-wide assets are mainly cash and deposits that are not attributable to the reporting segment, as well as assets related to the functions of the head office.

(3) The adjustment for depreciation and amortization of 80,598 thousand yen is a company-wide expense that is not distributed primarily to the reporting segment.

(4) The adjustment amount of 1,458 thousand yen for the increase in property, plant and equipment and intangible assets is mainly the amount of capital expenditure related to the functions of the head office.

2. Segment profit or loss (loss) is consistent with operating income in the consolidated statements of income.

3. Transfers of real estate, etc., subject to Report No. 15 of the Accounting System Committee of the Institute of Japan Certified Public Accountants, No. 15 "Practical Guidelines for Accounting Treatment of Transferors Concerning the Securitization of Real Estate Using Special Purpose Companies" are not subject to the revenue recognition accounting standard and are therefore included in other income.

4. In accordance with the provisions of Paragraph 32 of the "Practical Guidelines for Capital Consolidation Procedures in Consolidated Financial Statements" (Report No. 7 of the Accounting System Committee of the Institute of Certified Public Accountants of Japan), 19,074 thousand yen of goodwill amortization was recorded as an extraordinary loss for a portion of the DX Promotion Business in the reporting segment, but such amount is not included in the above.

5. From the end of the previous fiscal year, Omniscience Co., Ltd. has become a consolidated subsidiary through the acquisition of shares, and it is included in the "DX Promotion Business". In addition, through the acquisition of shares, AKI Commerce Co., Ltd. and Associa Property Co., Ltd. have become consolidated subsidiaries, and are included in the DX Real Estate Business.

The current fiscal year (April 1, 2024 to March 31, 2025)

(Unit: 1 thousand yen)

	Reportable segments			Adjustment amount (Note) 1	Amount recorded in consolidated financial statements (Note)2
	DX Promotion	DX Real estate	Total		
Sales					
Revenue generated from customer contracts	3,765,288	44,202,689	47,967,977	127,083	47,840,894
Other earnings (Note)3	-	3,868,251	3,868,251	-	3,868,251
Revenues from external customers	3,638,205	48,070,940	51,709,146	-	51,709,146
Transactions with other segments	127,083	-	127,083	(127,083)	-
Total	3,765,288	48,070,940	51,836,229	(127,083)	51,709,146
Segment profit (loss)	75,704	3,863,162	3,938,866	(1,225,664)	2,713,201
Segment Assets	2,492,141	45,842,443	48,334,584	6,171,597	54,506,181
Other items					
Depreciation	20,885	20,968	41,853	86,142	127,995
Depreciation of goodwill (Note)4	55,402	22,403	77,806	-	77,806
Increase in property, plant and equipment and intangible assets	113,289	6,280	119,569	56,852	176,421

Note:

1. The amount of adjustment is as follows.
   (1) The adjusted amount of segment profit or loss (loss) of (1,225,664) thousand yen includes (18,950) thousand yen for the elimination of inter-segment transactions and (1,206,713) thousand yen for company-wide expenses that have not been allocated to each reporting segment. Company-wide expenses mainly include general and administrative expenses that are not attributable to the reporting segment.
   (2) The adjustment amount of 6,171,597 thousand yen for segment assets includes (100,294) thousand yen for the elimination of inter-segment transactions and 6,271,891 thousand yen for company-wide assets that have not been distributed to reporting segments. Company-wide assets are mainly cash and deposits that are not attributable to the reporting segment, as well as assets related to the functions of the head office.
   (3) The adjustment for depreciation and amortization of 86,142 thousand yen is a company-wide expense that is not distributed primarily to the reporting segment.
   (4) The adjustment amount of 56,852 thousand yen for the increase in property, plant and equipment and intangible assets is mainly the amount of capital expenditure related to the functions of the head office.
2. Segment profit or loss (loss) is consistent with operating income in the consolidated statements of income.
3. Transfers of real estate, etc., subject to Report No. 15 of the Accounting System Committee of the Institute of Japan Certified Public Accountants, No. 15 "Practical Guidelines for Accounting Treatment of Transferors Concerning the Securitization of Real Estate Using Special Purpose Companies" are not subject to the revenue recognition accounting standard and are therefore included in other income.
4. In accordance with the provisions of Paragraph 32 of the "Practical Guidelines for Capital Consolidation Procedures in Consolidated Financial Statements" (Report No. 7 of the Accounting System Committee of the Institute of Certified Public Accountants of Japan), an amortization of goodwill of 22,702 thousand yen was recorded as an extraordinary loss for a portion of the DX Promotion Business in the reporting segment, but such amount is not included in the above.
5. From the end of the current fiscal year, dresscode Inc. and BEST PRACTICE Inc. have become consolidated subsidiaries through the acquisition of shares, and are included in the "DX Promotion Business".

