



Q3 FY2024 Results Briefing Materials

November 2024

CERES INC. (Prime Market of the Tokyo Stock Exchange: #3696)





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1. Consolidated Results Summary



Executive Summary of Q1-Q3 FY2024

Net sales	¥ 20,218 mn	(+16.9%)
Operating profit	¥ 1,429 mn	(+94.2%)
Ordinary profit	¥ 1,524 mn	(+107.5%)
Profit	¥ 845 mn	(+660.4%)

- Cumulative sales in Q3 reached a record high and are steadily progressing towards the full year guidance.
- Gross profit margin improved 5.2 ppt YoY to 48.1%, and operating profit increased 1.9x YoY to ¥1.42 billion.
- BB's* equity in earnings of affiliates decreased from a cumulative total of ¥238 million in 1H to ¥95 million in 3Q due to the decline in crypto asset prices.

* BB : bitbank, Inc.

Mobile Service

Net sales	¥ 19,162 mn	(+13.4%)
Operating profit	¥ 3,052 mn	(+35.0%)

- Gross profit margin of Moppy remained high.
- D2C sales reached a record high of ¥1.93 billion in Q3.
- YUMEMI has seen an improvement in orders, which had been a problem, and the utilization rate of engineers has also recovered.

Financial Service

Net sales	¥ 1,065 mn	(+162.0%)
Operating profit	¥ ▲735 mn	(deficit increase ¥77 mn)

- Due to the decline in the cryptocurrency market in Q2-Q3, Mercury recorded negative sales.
- labol's factoring services is progressing well, and GMV has increased sharply by 3.7 times YoY in Q3.

Executive Highlights of Q3 (3 months) FY2024 Results

POSITIVE

Improved gross profit margin of Moppy

Q3 FY2023

22.9%



Q3 FY2024

28.5%

- Gross profit margin improved due to continued collaboration between Moppy and AD.TRACK
- Recognition of point costs was partially deferred to Q4

Record highest quarterly sales in D2C

Q3 FY2023

¥1,433mn



Q3 FY2024

¥1,937mn

- D2C sales increased by +35.2% YoY due to strong sales expansion of "Oi gurt" and "anypill"
- Sales of "Pitsole" were strong due to SKU* expansion

* SKU : Stock keeping Unit

Orders received improved in DX (YUMEMI)

Q3 FY2023

¥1,272mn



Q3 FY2024

¥1,596mn

- Started business with design projects that led to a large project orders
- Orders increased 25.5% YoY, driven by strong orders from large enterprise customers, reflecting the success of YUMEMI's sales and marketing initiatives

NEGATIVE

Losses were recorded due to the decline in crypto asset prices

Mercury

Q3 FY2024

Operating loss

▲ ¥233mn

bitbank

Q3 FY2024

Equity in losses

of affiliates

▲ ¥142mn

Condensed Income Statement (Q1-Q3)

(Millions of yen)	FY2024 (Q1-Q3)	FY2023 (Q1-Q3)	YoY
Net sales	20,218 (100.0%)	17,293 (100.0%)	+16.9%
Gross profit	9,726 (48.1%)	7,419 (42.9%)	+31.1%
SG&A expenses	8,296 (41.0%)	6,683 (38.6%)	+24.1%
Operating profit	1,429 (7.1%)	736 (4.3%)	+94.2%
Ordinary profit	1,524 (7.5%)	734 (4.2%)	+107.5%
Profit *1	845 (4.2%)	111 (0.6%)	+660.4%
EBITDA *2	1,831 (9.1%)	1,141 (6.6%)	+60.4%

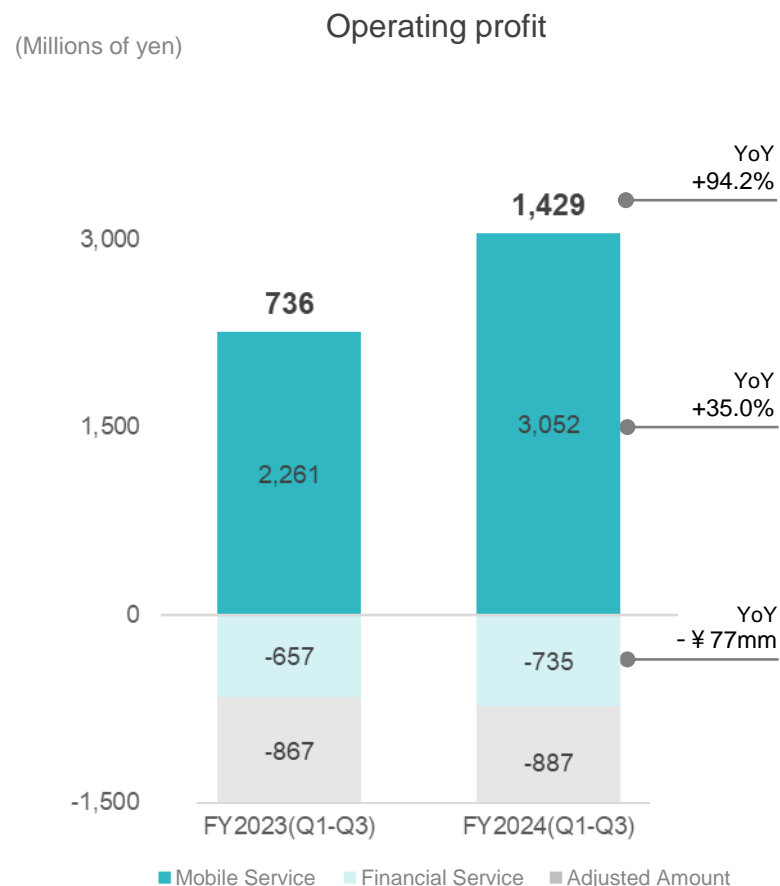
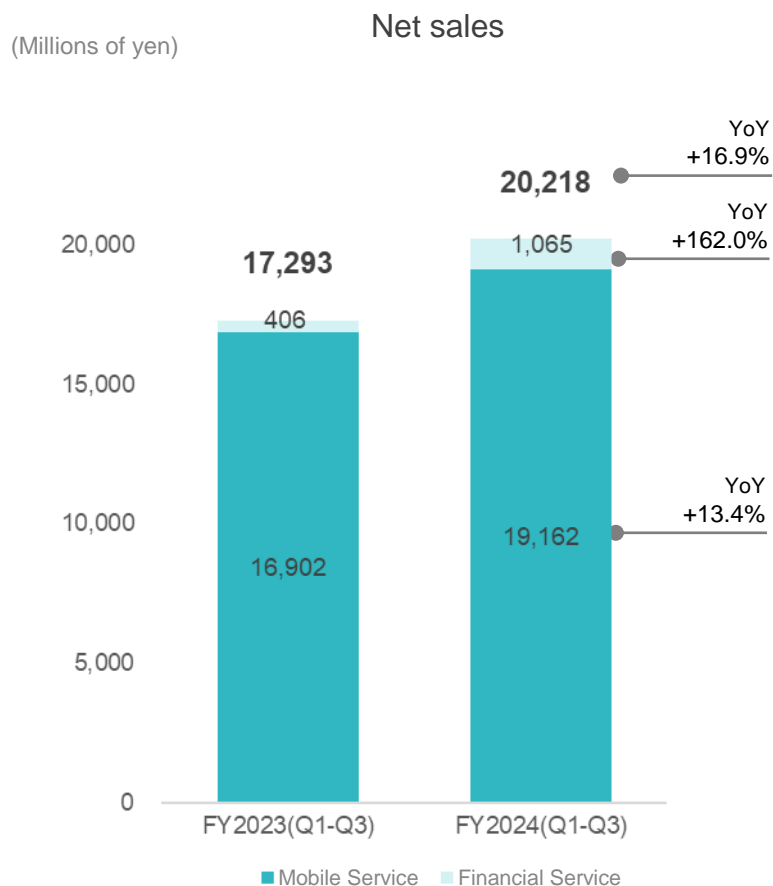
*1 Profit represents profit attributable to owners of parent.

*2 EBITDA: Profit before income taxes + Interest expenses + Depreciation + Amortization of goodwill (addition of amount equivalent to amortization of goodwill including share of loss of entities accounted for using equity method) + impairment losses.

Segment Information (Q1-Q3)

Net sales reached a record high, driven by strong performance of Moppy and D2C in Mobile Service and labol in Financial Service.

Operating profit increased 1.9x YoY due to strong Mobile Service, covering the loss of Mercury in 2-3Q.



* Inter-segment transaction value is not indicated since its impact on the graph is immaterial.

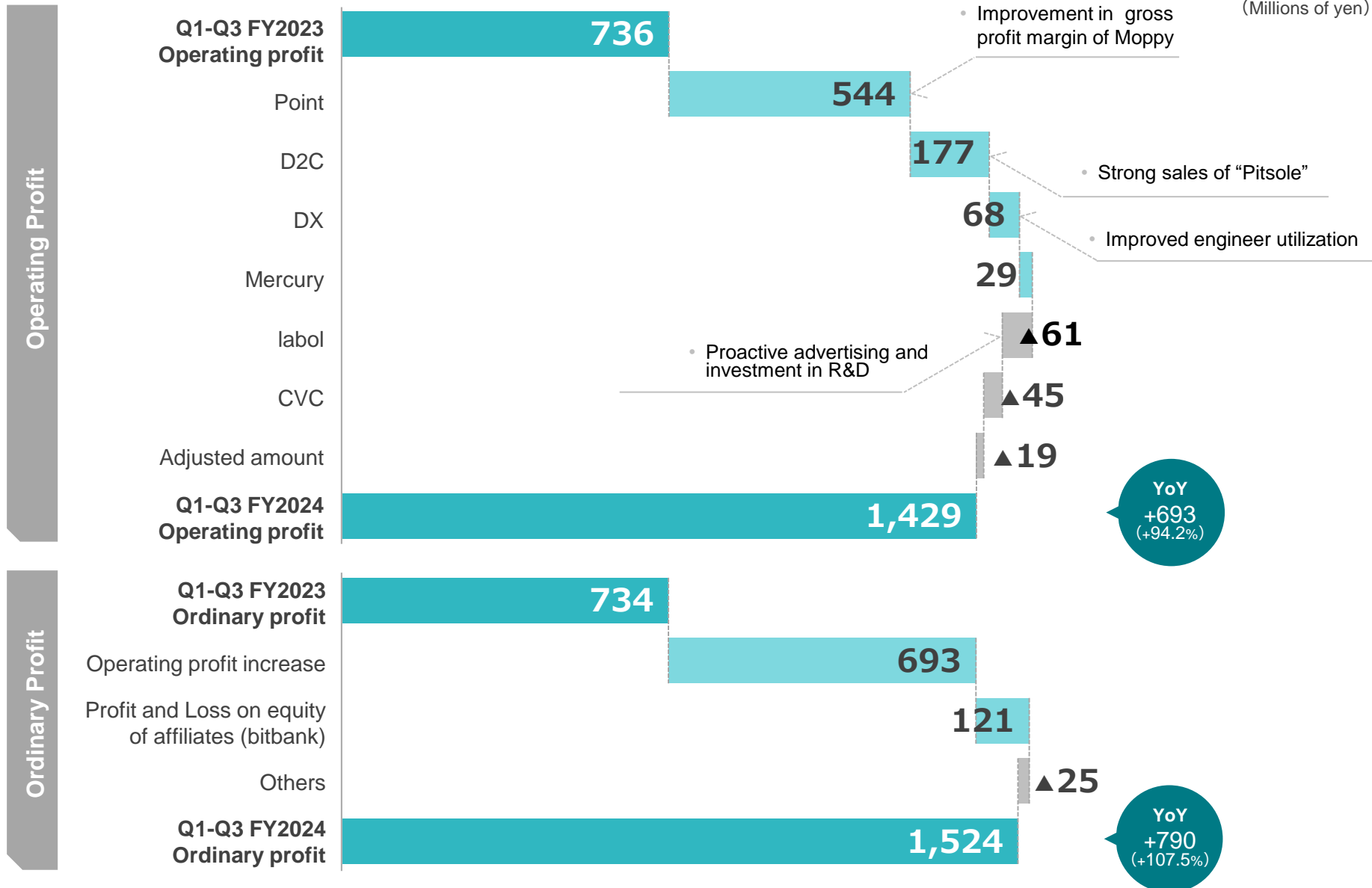
* Adjusted amount includes expense items that do not belong to a specific segment.

