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May 14, 2024

Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year 2024 (FY06/2024) [Japanese standards] (Consolidated)

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 Stock exchange listing: Tokyo
 Securities code: 3300 URL: <https://am-bition.jp/>
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Scheduled date to file Quarterly Securities Report: May 14, 2024
 Scheduled date to commence dividend payments: N/A
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one mil. yen are rounded down)

1. Consolidated financial results of the third quarter of FY06/2024 (July 1, 2023 – March 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Net profit (loss) attributable to owners of parent	
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%
3Q of FY06/2024	29,526	5.8	1,944	27.5	1,798	23.9	1,095	20.0
3Q of FY06/2023	27,896	23.6	1,525	29.4	1,451	40.0	912	54.5

(Note) Comprehensive profit 3Q of FY06/2024: 1,105 mil. yen [24.3%]
 3Q of FY06/2023: 889 mil. yen [785.4%]

	Net profit (loss) per share		Diluted net profit (loss) per share	
	yen		yen	
3Q of FY06/2024	159.38		152.41	
3Q of FY06/2023	134.12		132.16	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	mil. yen		mil. yen		%		yen	
3Q of FY06/2024	25,734		5,556		21.5		805.76	
FY06/2023	20,516		4,600		22.3		667.24	

(Reference) Shareholders equity 3Q of FY06/2024: 5,537 mil. yen
 FY06/2023: 4,584 mil. yen

2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	yen				
FY06/2023	—	0.00	—	22.00	22.00
FY06/2024	—	0.00	—	—	—
FY06/2024 (forecasts)	—	—	—	25.00	25.00

(Note) Revisions to dividend forecasts published most recently: No

3. Consolidated performance forecasts for FY06/2024 (July 1, 2023 – June 30, 2024)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Net profit (loss) attributable to owners of parent		Net profit (loss) per share
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%	yen
Full term	37,760	4.2	2,006	25.1	1,677	13.2	1,104	14.9	160.73

(Note) Revisions to performance forecasts published most recently: No

***Notes**

- (1) Changes in significant subsidiaries during the current quarter consolidated cumulative period (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods to the preparation of quarterly consolidated financial statement: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- ① Changes in accounting policies due to revisions to accounting standards and other regulations: No
 - ② Changes in accounting policies due to other reasons: No
 - ③ Changes in accounting estimates: No
 - ④ Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

- ① Total number of issued shares at the end of the period (including treasury stock)

3Q of FY06/2024:	6,872,200 shares	FY06/2023:	6,871,000 shares
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- ② Number of treasury stock at the end of the period

3Q of FY06/2024:	93 shares	FY06/2023:	93 shares
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- ③ Average number of shares during the period (quarterly cumulative)

3Q of FY06/2024:	6,871,610 shares	3Q of FY06/2023:	6,804,352 shares
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* Quarterly summary of financial results is not included in a quarterly review by a certified public accountant or an auditing firm.

* Explanation regarding appropriate use of the earnings forecast and other special notes

Descriptions about the future such as performance forecasts contained in this document are based on information currently available to the Company and certain presumptions considered as reasonable, and those are not intended to indicate the Company should assure that it would realize such forecasts. Meanwhile, actual performance in the future may differ substantially, influenced by a wide variety of factors. For preconditions for performance forecasts and precaution statements in using such forecasts, please see the appendix, page 2, "1. Qualitative Information regarding the Financial Results of the Current Quarter: (3) Descriptions regarding future prospects such as consolidated performance forecasts".

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1. Qualitative Information regarding the Financial Results of the Current Quarter

(1) Descriptions regarding operating results

During the third quarter consolidated cumulative period, business environment around the Group has presented some recovery trends in personal spending and employment situations, thus maintaining moderate upward momentum. On the other hand, we are still in unpredictable situations against the backgrounds of, for example, fluctuating financial/capital markets, energy prices remaining at high levels, and price escalation caused by steep price rise of raw materials.

In such a business environment, the Group aims at its own business reform and also reforming the whole industry to which it belongs, through DX (digital transformation), and sets its vision as “To reform real estate business through DX and become a sole real estate digital platformer which fuses digital and real world together”. Having its three major policies as “Business reform by promoting DX”, “Efforts to discrete business expansion such as promoting M&A” and “Industry reform by development/sales of novel real estate DX products”, the Company plans to achieve its business performance with Net sales of 50 billion yen and Operating profit of 3 bln. yen, by the end of FY06/2026.

