

Summary of Financial Statements for the Third Quarter of Fiscal Year Ending April 2025

[Japan GAAP] (Consolidated)

March 10, 2025

Name of listed company: **AIN HOLDINGS INC.**
Exchange listed on: Prime Market of Tokyo Stock Exchange and Sapporo Securities Exchange
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Start of dividend payment: -
Supplementary documents for quarterly results: Yes (Supplementary materials are disclosed on the Company's website appropriately as the financial statements.)
Quarterly results briefing: No

(Amounts are rounded down to the nearest million yen.)

1. Consolidated results for the third quarter of fiscal year ending April 30, 2025 (May 1, 2024 to January 31, 2025)

(1) Consolidated operating results

(Percentage figures show year-on-year changes.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended January 31, 2025	336,834	13.7	22,697	2.3	12,554	(12.2)	13,619	(9.5)	7,357	(15.7)
Nine months ended January 31, 2024	296,360	12.3	22,187	17.5	14,305	22.4	15,050	21.7	8,730	31.7

(Note) Comprehensive income: Nine months ended January 31, 2025: ¥7,610 million (-13.8%)
Nine months ended January 31, 2024: ¥8,828 million (+32.9%)

(Note) EBITDA = operating profit + depreciation + amortization of goodwill

	Profit per share	Diluted profit per share
	Yen	Yen
Nine months ended January 31, 2025	210.05	—
Nine months ended January 31, 2024	248.51	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of January 31, 2025	298,522	140,559	47.1
As of April 30, 2024	249,409	135,411	54.3

(Reference) Shareholders' equity: As of January 31, 2025: ¥140,473 million As of April 30, 2024: ¥135,307 million

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	Full year
	Yen	Yen	Yen	Yen	Yen
Year ended April 30, 2024	—	0.00	—	80.00	80.00
Year ending April 30, 2025	—	0.00	—		
Year ending April 30, 2025 (forecast)				80.00	80.00

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

3. Consolidated financial forecasts for the fiscal year ending April 30, 2025 (May 1, 2024 to April 30, 2025)

(Percentage figures show year-on-year changes.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	453,500	13.4	33,620	7.3	19,360	(5.2)	20,000	(6.4)	10,000	(12.3)	285.68

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

*Notes

- (1) Significant changes in the scope of consolidation during the period: Yes
 Newly consolidated: one (Francfranc Corporation) Excluded: –
- (2) Application of specified accounting methods for the preparation of quarterly consolidated financial statements: Yes
 (Note) For detail, please refer to "2. Quarterly consolidated financial statements and major notes (3) Notes on quarterly consolidated financial statements" on page 8 of the Attachment.
- (3) Changes in accounting principles, changes in accounting estimates, and restatement of revisions
- | | |
|---|-----|
| 1) Changes in accounting principles as a result of revisions to accounting standards, etc.: | Yes |
| 2) Changes in accounting principles other than 1): | No |
| 3) Changes in accounting estimates: | No |
| 4) Restatement of revisions: | No |

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock):	As of January 31, 2025	35,428,212 shares	As of April 30, 2024	35,428,212 shares
2) Number of shares held in treasury:	As of January 31, 2025	367,887 shares	As of April 30, 2024	433,891 shares
3) Average number of shares outstanding:	Nine months ended January 31, 2025	35,027,371 shares	Nine months ended January 31, 2024	35,131,383 shares

(Note) Number of shares held in treasury includes the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) (as of April 30, 2024: 333,800 shares, as of January 31, 2025: 270,300 shares). In addition, the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) are included in treasury shares deducted from the calculation of average number of shares outstanding during the period (nine months ended January 31, 2024: - shares, nine months ended January 31, 2025: 302,133 shares).

*Review of the accompanying quarterly consolidated financial statements by a certified public accountant or auditing firm: No

*Statement regarding the proper use of financial forecasts and other special remarks

(Caution concerning forward-looking statements)

The above forecasts are calculated based on the information available as of the publication date of this material, and actual financial results may vary due to change in future economic conditions and others.