Earnings by Business Segment (Q1-Q3)

(Millions of yen)	Net sales		Operating profit	
	FY2024 Q1-Q3	FY2023 Q1-Q3	FY2024 Q1-Q3	FY2023 Q1-Q3
ALL	20,218 YOY +16.9%	17,293	1,429 YOY +94.2%	736
Mobile Service Business	19,162 YOY +13.4%	16,902	3,052 YOY +35.0%	2,261
Point	10,480 YOY +2.7%	10,209	2,271 YOY +31.5%	1,727
D2C	5,437 YOY +67.2%	3,252	738 YOY +31.7%	561
DX	3,354 YOY -5.9%	3,565	139 YOY +98.2%	70
Transaction value within segments	-109 YOY -	-124	-96 YOY -	-97
Financial Service Business	1,065 YOY +162.0%	406	-735 YOY -	-657
Inter-segment transaction value / Adjusted amount	-9 YOY -	-15	-887 YOY -	-867

Factors Affecting Operating Profit and Ordinary Profit (Q1-Q3)

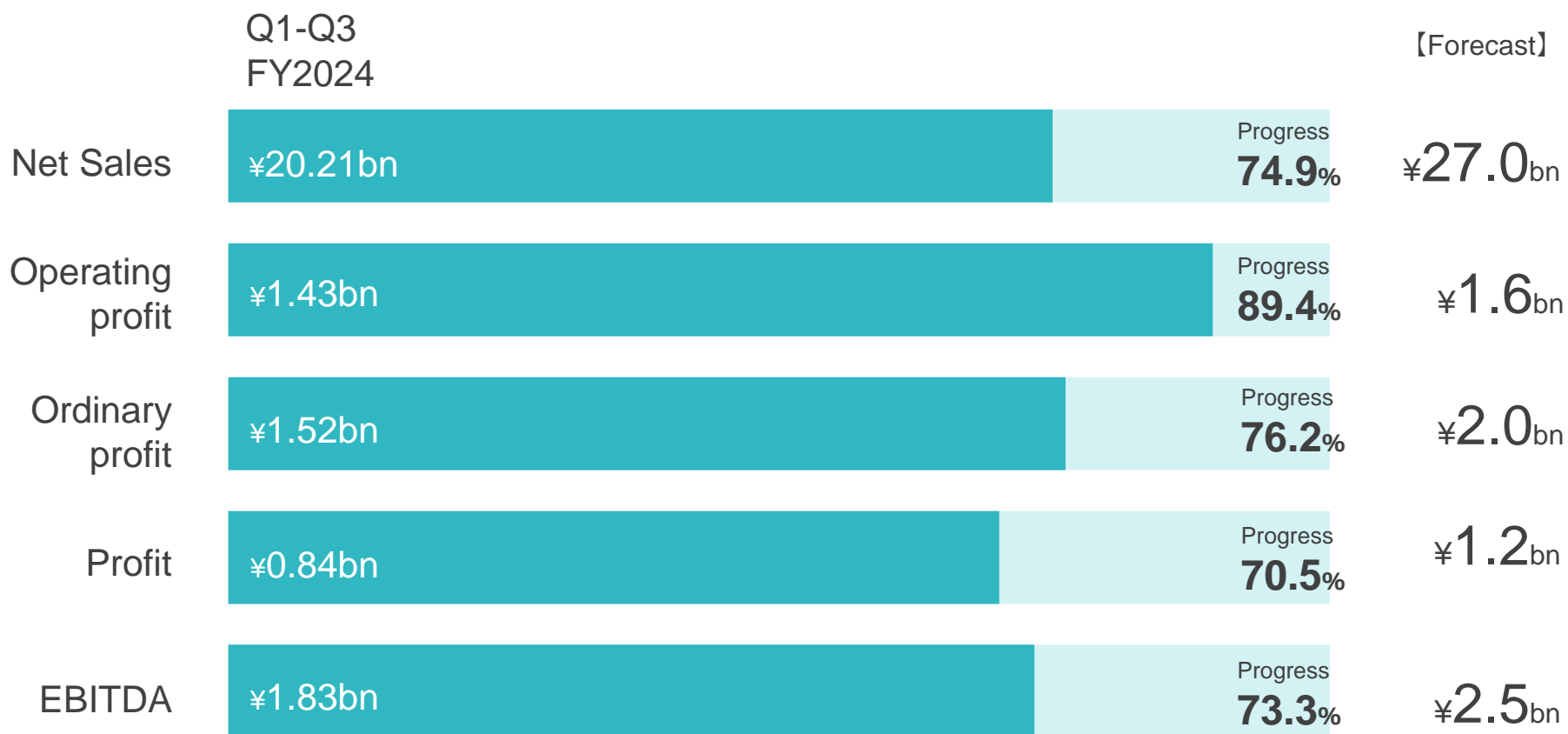
(Millions of yen)



Progress against the Full-year Forecasts

Net sales progressed as planned, with D2C performing well and offsetting the slow progress of DX and Mercury.

In terms of profits, progress was better than expected thanks to good profits in Moppy and D2C, which outweighed the impact of the weak crypto asset market.



Condensed Income Statement (Q3)

(Millions of yen)	Q3 FY2024	Q3 FY2023	YoY	Q2 FY2024	QoQ
Net sales	7,066 (100.0%)	6,072 (100.0%)	+16.4%	6,433 (100.0%)	+9.9%
Gross profit	3,487 (49.3%)	2,842 (46.8%)	+22.7%	2,946 (45.8%)	+18.4%
SG&A expenses	2,868 (40.6%)	2,572 (42.4%)	+11.5%	2,848 (44.3%)	+0.7%
Operating profit	618 (8.8%)	270 (4.4%)	+129.0%	98 (1.5%)	+529.8%
Ordinary profit	454 (6.4%)	203 (3.3%)	+123.8%	-71 (-)	—
Quarterly profit *1	172 (2.4%)	-242 (-)	-	-159 (-)	—
EBITDA *2	591 (8.4%)	345 (5.7%)	+71.1%	-15 (-)	—

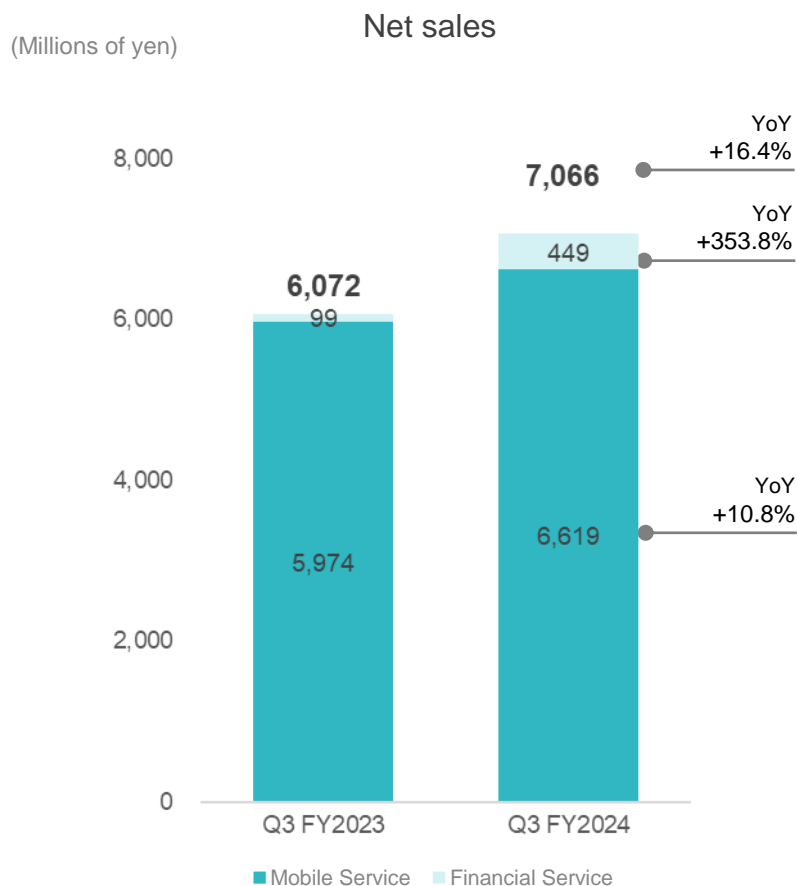
*1 Quarterly profit represents profit attributable to owners of parent.

*2 EBITDA: Profit before income taxes + Interest expenses + Depreciation + Amortization of goodwill (addition of amount equivalent to amortization of goodwill including share of loss of entities accounted for using equity method) + impairment losses.

Segment Information (Q3)

Net sales reached a record high, up 16% YoY driven by strong D2C sales in addition to the strong performance of Moppy.

Operating profit increased 2.3x YoY due to strong performance of Mobile Service, which offset the impact of the decline in the crypto asset market.



* Inter-segment transaction value is not indicated since its impact on the graph is immaterial.