During the current third quarter consolidated cumulative period, our principal Leasing DX Property Management Business segment has worked on increasing the number of houses under its management and at the same time made use of the next-generation management system named “AMBITION Cloud” that helped higher productivity in the process of receiving property management contract through to gathering information about rooms where residents thereof are going to vacate, and in addition, our leasing abilities greatly improved. All of these factors contributed to achieving record-high Net sales and Operating profit.

Leasing DX Leasing Brokerage Business segment could achieve higher Net sales by taking DX measures and increasing personnel in preparation for peak season. However, investment in such as human resources and opening new shops (increase by 2 YoY) resulted in lower Operating profit.

Sales/Purchase DX Investment Business segment successfully completed handing over a newly-built condominium and achieved its initial plan for the current third quarter consolidated cumulative period.

Real Estate DX Business that is our new driver for growth has mainly promoted development of its own application for residents called “AMBITION Me”, as such it would realize improvement in both satisfaction and engagement for residents, and also maximization of their LTV (Life Time Value). In addition, implementation of M&A and alliance is under consideration proactively.

Consequently, consolidated performance of the current third consolidated cumulative period was as follows: Net sales: 29,526,802 thousand yen (increase by 5.8% [1,630,774 thousand yen] YoY); Operating profit: 1,944,653 thousand yen (increase by 27.5% [419,529 thousand yen] YoY); Ordinary profit: 1,798,699 thousand yen (increase by 23.9% [347,270 thousand yen] YoY); and Net profit attributable to owners of parent: 1,095,167 thousand yen (increase by 20.0% [182,575 thousand yen] YoY).

Operating results of individual business segments are as follows.

(Leasing DX Property Management Business)

This business segment is the Group’s principal one which undertakes mainly subleasing of residential real estates, and has its basic policies as to increase number of houses under its management and to maintain high occupancy rates. “AMBITION Cloud” transforms every operation for real estate leasing management to a digitalized one, and realizes much higher operational efficiency and improved productivity.

During the current third quarter consolidated cumulative period, number of houses under its management smoothly increased to 25,175 (increase by 256 YoY), as well as 14,449 subleased houses (increase by 506 YoY).

Overall occupancy rate as of the end of the current third quarter consolidated cumulative period was 98.8% (which had been 98.2% as of the end of the 3Q of the previous FY). DX measures have led to substantial increase in both Net sales and Profit rate.

These operations resulted in Net sales of 15,035,783 thousand yen (increase by 5.6% [791,034 thousand yen] YoY), and Segment profit (Operating profit) of 1,382,470 thousand yen (increase by 35.8% [364,452 thousand yen] YoY).

(Leasing DX Leasing Brokerage Business)

This business segment undertakes brokerage business for leased properties, mainly those managed by the Company. AMBITION AGENCY Co., Ltd. (which operates “ROOMPIA”) and AMBITION VALOR Co., Ltd. (which operates “VALOR”), both of which are subsidiaries, run 18 shops in total including 9 in Tokyo, 8 in Kanagawa Pref. and 1 in Saitama Pref. High leasing ability of this segment contributes to the high occupancy rates maintained by the principal Property Management Business segment.

During the current third quarter consolidated cumulative period, by making use of an AIxRPA tool named “RAC·TECH”, the Company continued to work on personnel downsizing for inputting work and increase in the number of response. In addition, not only measures for attracting guests such as those via WEB by strengthened advertising strategies and remote customer services / VR preview, but also reinforcement of electronic contract package integrated with our unique electronic signature system called “AMBITION Sign” which utilizes blockchain (distributed ledger) technologies, have realized improvement in our customers’ values of experiences with room searching. These measures and increased personnel in preparation for peak season, as well as successful human resources development led to

higher Net sales, but Operating profit of this segment decreased due to such as expenses for human resources and opening new shops (increase by 2 YoY).

These operations resulted in Net sales of 705,721 thousand yen (increase by 6.0% [40,144 thousand yen] YoY), and Segment profit (Operating profit) of 32,162 thousand yen (decrease by 34.6% [17,006 thousand yen] YoY).

(Sales/Purchase DX Investment Business)

This business is carried out by Investment Division of the Company which develops its business around purchase/resale of condominium apartments with emphasis on location, in collaboration with VERITAS INVESTMENT Co., Ltd., a subsidiary of the Company, which develops its business around selling self-developed newly built designers' condominiums for investment focusing on "Good location", "Good design" and "Superior equipment specification", supported by wide variety of procurement channels.

During the current third quarter consolidated cumulative period, this segment could operate as planned, and number of houses sold by VERITAS was 203 (decrease by 42 YoY). Meanwhile, efforts by Investment Division of the Company to carry out prudent purchase and its successful sales strategies, resulted in selling 69 houses (decrease by 3 YoY) during the same period.