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1. Overview of Operating Results, etc.

(1) Overview of operating results during the first nine months

During the first nine months of the current fiscal year (May 1, 2024 to January 31, 2025), the Japanese economy recovered gradually along with an improvement in the employment and income environment. However, conditions remain uncertain due to the risk of downward pressure on the domestic economy from slowing conditions overseas, as well as rising prices, trends in trade policy and fluctuations in financial and capital markets.

Against this backdrop, the AIN HOLDINGS Group (the Group) worked to provide healthcare and retail services in line with its mission to “contribute to local healthcare” and “provide beauty and happiness” – two of the Group’s materiality issues. In addition, promoting diversity & inclusion is a key part of efforts to create a “sound management base,” another of the Group’s materiality issues. Specifically, the Group is actively promoting women’s participation in the workplace, including providing training to help female employees build career pathways and stepping up measures to promote work-life balance, among other initiatives. These efforts have been recognized publicly, with AIN PHARMACIEZ INC., the Group’s core operating company, receiving “Platinum Eruboshi” certification from the Minister of Health, Labour and Welfare in June 2024. Together with these initiatives, the Group is reinforcing its human resources strategy. In July this year, the Company expanded the disclosure of KPIs and other information related to human capital management, an area of focus for the Group, and in November 2024, it established and disclosed the AIN Group Basic Policy Against Customer Harassment to create an environment where the human rights of all employees are protected so that they can work with peace of mind in good mental and physical health.

In addition to these initiatives, as part of its broader efforts to address the materiality of “protecting the environment and reducing environmental impact,” the Company promoted energy-efficiency and electricity-saving measures, including the introduction of an off-site corporate power purchase agreement (PPA)* utilizing solar power generation for Group pharmacies in Kansai and Hokuriku from December 2024. Recognizing these efforts in the area of climate change, in February 2025 the Company received a B-score from CDP, an international environmental NGO that manages the world’s most comprehensive dataset on environmental disclosure. This marks the second year that the Company has received a B-score, the third-highest level of environmental management.

Going forward, the Group will continue striving to be a company that “people welcome to their communities” by helping to solve various social issues through its business activities.

*Off-site corporate PPA: A power purchase agreement whereby a power producer provides electricity generated by a solar power plant or other similar off-site facility to the customer as a long-term supply of environmental value.

Results for nine months ended January 31, 2025 (May 1, 2024 to January 31, 2025) are as follows.

(Million yen)	Nine months ended January 31, 2024	Nine months ended January 31, 2025	Change	Change (%)
Net sales	296,360	336,834	40,473	13.7
Operating profit	14,305	12,554	(1,751)	(12.2)
Ordinary profit	15,050	13,619	(1,430)	(9.5)
Profit attributable to owners of parent	8,730	7,357	(1,372)	(15.7)

Results by segment are as follows.

(Million yen)		Nine months ended January 31, 2024	Nine months ended January 31, 2025	Change	Change (%)
Dispensing pharmacy business	Sales	265,019	285,205	20,185	7.6
	Segment profit	19,713	17,405	(2,307)	(11.7)
Retail business	Sales	22,905	43,294	20,388	89.0
	Segment profit	2,246	4,010	1,763	78.5
Other businesses	Sales	8,472	8,371	(100)	(1.2)
	Segment profit (loss)	(80)	(46)	33	-

(Note) Segment sales include intersegment transactions.

(Dispensing pharmacy business)

In the dispensing pharmacy business, the Group's vision is to "become the primary care pharmacy of choice for local communities, backed by proven expertise." To realize this vision, the Group is working to leverage the primary care capabilities of its pharmacists and dispensing pharmacies to help patients access medical services in their local community with peace of mind. Specifically, the Group is cooperating with medical institutions, using patient medication notebooks to ensure integrated and continuous monitoring of patient medication, and providing services for home-based healthcare. The Group is also actively promoting digital transformation to improve convenience for patients. This includes making its prescriptions sending service more accessible for patients by enabling access through the official AIN Pharmacy app, Anytime AIN Pharmacy and the official AIN Pharmacy LINE account. In December 2024, the Company also added new functions to the official AIN Pharmacy app, Anytime AIN Pharmacy, including a medication notebook and a calendar to make it easier for patients to manage their medications.