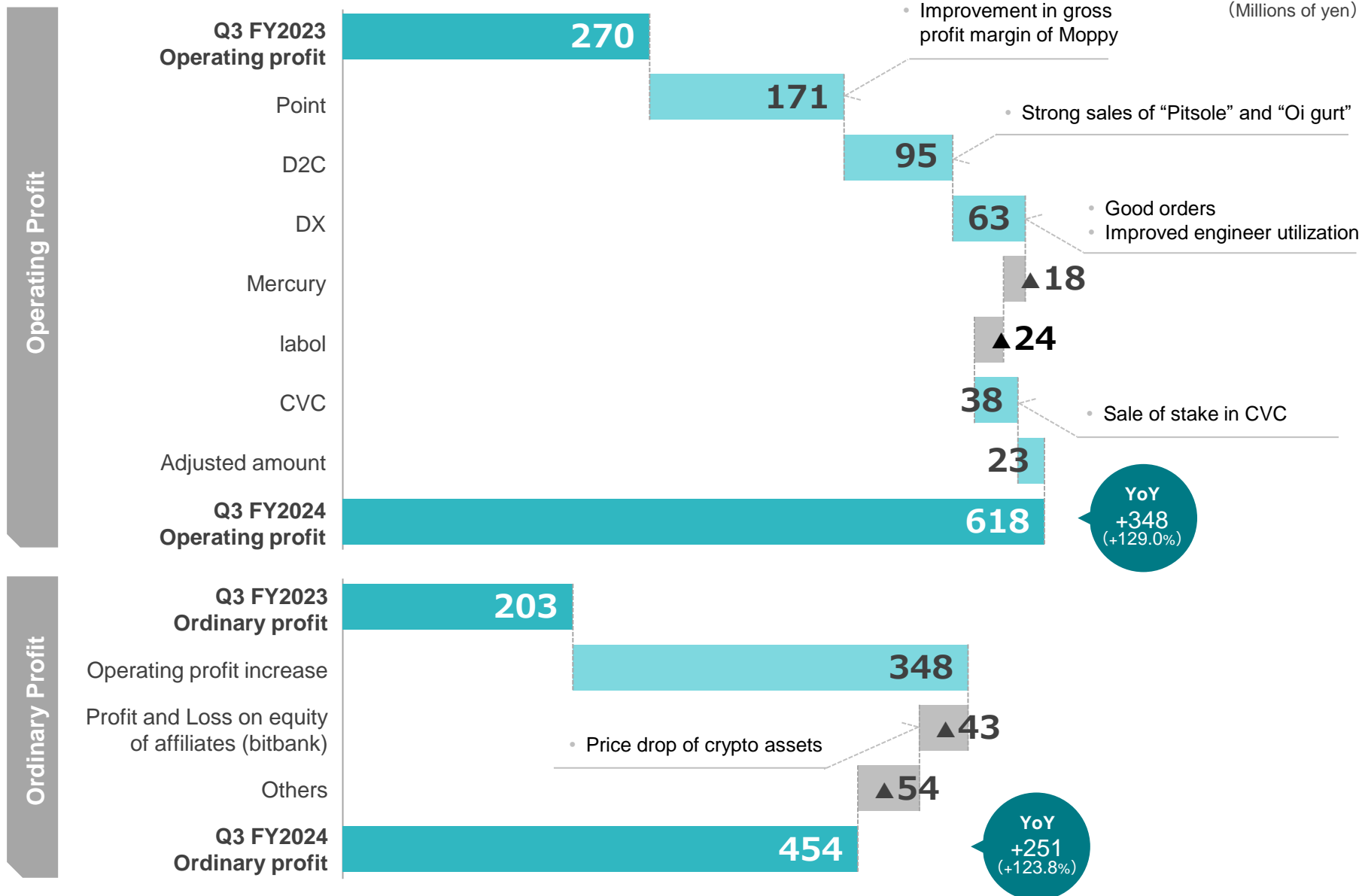
* Adjusted amount includes expense items that do not belong to a specific segment.

Earnings by Business Segment (Q3)

(Millions of yen)	Net sales		Operating profit	
	Q3 FY2024	Q3 FY2023	Q3 FY2024	Q3 FY2023
ALL	7,066 YOY +16.4%	6,072	618 YOY +129.0%	270
Mobile Service Business	6,619 YOY +10.8%	5,974	1,143 YOY +40.7%	812
Point	3,473 YOY +4.5%	3,324	784 YOY +28.1%	612
D2C	1,937 YOY +35.2%	1,433	248 YOY +63.0%	152
DX	1,244 YOY -0.4%	1,250	143 YOY +78.5%	80
Transaction value within segments	-35 YOY -	-32	-32 YOY -	-32
Financial Service Business	449 YOY +353.8%	99	-267 YOY -	-263
Inter-segment transaction value / Adjusted amount	-2 YOY -	-1	-257 YOY -	-279

Factors Affecting Operating Profit and Ordinary Profit (Q3)

(Millions of yen)



Condensed Balance Sheet

(Millions of yen)		End-Q3 FY2024	FY2023	Change	Major factors
	Current assets	21,031 (70.3%)	17,586 (67.9%)	+3,444	Cash and deposits: +2,656 Operational investment securities: -369 Inventory: +968
	Non-current assets	8,894 (29.7%)	8,328 (32.1%)	+566	Goodwill: -154 Software: +139 Shares of subsidiaries and associates: +22
Total assets		29,925 (100.0%)	25,915 (100.0%)	+4,010	
	Current liabilities	15,168 (50.7%)	13,451 (51.9%)	+1,716	Short-term borrowings: +916 Provision for point card certificates: +203 Income taxes payable etc.: +83
	Non-current liabilities	3,593 (12.0%)	2,417 (9.3%)	+1,176	Long-term borrowings: +965
Total liabilities		18,762 (62.7%)	15,869 (61.2%)	+2,892	
Total net assets		11,163 (37.3%)	10,045 (38.8%)	+1,117	Profit: +845 Dividends: -228
Total liabilities and net assets		29,925 (100.0%)	25,915 (100.0%)	+4,010	

Shareholder returns (Dividend and Shareholder Perks)

Shareholder Return Policy

- We recognize the return of earnings to shareholders as an important management measure.
- We will continue to pay dividends to shareholders with a view to stability and continuity, taking full account of earnings performance, financial conditions, and other relevant factors.

Dividend per share for the fiscal year ending December 31, 2024 will be ¥40

- In addition to the ordinary year-end dividend of ¥20, a commemorative dividend of ¥20 will be paid to celebrate the 10th anniversary of the Company's listing, a total dividend will be ¥40.

¥10,000 worth of crypto assets will be presented as a shareholder perks

- Shareholders holding 100 or more shares at the end of December 2024 are eligible.
- Ethereum (ETH) and Zipang Coin (ZPG) worth ¥10,000 will be presented to the eligible shareholders.
- The objective is to provide shareholders with a better understanding of the Company's business by enabling them to experience the Group's services.

Shareholder returns since FY2022

	FY2022	FY2023	FY2024 (Forecast)
Dividend per share	¥20	¥20	¥40
Dividend per unit	¥2,000	¥2,000	¥4,000
Shareholder perks	—	—	More than 1 unit Crypto assets ¥10,000 equivalent
Shareholder returns (1 unit: Dividend + shareholder perks)	¥2,000	¥2,000	¥14,000 equivalent

* The combined share holder yield, which is the sum of the dividend of ¥40 per share for the fiscal year ending December 31, 2024 (forecast) and the shareholder perks, 8.3% at the share price of ¥1,686 as of November 7, 2024. (This is when a shareholder holds more than 1 unit of our company's share)



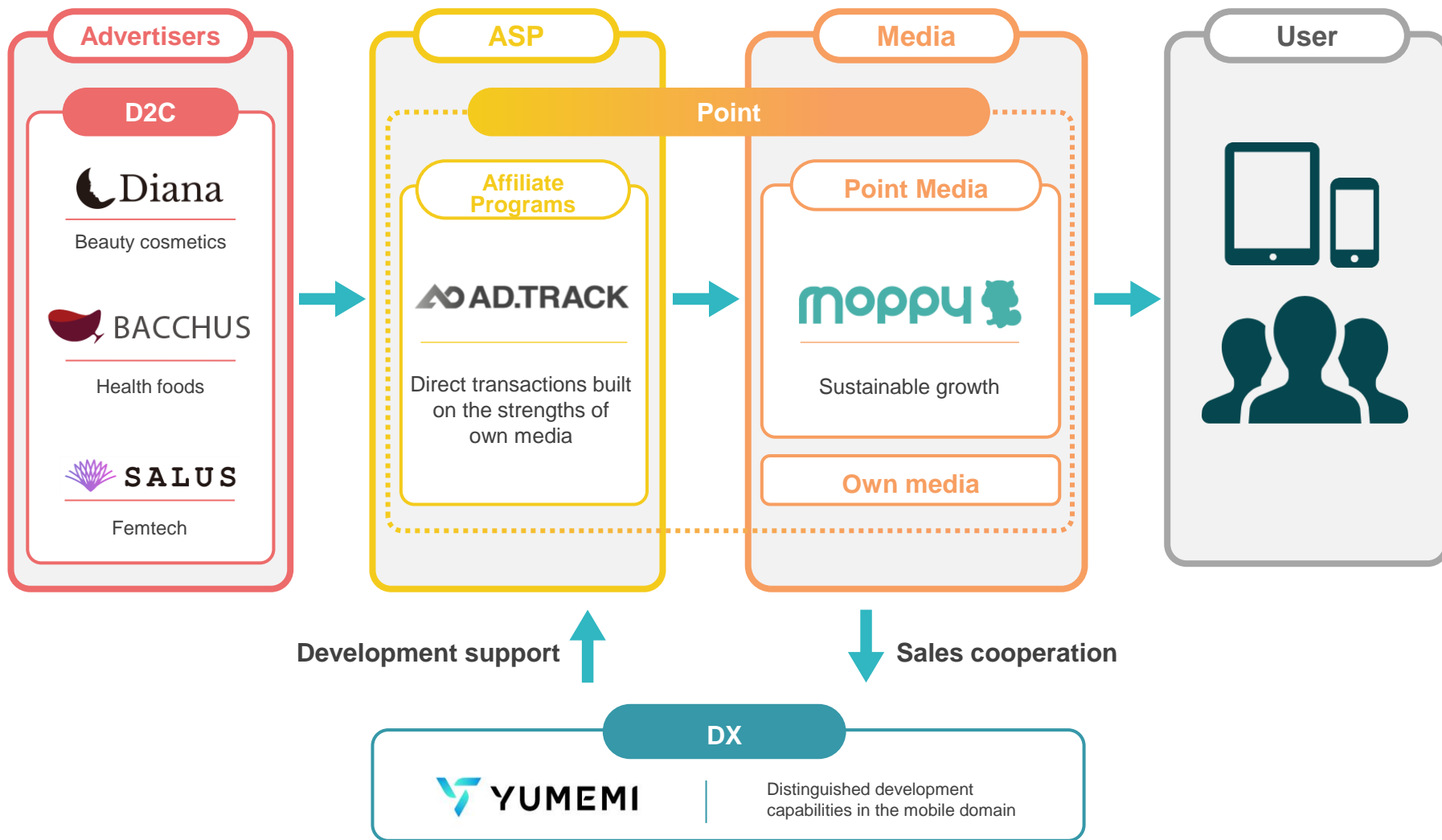
2. Results Summary of Each Business

Mobile Service Business

Financial Service Business

Mobile Service Business Domains

Create synergies through mutual collaboration between Moppy, AD.TRACK and D2C.