These operations resulted in Net sales of 12,802,448 thousand yen (increase by 2.3% [286,796 thousand yen] YoY), and Segment profit (Operating profit) of 1,899,075 thousand yen (increase by 9.5% [164,783 thousand yen] YoY).

(Incubation Business)

In this business segment, investment in venture companies which carry out businesses highly compatible with those of the Group, capital tie-up, and support for invested companies and other operations, are undertaken by AMBITION VENTURES Co., Ltd. which is a subsidiary.

As of the end of the current third quarter consolidated cumulative period, the Company has invested in 31 venture companies. During the current third quarter consolidated cumulative period, additional four companies were invested, out of which two companies could get listed, investment securities of one were sold off, and dividend was received from another, the amount of which has been included in Net sales.

These operations resulted in Net sales of 145,594 thousand yen (increase by 150.8% [87,531 thousand yen] YoY), and Segment profit (Operating profit) of 39,639 thousand yen (increase by 312.2% [30,021 thousand yen] YoY).

(Other Business)

Other Business segment consists collectively of Real Estate DX Business (including an overseas subsidiary for system development), Small Amount Short-term Insurance Business, and ZEH/Utilities Business.

For Real Estate DX Business, the next-generation management system "AMBITION Cloud" has been developed mainly by our overseas subsidiary, AMBITION VIETNAM Co., Ltd., and internal DX is promoted on a priority basis. DX by the Leasing DX Property Management Business segment makes use of "AMBITION Cloud" to develop a variety of systems for real estate leasing management operations, such as those for contract progress management, repair management, and offering management, realizing substantial improvement in operational efficiency and productivity. Meanwhile, DX for the Leasing DX Business segment is realized by the Company's own electronic contract package integrated with its unique electronic signature system called "AMBITION Sign" which utilizes IT-enabled explanation of important matters and blockchain (distributed ledger) technologies. Moreover, our original DX application "AMBITION Me" for residents provides various services related to move-in, contract renewal, and eventual vacation.

During the current third quarter consolidated cumulative period, our services were further expanded by starting online healthcare services. In addition, we make use of cutting-edge technologies such as enhancement of FAQ function by utilizing "Generative AI", and continue to offer new services. Application for searching for rooms called "Room concierge", the Group's first BtoC matching service has continuously acquired increasing number of registered users which is currently 46,997 (increase by 157% YoY). Small Amount Short-term Insurance Business has continued to obtain new contracts smoothly during the current third quarter consolidated cumulative period, along with playing a role in facilitating DX in the Group by using the "MONOLITH" system developed by a subsidiary, in which the whole process from application through to payment can be completed on a paperless basis. ZEH/Utilities Business is undertaken by DRAFT Inc. (a subsidiary), which manages ZEH (Net Zero Energy House) business activities for sales of electricity-generating/energy-saving facilities such as storage batteries, photovoltaics and exterior painting, as well as agency operations for opening/switching services of utilities operators and also sales of water-servers. Synergies with the Leasing DX Business have been brought about as well, such as providing services also to residents of properties under our management and customers of our Leasing Brokerage Business.

These operations resulted in Net sales of 837,254 thousand yen (increase by 103.2% [425,265 thousand yen] YoY) and Segment profit (Operating profit) of 13,263 thousand yen (as opposed to Segment loss of 70,978 thousand yen in the same period of the previous FY).

(2) Descriptions regarding financial position

Total assets at the end of the current third quarter consolidated fiscal period was 25,734,809 thousand yen, i.e. increase by 5,218,222 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Real estate for sale by 5,364,248 thousand yen, in Land by 871,891 thousand yen, and in Buildings and structures (net) by 454,274 thousand yen on one hand, whereas decrease in Real estate for sale in process by 2,145,659 thousand yen and in Goodwill by 131,434 thousand yen on the other.

Total liabilities was 20,178,377 thousand yen, i.e. increase by 4,262,734 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Long-term loans payable by 2,975,350 thousand yen, in Short-term loans payable by 2,200,050 thousand yen and in Advances received by 257,523 thousand yen on one hand, whereas decrease in Current portion of long-term loans payable by 1,686,527 thousand yen, in Current portion of bonds by 77,500 thousand yen, and Accrued expenses by 54,443 thousand yen on the other.

Total net assets was 5,556,431 thousand yen, i.e. increase by 955,487 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Retained earnings by 944,007 thousand yen and in Valuation difference on available-for-sale securities by 7,960 thousand yen.

(3) Descriptions regarding future prospects such as consolidated performance forecasts

For the current third quarter consolidated cumulative period, consolidated performance forecasts for FY06/2024 as announced on August 14, 2023 have been unchanged.