In addition to the above measures, in October 2024, as a member of the Pharmacy Digital Transformation Promotion Consortium, we conducted Japan's first trial of "partial outsourcing of dispensing operations to other companies" in Osaka city, Osaka Prefecture, a national strategic special zone. We plan to continue making preparations to promptly address expected deregulation in Japan's dispensing pharmacy sector and further strengthen the Group's competitiveness, including through this initiative.

During the first nine months of the fiscal year, the average prescription price rose due to an increase in high-cost prescriptions. The number of prescriptions also increased, reflecting higher service levels related to improvements in the capabilities of primary care pharmacists and pharmacies and reduced waiting times, as well as a nationwide outbreak of influenza in November 2024.

During the period under review, the Group opened 41 new dispensing pharmacies, including those acquired through M&A deals, closed 17, and sold 11, resulting in a total of 1,244.

(Retail business)

In the retail business, the Group operates the chain of AINZ & TULPE cosmetics stores, which are clearly differentiated from other retailers with their unique product offerings centered on cosmetics and exclusive and advance sales of Asian cosmetics brands. In addition, Francfranc, a chain of interior stores, joined the Group in August 2024. Francfranc carries out all planning, manufacturing and sale of furniture and homeware products on an integrated basis to offer comfortable daily lifestyle proposals with diverse designs and casual styling.

During the first nine months of the fiscal year, sales increased sharply, supported by the consolidation of Francfranc. In addition, the number of customers at existing AINZ & TULPE stores and stores opened in the previous fiscal year remained firm, and unit prices increased due to growth in sales of Asian cosmetics and high-priced cosmetics, maintaining the trend from the previous fiscal year. In addition, sales were favorable, supported by strong sales during the Christmas shopping season and by the changeover in seasonal products. Going forward, we will leverage the strengths of both AINZ & TULPE and Francfranc to generate synergies, as well as reinforce merchandise lineups and create attractive sales displays while closely monitoring buying trends.

During the same period, the Group opened eight AINZ & TULPE stores and closed two, resulting in a total of 87 stores. In addition, following the consolidation of 161 Francfranc stores, the Group opened three stores and closed one, resulting in 163 Francfranc stores, with the number of stores in the retail business totaling 250 at the end of the period under review.

(2) Overview of financial position at the end of the third quarter

The balance of total assets at the end of the third quarter increased ¥49,112 million from the end of the previous fiscal year to ¥298,522 million, mainly reflecting increases in goodwill and merchandise due to M&A deals, including the consolidation of Francfranc.

The balance of liabilities increased ¥43,964 million to ¥157,962 million. The main factors were an increase in accounts payable - trade due to the consolidation of Francfranc and funds procured from financial institutions for the acquisition of shares. The balance of short-term and long-term borrowings increased ¥27,735 million to ¥34,429 million.

Total net assets increased ¥5,148 million to ¥140,559 million and the shareholders' equity ratio declined 7.2 percentage points to 47.1%

(3) Forecast of consolidated financial results and other forward-looking information