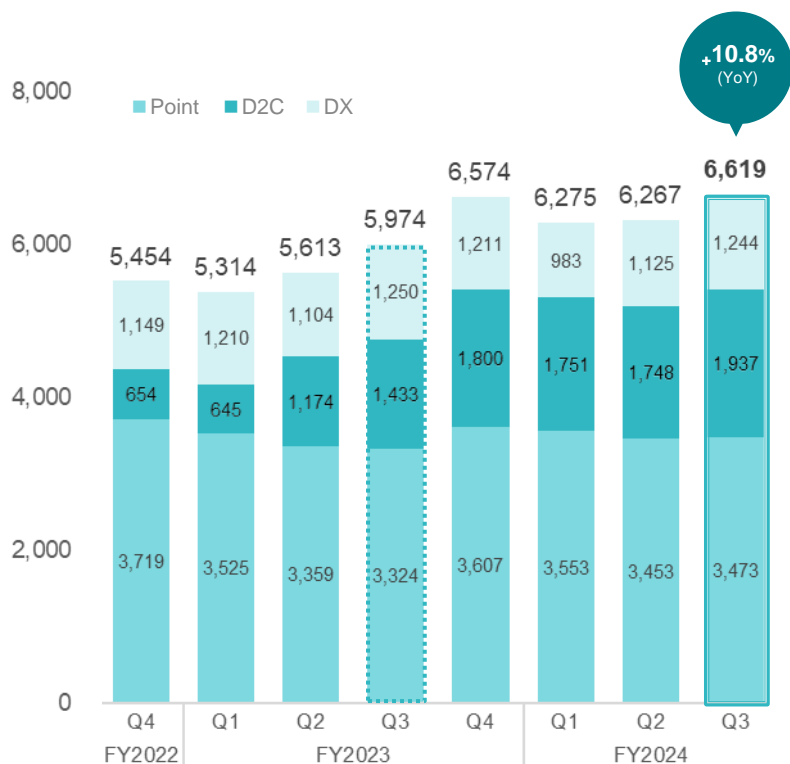
Mobile Service Business Earnings

Net sales reached a record high due to strong sales of Moppy and D2C and a recovery in DX.

Operating profit increased 40.7% YoY driven by higher sales and a successful balance between sales growth and profitability in D2C.

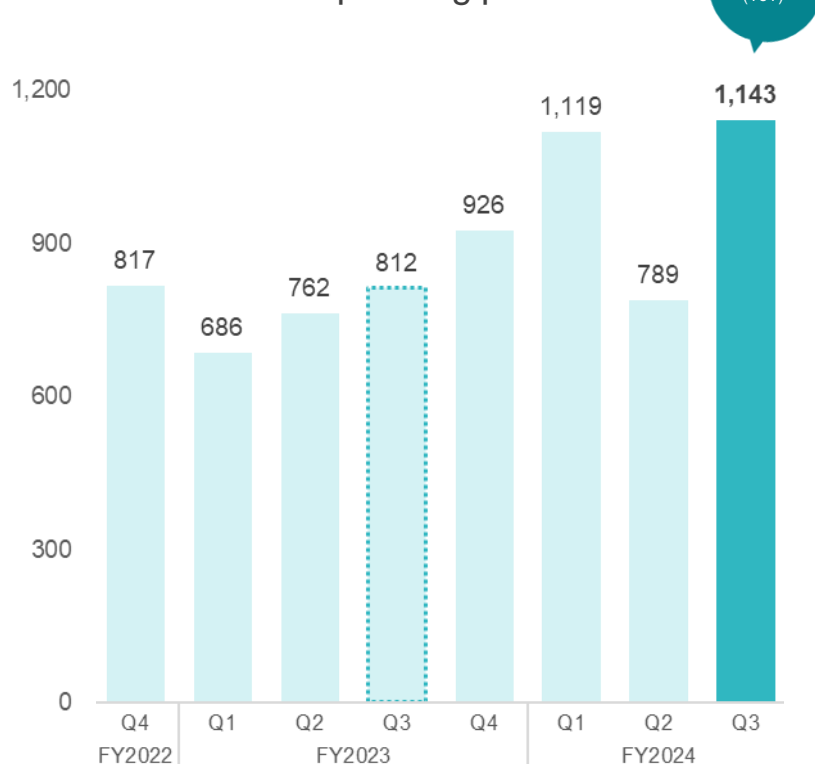
(Millions of yen)

Net sales



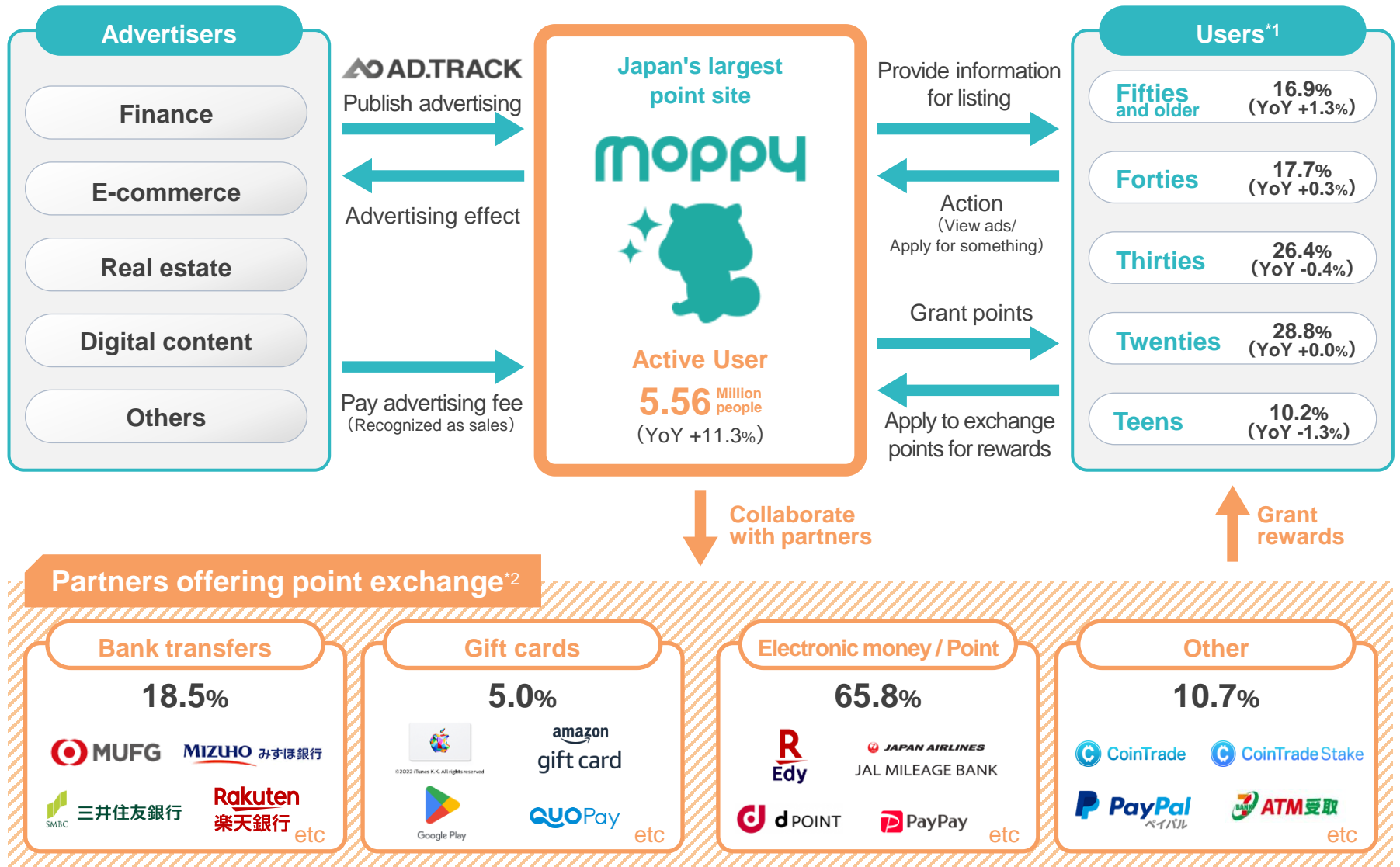
(Millions of yen)

Operating profit



* Trading volume within segments are not indicated since their impact on the graphs is marginal.

Moppy Business Model



*1 Ratios as of September 30, 2024

*2 Point exchange ratios are for July to September 2024

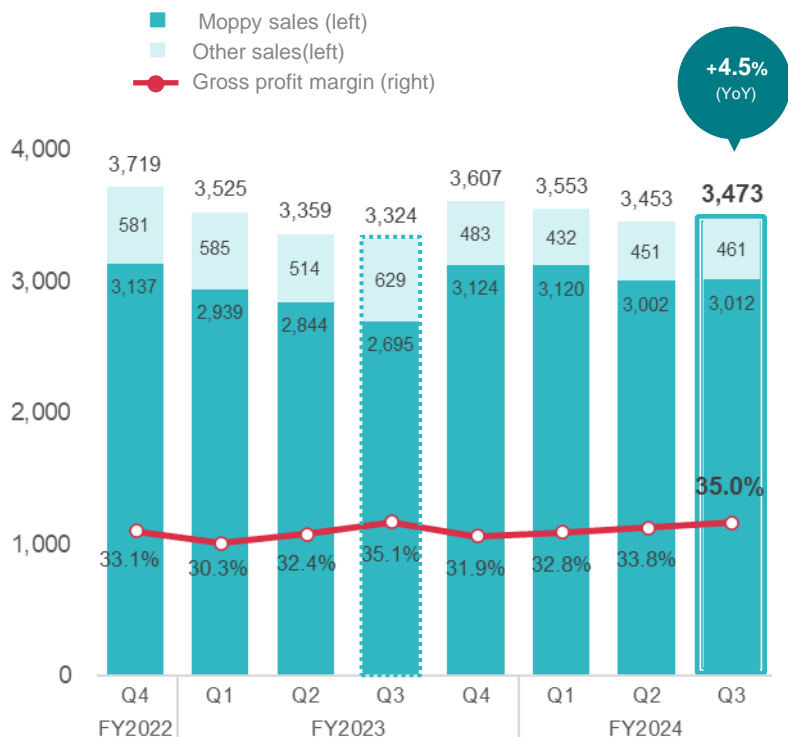
Point Earnings

Q3 is a slow period, but sales for Moppy remain strong due to steady demand for financial-related advertising.

The gross profit margin remained high due to the continued strengthening of the Moppy and AD.TRACK collaboration and the shifting of some costs to Q4.