In the event of any modification being deemed necessary in the future, it will be noticed promptly.

2. Quarterly Consolidated Financial Statements and Principal Notes**(1) Quarterly Consolidated Balance Sheets**

	Previous consolidated fiscal year (June 30, 2023)	Current third quarter consolidated fiscal period (March 31, 2024)
(thousand yen)		
Assets		
Current assets		
Cash and deposits	5,639,629	5,786,284
Operating accounts receivable	318,538	530,060
Real estate for sale	2,817,537	8,181,785
Real estate for sale in process	5,322,704	3,177,045
Supplies	9,752	9,656
Operational investment securities	240,225	249,259
Others	582,084	853,812
Allowance for doubtful accounts	(28,375)	(39,551)
Total current assets	14,902,096	18,748,353
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	891,079	1,345,354
Land	2,545,044	3,416,936
Others (net)	27,868	41,182
Total property, plant and equipment	3,463,992	4,803,473
Intangible assets		
Goodwill	908,869	777,435
Others	194,351	231,001
Total intangible assets	1,103,221	1,008,436
Investments and other assets		
Investment securities	97,412	114,030
Guarantee deposits	150,595	208,898
Deferred tax assets	279,694	306,817
Others	538,795	581,062
Allowance for doubtful accounts	(21,498)	(37,298)
Total investment and other assets	1,045,000	1,173,511
Total non-current assets	5,612,214	6,985,420
Deferred assets		
Bond issuance cost	2,276	1,034
Total deferred assets	2,276	1,034
Total assets	20,516,587	25,734,809

(thousand yen)

	Previous consolidated fiscal year (June 30, 2023)	Current third quarter consolidated fiscal period (March 31, 2024)
Liabilities		
Current liabilities		
Operating accounts payable	443,093	668,708
Short-term loans payable	2,200,250	4,400,300
Current portion of long-term loans payable	3,058,988	1,372,460
Current portion of bonds	125,400	47,900
Accounts payable - other	137,740	165,935
Accrued expenses	332,027	277,583
Income taxes payable	335,729	437,367
Consumption taxes payable	26,277	120,837
Advances received	1,476,692	1,734,216
Operating deposits received	230,239	294,955
Provision for bonuses	2,000	79,874
Others	153,314	171,525
Total current liabilities	8,521,753	9,771,665
Non-current liabilities		
Bonds payable	49,900	33,200
Long-term loans payable	6,553,908	9,529,259
Long-term guarantee deposits	719,559	772,102
Deferred tax liabilities	—	2,686
Others	70,520	69,463
Total non-current liabilities	7,393,889	10,406,712
Total liabilities	15,915,643	20,178,377
Net assets		
Shareholders' equity		
Capital stock	401,508	401,899
Capital surplus	483,957	484,348
Retained earnings	3,691,252	4,635,260
Treasury stock	(99)	(99)
Total shareholders' equity	4,576,619	5,521,410
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,263	15,223
Foreign currency translation adjustment	631	616
Total accumulated other comprehensive income	7,895	15,840
Subscription rights to shares	2,928	2,926
Non-controlling interests	13,500	16,254
Total net assets	4,600,943	5,556,431
Total liabilities and net assets	20,516,587	25,734,809

(2) Quarterly Consolidated Statements of Income and Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

For the third quarter consolidated cumulative period

(thousand yen)

	Previous third quarter consolidated cumulative period (Jul. 1, 2022 – Mar. 31, 2023)	Current third quarter consolidated cumulative period (Jul. 1, 2023 – Mar. 31, 2024)
Net sales	27,896,027	29,526,802
Cost of sales	22,685,722	23,413,434
Gross profit	5,210,305	6,113,367
SG&A expenses	3,685,181	4,168,714
Operating profit (loss)	1,525,123	1,944,653
Non-operating profit (loss)		
Interest income	57	51
Dividend income	84	58
Share of profit of entities accounted for using equity method	—	4,180
Brokerage income	1	1
Gain on investments in partnership	19,147	5,596
Subsidy income	27,776	933
Miscellaneous income	3,633	8,184
Total non-operating profit	50,701	19,005
Non-operating expenses		
Interest expenses	94,657	120,690
Amortization of bond issuance cost	1,285	1,241
Foreign exchange losses	427	1,155
Commission fee	26,481	39,321
Miscellaneous loss	1,543	2,549
Total non-operating expenses	124,395	164,958
Ordinary profit (loss)	1,451,429	1,798,699
Extraordinary profit		
Gain on sales of non-current assets	—	449
Gain on sales of investment securities	3,738	—
Total extraordinary profit	3,738	449
Extraordinary losses		
Loss on retirement of non-current assets	6	2,728
Office transfer expenses	—	19,458
Compensation for damage	—	43,000
Total extraordinary losses	6	65,186
Net profit (loss) before income taxes and minority interests	1,455,161	1,733,962
Income taxes	583,337	663,170
Income taxes - deferred	(42,533)	(27,129)
Total income taxes	540,804	636,040
Net profit (loss)	914,357	1,097,921
Net profit (loss) attributable to non-controlling shareholders	1,764	2,753
Net profit (loss) attributable to owners of parent	912,592	1,095,167