The Group has not revised its earnings forecasts for the full fiscal year announced on September 4, 2024.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended April 30, 2024 (As of April 30, 2024)	Nine months ended January 31, 2025 (As of January 31, 2025)
Assets		
Current assets		
Cash and deposits	48,611	27,851
Accounts receivable - trade	15,852	20,750
Merchandise	24,299	36,127
Supplies	345	466
Short-term loans receivable	144	167
Accounts receivable - other	16,000	13,436
Other	5,490	5,054
Allowance for doubtful accounts	(1)	(1)
Total current assets	110,743	103,852
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	27,122	31,778
Land	10,207	10,089
Other, net	6,121	7,418
Total property, plant and equipment	43,450	49,286
Intangible assets		
Goodwill	44,066	82,569
Other	7,176	12,244
Total intangible assets	51,242	94,814
Investments and other assets		
Investment securities	3,345	3,219
Deferred tax assets	6,403	6,963
Leasehold and guarantee deposits	25,186	30,893
Other	9,315	9,750
Allowance for doubtful accounts	(276)	(257)
Total investments and other assets	43,973	50,569
Total non-current assets	138,666	194,670
Total assets	249,409	298,522

(Million yen)

	Fiscal year ended April 30, 2024 (As of April 30, 2024)	Nine months ended January 31, 2025 (As of January 31, 2025)
Liabilities		
Current liabilities		
Accounts payable - trade	65,506	78,240
Short-term borrowings	3,467	7,084
Income taxes payable	4,532	2,736
Deposits received	19,063	21,097
Provision for bonuses	3,394	1,821
Provision for bonuses for directors	19	10
Contract liabilities	465	512
Other	6,784	7,830
Total current liabilities	103,232	119,336
Non-current liabilities		
Long-term borrowings	3,227	27,345
Lease liabilities	38	178
Retirement benefit liability	4,662	4,946
Asset retirement obligations	2,001	4,051
Other	835	2,103
Total non-current liabilities	10,765	38,626
Total liabilities	113,998	157,962
Net assets		
Shareholders' equity		
Share capital	21,894	21,894
Capital surplus	20,131	20,128
Retained earnings	95,257	99,788
Treasury shares	(2,436)	(2,069)
Total shareholders' equity	134,847	139,742
Accumulated other comprehensive income (loss)		
Valuation difference on available-for-sale securities	234	269
Deferred gains or losses on hedges	-	294
Foreign currency translation adjustment	-	(3)
Remeasurements of defined benefit plans	225	170
Total accumulated other comprehensive income	459	730
Non-controlling interests	104	86
Total net assets	135,411	140,559
Total liabilities and net assets	249,409	298,522

(2) Quarterly consolidated statements of income and comprehensive income
Quarterly consolidated statements of income

(Million yen)

	Nine months ended January 31, 2024 (May 1, 2023 to January 31, 2024)	Nine months ended January 31, 2025 (May 1, 2024 to January 31, 2025)
Net sales	296,360	336,834
Cost of sales	253,147	283,565
Gross profit	43,213	53,268
Selling, general and administrative expenses	28,907	40,714
Operating profit	14,305	12,554
Non-operating income		
Interest income	31	27
Dividend income	41	36
Commission income	9	5
Rental income from real estate	220	275
Outsourcing service income	199	289
Subsidy income	227	514
Other	348	461
Total non-operating income	1,077	1,610
Non-operating expenses		
Interest expenses	26	177
Loss on sale of receivables	86	217
Rental expenses on real estate	75	88
Provision of allowance for doubtful accounts	96	-
Other	48	61
Total non-operating expenses	332	544
Ordinary profit	15,050	13,619
Extraordinary income		
Gain on sale of non-current assets	417	158
Gain on sale of businesses	7	539
Surrender value of insurance policies	11	7
Other	4	62
Total extraordinary income	439	768
Extraordinary losses		
Loss on sale and retirement of non-current assets	133	102
Impairment losses	219	122
Other	106	58
Total extraordinary losses	459	283
Profit before income taxes	15,031	14,104
Income taxes	6,325	6,764
Profit	8,705	7,339
Loss attributable to non-controlling interests	(24)	(17)
Profit attributable to owners of parent	8,730	7,357

Quarterly consolidated statements of comprehensive income

(Million yen)