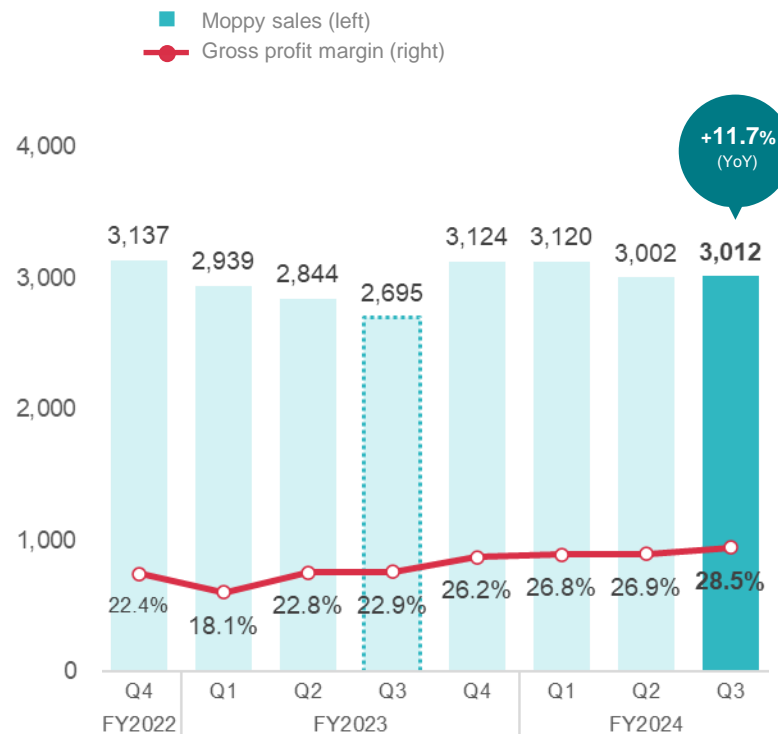
Point Sales, GPM

(Millions of yen)



Moppy Sales, GPM

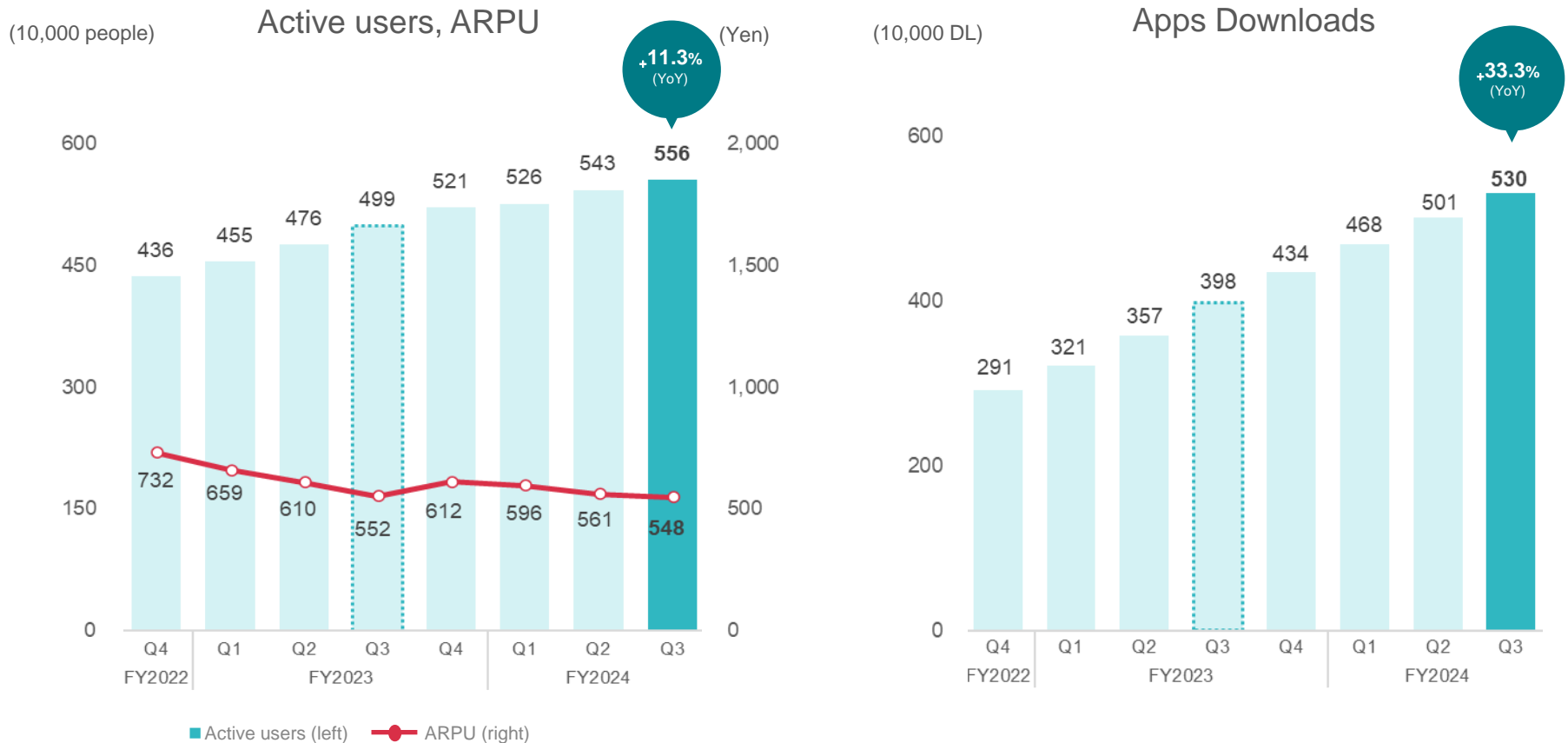
(Millions of yen)



* Trading volume within segments are not indicated since their impact on the graphs is marginal.

Active users / ARPU / Apps Downloads (Moppy)

The number of active users increased by 11% YoY, but ARPU is gradually declining. Increase the number of UUs and frequency of use by strengthening 1to1 marketing and diversifying advertising.



* ARPU is calculated by dividing Moppy's quarterly sales by the average number of active Moppy members during the period.

Launched “Moppy Reuse” online second-hand products purchase service in October 2024.

Expand opportunities for Moppy users to earn points and increase the frequency of use of the Moppy site.

「Moppy Reuse」
Top page
First Views



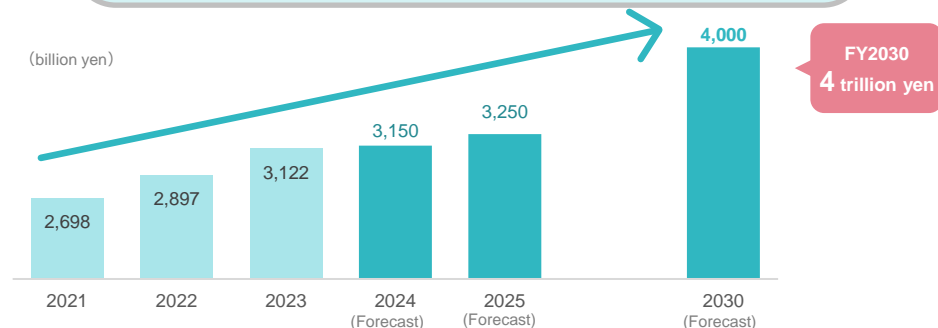
「Moppy Reuse」
Top page
Instructions for use



online second-hand products purchase service 「Moppy Reuse」

- Online second-hand products purchase service with no shipping fees, no appraisal fees, no shipping box charges, etc.
- For purchases of ¥3,000 (price excluding tax) or more, users will receive 5% of the purchase price in the form of Moppy points.

Rapidly growing second-hand products market



* source: "Reuse Market Databook 2023"

Promoting sustainability activities



Strengthening “Moppy x SDGs” with the launch of the reuse business



モッピー ♡ SDGs

皆さまの温かいご支援をよろしくお願いたします

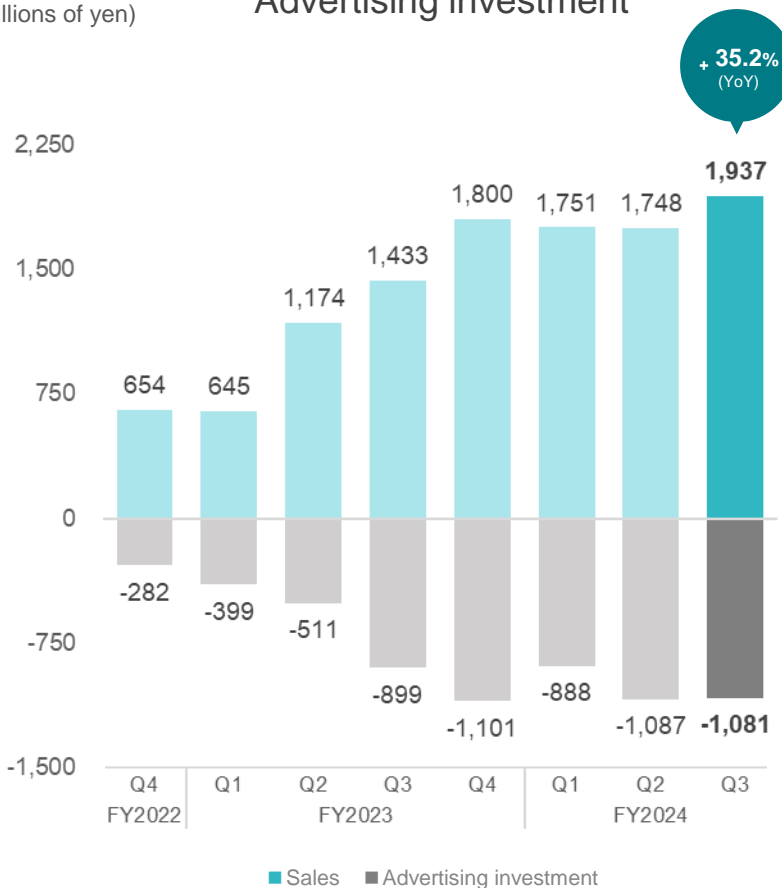


D2C Earnings

“Oi gurt” users continue to accumulate, and “Pitsol” sales also remain strong. Achieved both sales growth and profitability through rigorous control of advertising investment.