Quarterly Consolidated Statements of Comprehensive Income
For the third quarter consolidated cumulative period

(thousand yen)

	Previous third quarter consolidated cumulative period (Jul. 1, 2022 – Mar. 31, 2023)	Current third quarter consolidated cumulative period (Jul. 1, 2023 – Mar. 31, 2024)
Net profit (loss)	914,357	1,097,921
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	(24,098)	7,960
Foreign currency translation adjustment	(448)	(15)
Total other comprehensive income (loss)	(24,547)	7,945
Comprehensive income (loss)	889,810	1,105,866
(detail)		
Comprehensive income (loss) attributable to owners of parent	888,045	1,103,112
Comprehensive income (loss) attributable to non-controlling interests	1,764	2,753

(3) Notes on Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

【Segment Information】**I Previous third quarter consolidated cumulative period (Jul. 1, 2022 – Mar. 31, 2023)***1. Information on net sales and profit/loss of each reportable segment*

(thousand yen)

	Reportable segments					Other Business (see Note)	Total
	Leasing DX Property Management Business	Leasing DX Leasing Brokerage Business	Sales/Purchase DX Investment Business	Incubation Business	Subtotal		
Net sales							
Sales to external customers	14,244,748	665,577	12,515,651	58,062	27,484,039	411,988	27,896,027
Inter-segment sales or transfer	18,110	133,470	—	—	151,580	20,614	172,195
Total	14,262,858	799,048	12,515,651	58,062	27,635,620	432,602	28,068,223
Segment profit (loss)	1,018,018	49,169	1,734,292	9,617	2,811,097	(70,978)	2,740,119

Note: "Other Business" refers to business segment not included in the reportable segments, which includes Real Estate DX Business (including an overseas subsidiary for system development), Small Amount Short-term Insurance Business and Hotel Business.

2. Difference between the total amount of profit or loss of reportable segments and the amount presented on the Quarterly Consolidated Statements of Income; and main contents of said difference (items in relation to adjustment of difference)

(thousand yen)

Profit	Amount
Reportable segments total	2,811,097
“Other” profit	(70,978)
Corporate expenses (see Note)	(1,214,995)
Operating profit (loss) on the Quarterly Consolidated Statements of Income	1,525,123

Note: Corporate expenses comprises of SG&A expenses not attributable to reportable segments.

II Current third quarter consolidated cumulative period (Jul. 1, 2023 – Mar. 31, 2024)

1. Information on net sales and profit/loss of each reportable segment

(thousand yen)

	Reportable segments					Other Business (see Note)	Total
	Leasing DX Property Management Business	Sales/Purchase DX Investment Business	Leasing DX Leasing Brokerage Business	Incubation Business	Subtotal		
Net sales							
Sales to external customers	15,035,783	705,721	12,802,448	145,594	28,689,547	837,254	29,526,802
Inter-segment sales or transfer	50,057	133,765	—	—	183,823	50,322	234,145
Total	15,085,841	839,486	12,802,448	145,594	28,873,370	887,576	29,760,947
Segment profit (loss)	1,382,470	32,162	1,899,075	39,639	3,353,347	13,263	3,366,611

Note: “Other Business” refers to business segment not included in the reportable segments, which includes Real Estate DX Business (including an overseas subsidiary for system development), Small Amount Short-term Insurance Business, and ZEH/Utilities Business.

2. Difference between the total amount of profit or loss of reportable segments and the amount presented on the Quarterly Consolidated Statements of Income; and main contents of said difference (items in relation to adjustment of difference)

(thousand yen)

Profit	Amount
Reportable segments total	3,353,347
“Other” profit	13,263
Corporate expenses (see Note)	(1,421,958)
Operating profit (loss) on the Quarterly Consolidated Statements of Income	1,944,653

Note: Corporate expenses comprises of SG&A expenses not attributable to reportable segments.

(Significant Post-Balance Sheet Events)

There is no content that should be included here.