	Nine months ended January 31, 2024 (May 1, 2023 to January 31, 2024)	Nine months ended January 31, 2025 (May 1, 2024 to January 31, 2025)
Profit	8,705	7,339
Other comprehensive income		
Valuation difference on available-for-sale securities	145	34
Deferred gains or losses on hedges	-	294
Foreign currency translation adjustment	-	(3)
Remeasurements of defined benefit plans, net of tax	(22)	(54)
Total other comprehensive income	122	270
Comprehensive income	8,828	7,610
Comprehensive income attributable to owners of parent	8,852	7,627
Comprehensive income (loss) attributable to non-controlling interests	(24)	(17)

(3) Notes on quarterly consolidated financial statements

(Notes on changes in accounting policies)

(Application of Accounting Standard for Corporate Tax, Inhabitant Tax and Enterprise Tax, etc.)

The Company applied the “Accounting Standard for Corporate Tax, Inhabitant Tax and Enterprise Tax, etc.” (ASBJ Statement No. 27, October 28, 2022) from the beginning of the first three months of the current fiscal year.

The application of the standard has no impact on the Company’s quarterly consolidated financial statements.

(Notes on specified accounting methods for the preparation of quarterly consolidated financial statements)

To calculate tax expenses, the effective tax rate on profit before income taxes for the consolidated fiscal year after the application of tax effect accounting is reasonably estimated and the estimated rate is applied to profit before income taxes for the quarterly period.

(Notes on segment information, etc.)

I Nine months ended January 31, 2024 (May 1, 2023 to January 31, 2024)

1. Net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segments				Adjustments (Note) 1	Carried on quarterly consolidated statements of income (Note) 2
	Dispensing pharmacy business	Retail business	Other businesses	Total		
Sales						
(1) Sales to third parties	265,019	22,905	8,435	296,360	-	296,360
(2) Intersegment sales	-	-	37	37	(37)	-
Total sales	265,019	22,905	8,472	296,397	(37)	296,360
Segment profit (loss)	19,713	2,246	(80)	21,879	(6,829)	15,050

Notes: 1. The adjustment of ¥(6,829) million to segment profit (loss) includes ¥7,673 million in corporate expenses, ¥(812) million in (income) loss that are not allocated to reportable segments, and ¥(31) million in eliminations due to intersegment transactions.

Corporate expenses consist mainly of expenses associated with the administrative divisions and the system logistics division, which are not part of the reportable segments.

2. Segment profit (loss) is adjusted with the ordinary profit of quarterly consolidated statements of income.

2. Impairment losses on fixed assets and goodwill by reportable segment

[Significant impairment losses on fixed assets]

There are no applicable matters to be reported.

[Significant changes in the amount of goodwill]

There are no applicable matters to be reported.

II Nine months ended January 31, 2025 (May 1, 2024 to January 31, 2025)

1. Net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segments				Adjustments (Note) 1	Carried on quarterly consolidated statements of income (Note) 2
	Dispensing pharmacy business	Retail business	Other businesses	Total		
Sales						
(1) Sales to third parties	285,205	43,294	8,334	336,834	-	336,834
(2) Intersegment sales	-	-	37	37	(37)	-
Total sales	285,205	43,294	8,371	336,871	(37)	336,834
Segment profit (loss)	17,405	4,010	(46)	21,369	(7,749)	13,619

Notes: 1. The adjustment of ¥(7,749) million to segment profit (loss) includes ¥8,492 million in corporate expenses, ¥(702) million in (income) loss that are not allocated to reportable segments, and ¥(40) million in eliminations due to intersegment transactions.

Corporate expenses consist mainly of expenses associated with the administrative divisions and the system logistics division, which are not part of the reportable segments.

2. Segment profit (loss) is adjusted with the ordinary profit of quarterly consolidated statements of income.

2. Impairment losses on fixed assets and goodwill by reportable segment

[Significant impairment losses on fixed assets]

There are no applicable matters to be reported.

[Significant changes in the amount of goodwill]

Following the acquisition of all the shares of Francfranc Corporation, Francfranc and its subsidiaries were included in the scope of consolidation in the retail business segment from the first half of the fiscal year. In the first nine months of the fiscal year, the increase in goodwill related to these companies was ¥41,048 million.