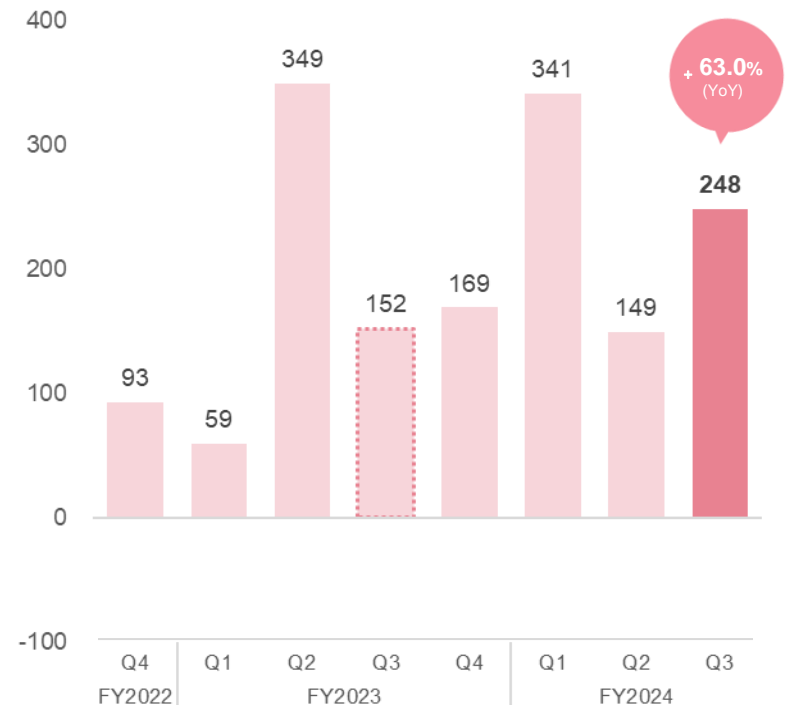
Sales, Advertising investment

(Millions of yen)



Operating profit

(Millions of yen)



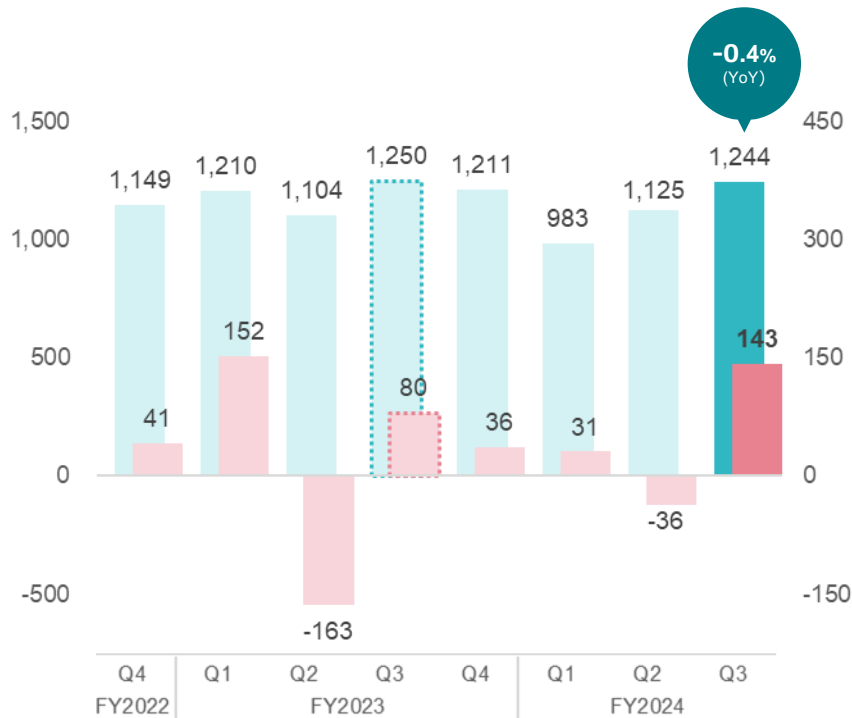
DX (YUMEMI) Earnings

Sales bottomed out in Q1 and are on a recovery trend due to a successful shift in project size, starting with relatively small design projects. Engineer utilization improved due to strong orders and the previous quarter's loss turned into a profit of ¥143 million.

Sales, Operating profit

(Millions of yen)

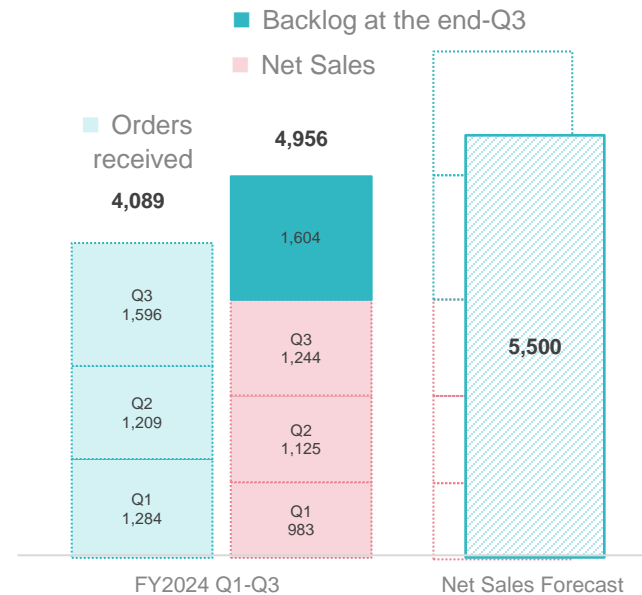
(Millions of yen)



■ Sales (left) ■ Operating profit (right)

Orders received and progress towards earnings forecasts

(Millions of yen)



*From Q1FY2024 onward, there is a delay in the recording of sales due to a review of accounting policies related to revenues from some quasi-contractual projects.



2. Results Summary of Each Business

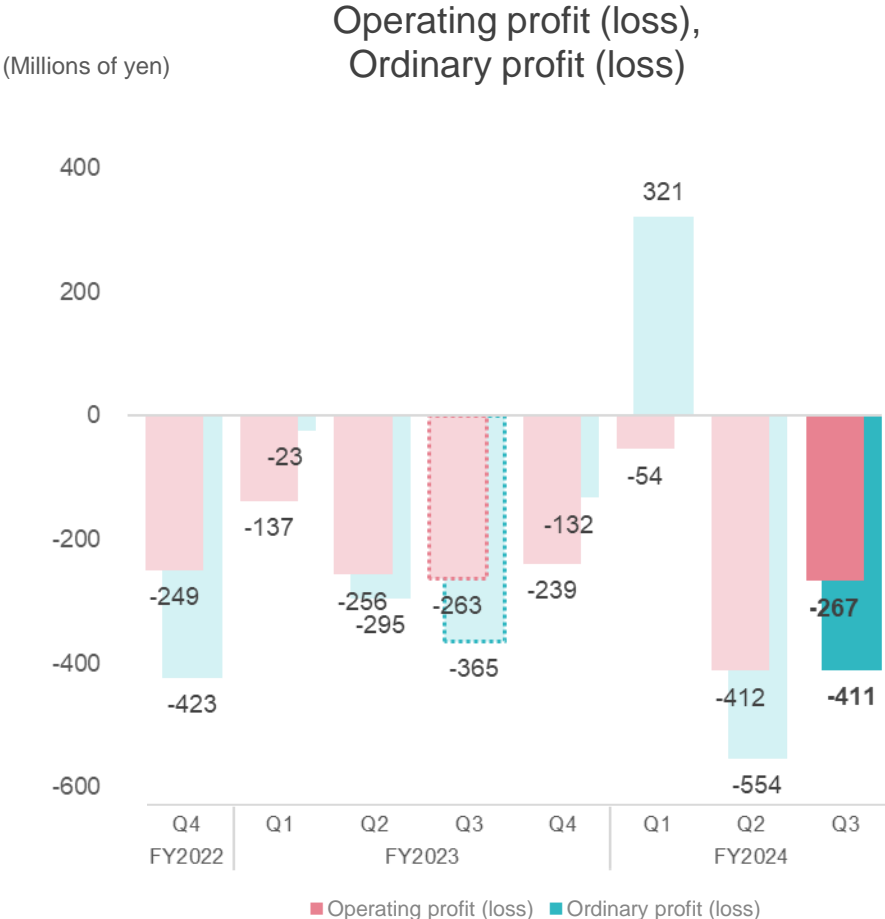
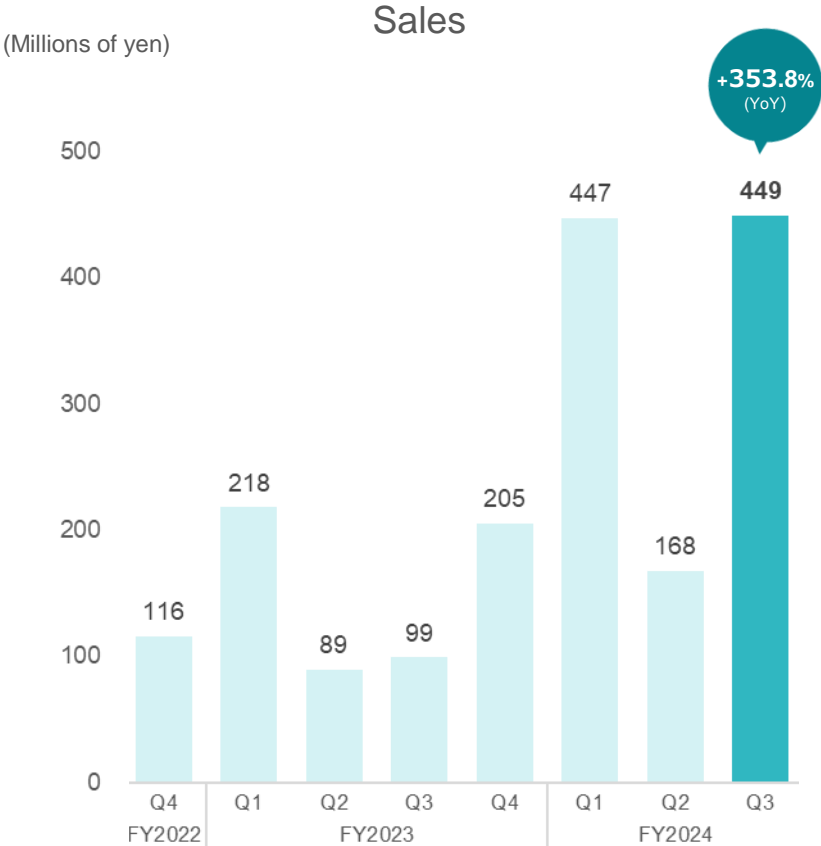
Mobile Service Business

Financial Service Business

Financial Service Business Earnings

Strong sales growth driven by 3.7x YoY increase in labor's GMV and the sale of stake in CVC business.

Operating loss at Mercury and ordinary loss at bitbank were recorded due to the decline in crypto asset prices.



Mercury and bitbank Earnings

Mercury's operating loss widened YoY due to the decline in crypto asset prices.

bitbank also posted a larger equity in losses YoY.

The company plans to launch margin trading on November 11, 2024.