Related Information

The previous fiscal year (April 1, 2023 to March 31, 2024)

1. Product and Service Information

The same information is included as segment information, so it is omitted.

2. Regional Information

(1) Net sales

Since sales to external customers in Japan exceed 90% of sales in the consolidated statements of income, the description is omitted.

(2) Property, plant and equipment

Since there are no property, plant and equipment located outside of Japan, there is no applicable matter.

3. Information per main customer

Since none of the sales to external customers account for more than 10% of the sales in the consolidated statements of income, the description is omitted.

The current fiscal year (April 1, 2024 to March 31, 2025)

1. Product and Service Information

The same information is included as segment information, so it is omitted.

2. Regional Information

(1) Net sales

Since sales to external customers in Japan exceed 90% of sales in the consolidated statements of income, the description is omitted.

(2) Property, plant and equipment

Since there are no property, plant and equipment located outside of Japan, there is no applicable matter.

3. Information per main customer

Since none of the sales to external customers account for more than 10% of the sales in the consolidated statements of income, the description is omitted.

Information on impairment losses on fixed assets by reporting segment

The previous fiscal year (April 1, 2023 to March 31, 2024)

In the DX Promotion Business, goodwill amortization of 19,074 thousand yen was recorded as an extraordinary loss in accordance with the provisions of Paragraph 32 of the "Practical Guidelines for Capital Consolidation Procedures in Consolidated Financial Statements" (Report No. 7 of the Accounting System Committee of the Institute of Certified Public Accountants of Japan) with respect to goodwill related to CB Lab, Inc.

The current fiscal year (April 1, 2024 to March 31, 2025)

In the DX Promotion Business, goodwill amortization of 22,702 thousand yen was recorded as an extraordinary loss in accordance with the provisions of Paragraph 32 of the "Practical Guidelines for Capital Consolidation Procedures in Consolidated Financial Statements" (Report No. 7 of the Accounting System Committee of the Institute of Certified Public Accountants of Japan) with respect to goodwill related to CloudTechPlus, Inc.

Information on amortization and unamortized balances of goodwill by reporting segment

The previous fiscal year (April 1, 2023 to March 31, 2024)

(Unit: 1 thousand yen)

	Reportable segments			Reconciling items	Per consolidated financial statements
	DX Promotion	DX Real estate	Total		
Balance at the end of the current fiscal year	381,891	224,036	605,927	-	605,927

Note: The amount of amortization of goodwill has been omitted because the same information is disclosed in the segment information.

The current fiscal year (April 1, 2024 to March 31, 2025)

(Unit: 1 thousand yen)

	Reportable segments			Reconciling items	Per consolidated financial statements
	DX Promotion	DX Real estate	Total		
Balance at the end of the current fiscal year	557,773	201,632	759,406	-	759,406

Note: The amount of amortization of goodwill has been omitted because the same information is disclosed in the segment information.

Information on Negative Goodwill Accrual Gains by Reporting Segment

The previous fiscal year (April 1, 2023 to March 31, 2024)

Not applicable.

The current fiscal year (April 1, 2024 to March 31, 2025)

Not applicable.