(Notes on significant changes in the amount of shareholders' equity)

There are no applicable matters to be reported.

(Notes on the premise of a going concern)

There are no applicable matters to be reported.

(Notes on quarterly consolidated statement of cash flows)

A quarterly consolidated statement of cash flows has not been prepared for the third quarter of the current fiscal year. Depreciation (including amortization related to intangible fixed assets excluding goodwill) and amortization of goodwill for the third quarter of the fiscal year under review are as follows.

	Nine months ended July 31, 2024 (May 1, 2023 to January 31, 2024)	Nine months ended July 31, 2025 (May 1, 2024 to January 31, 2025)
Depreciation	¥4,567 million	¥5,965 million
Amortization of goodwill	3,314	4,178

(Additional information)

(Transactions for delivering the Company's own shares to employees etc. through trusts)

The Company conducts transactions to deliver its own shares through a trust to an employee stock ownership plan to enhance the welfare of employees and provide incentives to increase the Company's corporate value.

1. Transaction summary

The Company has introduced the " Stock-Based Benefit Trust (Employee Shareholders Association Purchase Type) (the Plan) from April 2024.

With the introduction of the Plan, the Company, as the Trustor, entered into a Stock-Based Benefit Trust (Employee Shareholders Association Purchase Type) Agreement (the "Trust Agreement"; the trust established pursuant to the Trust Agreement is referred to as the "Trust") with Mizuho Trust & Banking Co., Ltd. (the "Trustee"). Additionally, the Trustee

entered into a re-trust agreement with Custody Bank of Japan, Ltd. regarding the management of securities and other trust assets by Custody Bank of Japan, Ltd. as the subtrustee.

Custody Bank of Japan, Ltd. will make a single collective acquisition of the Company's shares in advance equivalent to the number of shares anticipated to be purchased by the AIN HOLDINGS Employee Shareholders Association (the "Shareholders Association") over the next five years, transferring them to the Trust Account E, and sell the Company's shares thereafter when purchases of the shares are made by the Shareholders Association. If an amount equivalent to the gains on sales of shares is accumulated in the trust assets of the Trust via the sale of the Company's shares up until the time of the Trust's termination, this cash shall be distributed as residual assets to the members of the Shareholders Association (employees) who satisfy the beneficiary eligibility requirements.

In addition, since the Company provides a guarantee when the Trustee takes out a loan in order for the Trust Account E to acquire the Company's shares, in a case in which the Trustee has an outstanding loan balance equal to the loss on the sale of shares as of the time of Trust's termination due to a drop in the Company's share price or other reasons, the Company will pay off the outstanding loan balance pursuant to the guarantee agreements.

2. Company's shares held in the trust

The Company's shares held in the trust are recorded as treasury shares under net assets at the acquisition cost (excluding the amount of incidental expenses). In the fiscal year ended April 30, 2024, the book value and number of these treasury shares amounted to ¥1,844 million and 333 thousand shares, respectively. And in the first nine months of the fiscal year ending April 30, 2025, the book value and number of these treasury shares amounted to ¥1,493 million and 270 thousand shares, respectively.

3. Book value of loans recorded under the gross amount method

Fiscal year ended April 30, 2024 ¥1,845 million

First nine months of the fiscal year ending April 30, 2025: ¥1,645 million

(Changes in presentation of financial statements)

(Quarterly consolidated balance sheet)

"Asset retirement obligations," which was included in "Other" under "Non-current liabilities" in the previous fiscal year, has been presented as a separate item in the interim period under review due to an increase in financial materiality. The consolidated financial statements for the previous fiscal year have been restated to reflect these changes.

As a result, in the consolidated balance sheet for the previous fiscal year, "Other" of ¥2,837 million under "Non-current liabilities" has been restated and shown as "Asset retirement obligations" of ¥2,001 million and "Other" of ¥835 million.