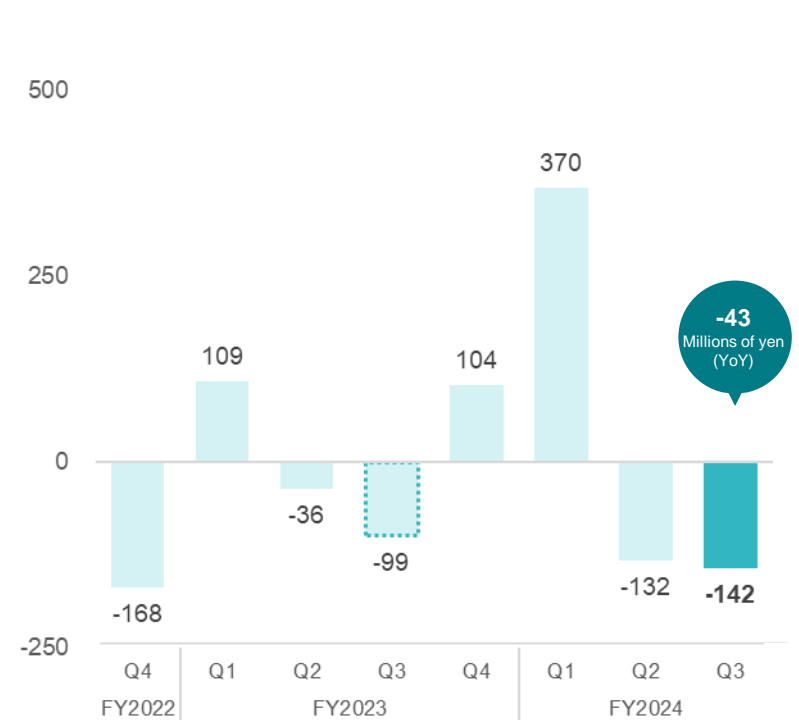
Mercury
Operating Revenue,
Operating loss(profit)

(Millions of yen)



Equity in earnings/losses of bitbank

(Millions of yen)



Mercury Business Strategy

Aims to become a comprehensive crypto asset management platform by diversifying crypto asset management services.

Establish crypto assets as a new asset class to attract a broad range of investors.

- 1 Effective use of assets**
Effectively allocate assets during market downturns
- 2 Stable income**
Income gains
- 3 Market upturns**
Capital gains
- 4 Risk diversification**
New asset class

Become a comprehensive platform for the management of crypto assets

Staking



- In total **19** Cryptocurrencies Listed Of which **12** for Staking
- APR* **0.5% ~ 12.0%**

Lending

	ZPG	APR Max	0.1%
	ZPGAG	APR Max	0.05%
	ZPGPT	APR max	1.0%

Accumulated purchase (Under development)

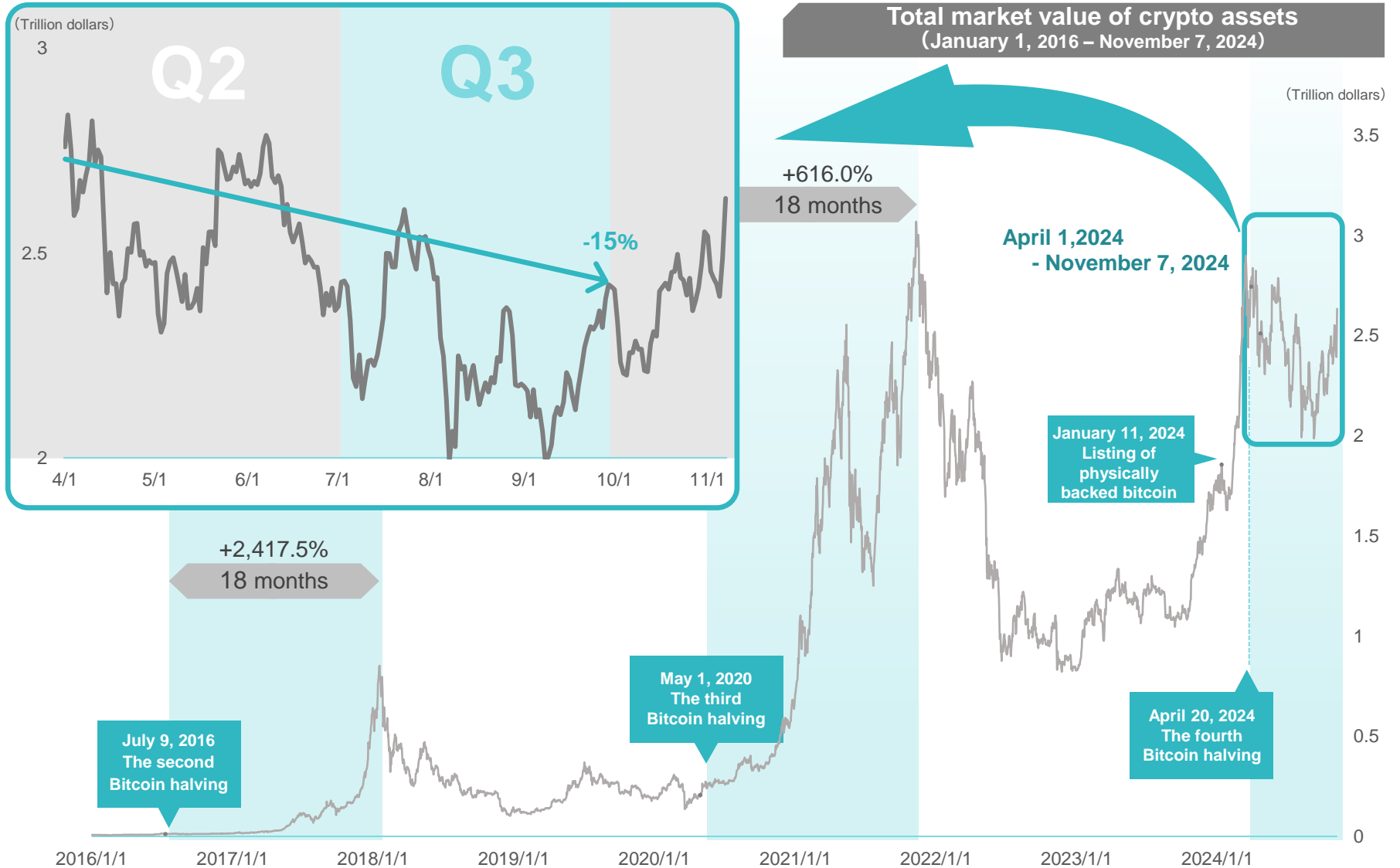
- Reduces the risk of capital gains while capturing income gains through dollar cost averaging
- Even with volatile crypto assets, the investment timing is not lost

Stocks to be added sequentially

* Polygon (MATIC) has suspended deposits, withdrawals and transactions as of November 8, 2024 due to transition to POL.

* APR : Annual Percentage Rate

Total Market Value of Crypto Assets

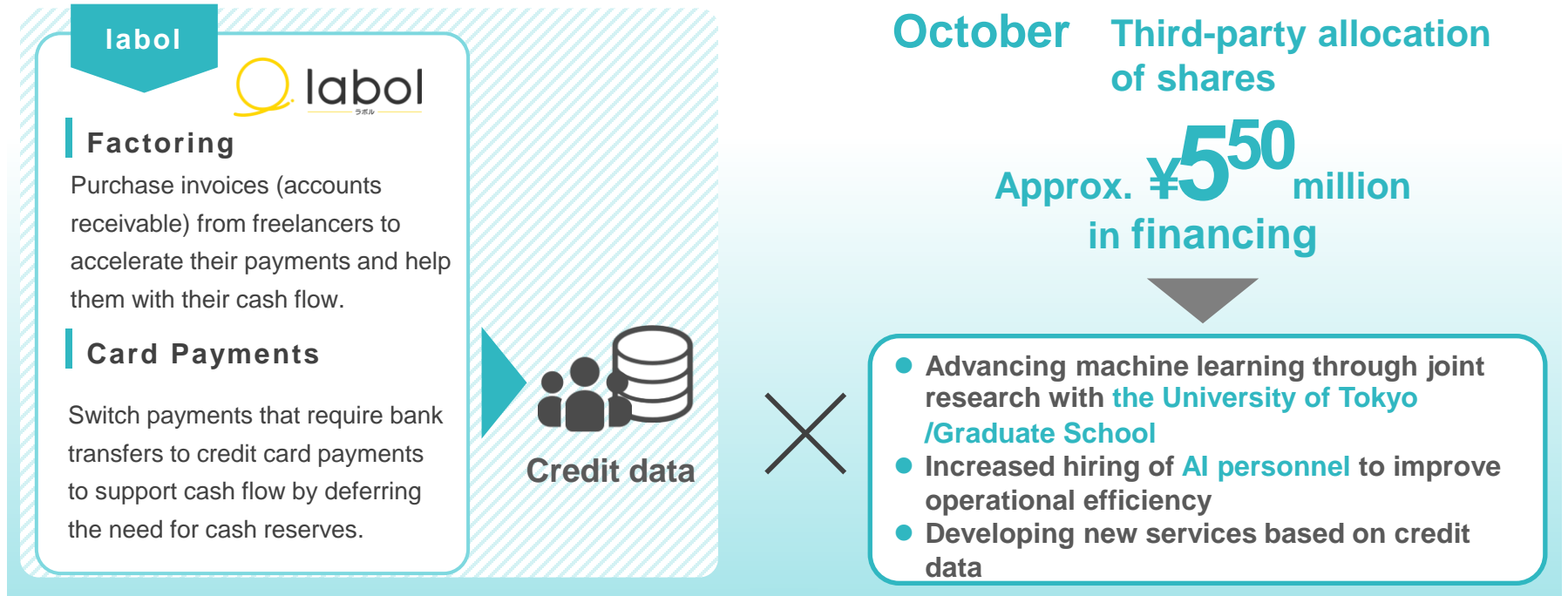


*Source: Created Ceres from CoinGecko
*As of November 7, 2024

label Business Strategy

Online factoring service provider label raises ¥550 million through third-party allotment of new shares.

Accelerates earnings expansion through aggressive business investment, aims to go public.



✓ **Grow revenue from existing businesses**

✓ **Develop new services**

Aiming to be a “Challenger Bank” to support activities of freelancers

Investment and Development Business (CVC)

Invested ¥30 million in a blockchain startup in Q3.

Sold a stake in one of its investee companies, generating ¥250 million in sales and ¥0.5 billion in profit.

*As of September 30, 2024



Collaborations in Mobile Service

Media, D2C-related



Collaborations in Financial Service

Fintech, blockchain-related



valuedesign

jig-jp

adish

Waqoo

Amazia

LINK U

Link-U

toridori

IPO Result 8 companies



Appendix



Appendix

Profile

Enriching the world through internet marketing

CERES aims to realize prosperous social interactions by providing various marketing services through the Internet, which has become a part of our social infrastructure.

Create a token economy



CERES is “the goddess of the earth” and “the goddess of abundant harvest” in Greek mythology. The Greek name for the Goddess is Demeter, and CERES is its Roman equivalent.

Company Name	CERES INC.
Established	January 28,2005
Location	Shibuya Sakura Stage Shibuya Tower, 21 Floor 1-1 Sakuragaokacho, Shibuya-ku, Tokyo
Fiscal Year	December 31
Capital	¥ 2,125 million (As of September 30, 2024)
Representative	Satoshi Takagi, President and Representative Director
Employees (Consolidated)	670 (As of September 30, 2024; without temporary staff)
Businesses	Mobile Service Business Financial Service Business
Consolidated Subsidiaries	Mercury Inc., Diana Inc., Bacchus Inc., studio15 Co.Ltd., label inc., Salus,inc., Apollo Capital INC., YUMEMI Inc., Apollo Capital I Investment Limited Partnership
Equity-method affiliate companies	bitbank, Inc.



2022 Transition to the New Prime Market of the Tokyo Stock Exchange

2021 Made studio15 Co.Ltd. a consolidated subsidiary

2018 Made YUMEMI Inc. a consolidated subsidiary

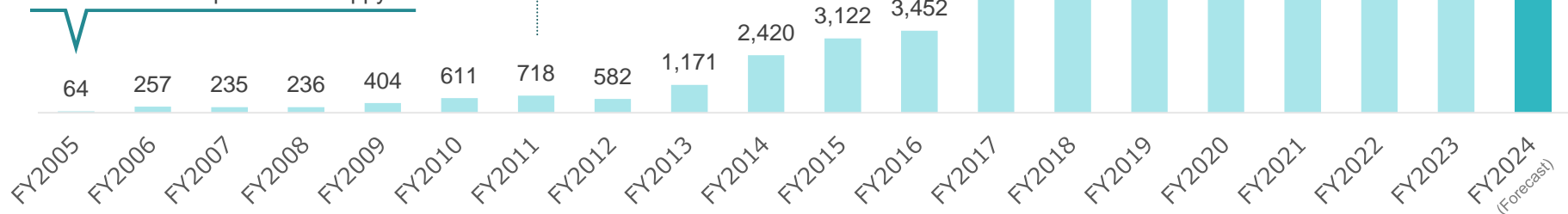
2017 Made bitbank, Inc. an equity-method affiliate
Established Mercury Inc. to enter into the crypto asset exchange business

2016 Made YUMEMI Inc. an equity-method affiliate
Listed on the First Section of the Tokyo Stock Exchange

2014 **Listed on the Mothers market of the Tokyo Stock Exchange**

2011 Launched “Moppy” for smartphones

2005 CERES INC. established
Launched point site “Moppy”



*Net sales are stated on the assumption that the new Accounting Standard for Revenue Recognition has been retroactively applied.

Sales (millions of yen)

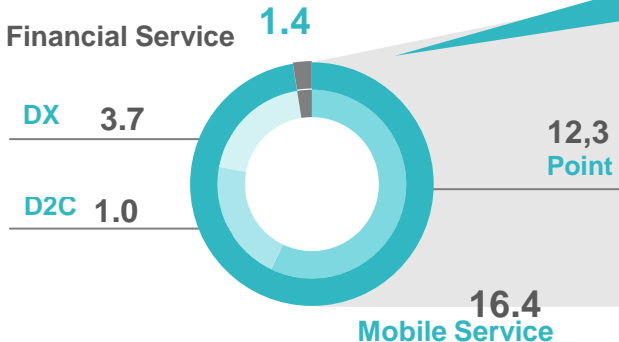
Sales and Profit Structure under the Medium-Term Management Plan 2026

(Billion yen)

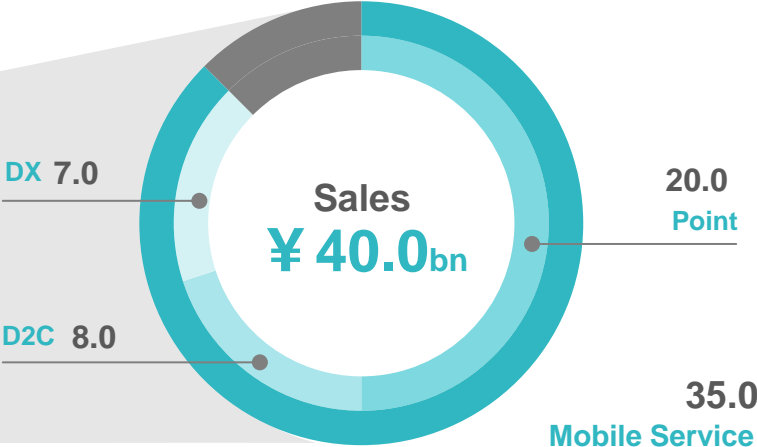
2021

2026

Sales
¥ 17.8bn

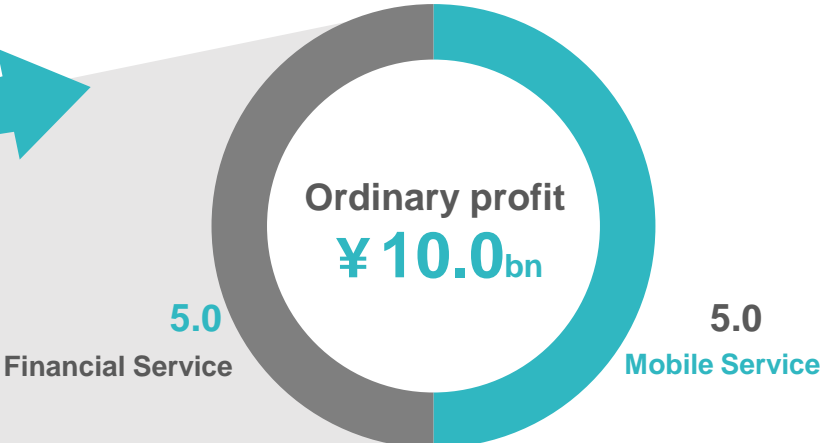
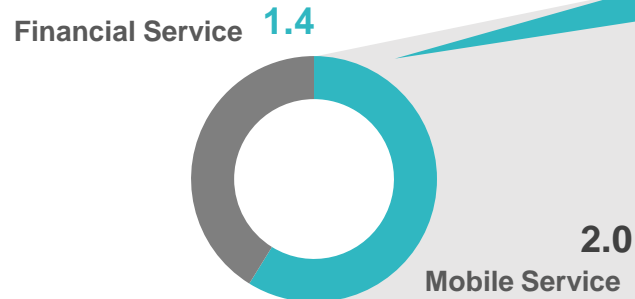


Financial Service
5.0



*Including internal transactions of mobile services -600 million yen















Ordinary profit
¥ 3.4bn



Business Portfolio

We consistently generate cash from our core Moppy business and actively invest in growth areas.

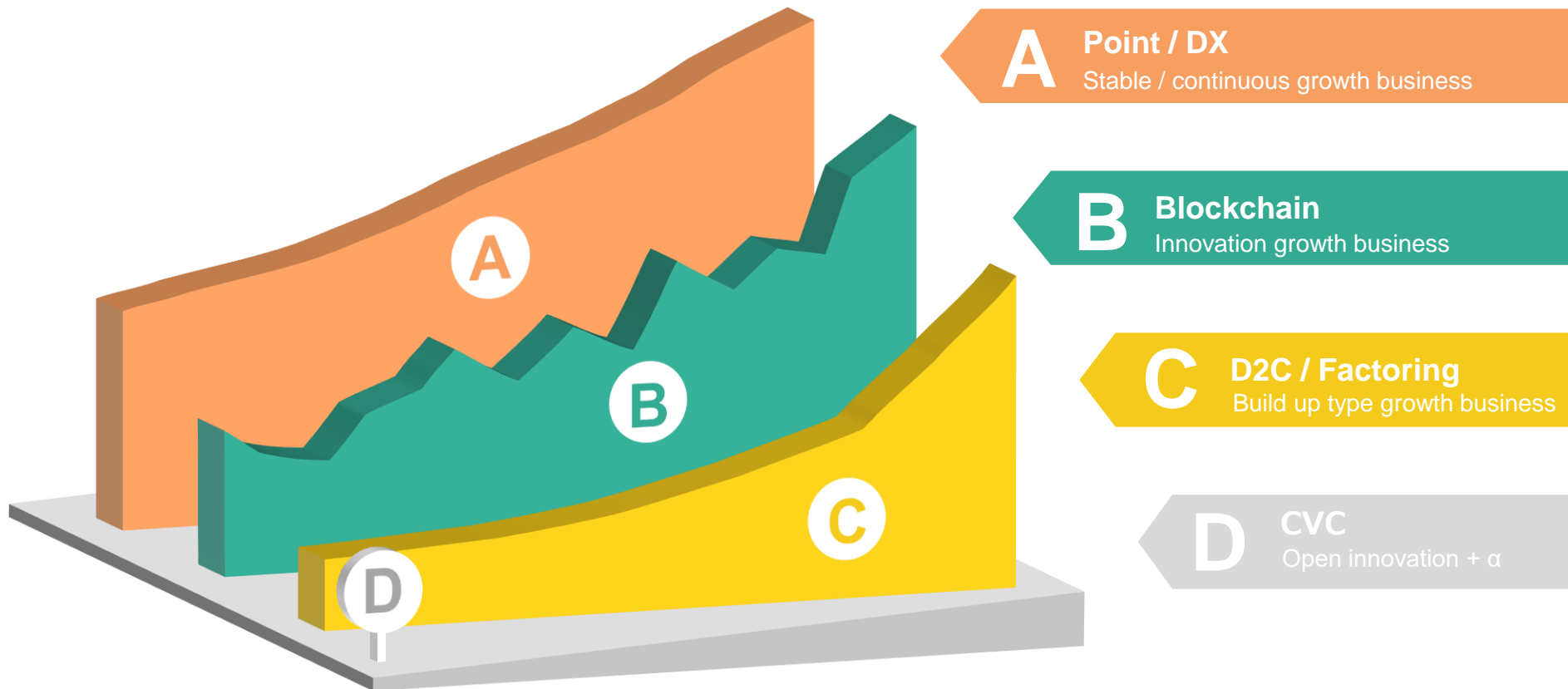
We achieve a sustainable business portfolio by combining businesses with different growth models.

	Segment	Operating company	Service		
Mobile Service Business	Point	CERES INC. studio15 Co. Ltd.	 	 	
	D2C	Diana Inc. Bacchus Inc. Salus, inc.			
	DX	YUMEMI Inc.			
Financial Service Business	Blockchain	Mercury Inc. bitbank, Inc.			
	Online Factoring	labol inc.			
	CVC (corporate venture capital)	Apollo Capital INC.			

An Image of Growth up to 2026

We will pursue medium-term growth leveraging three business portfolios that feature varying growth models.

We plan to achieve stable growth with Point and DX while aiming for dynamic and rapid growth with Blockchain and D2C.




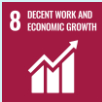





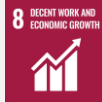





















Appendix

Sustainability

Setting Materiality

We identified seven material issues as key themes to focus on, and intend to step up existing ESG strategies implemented to practice sustainable management.

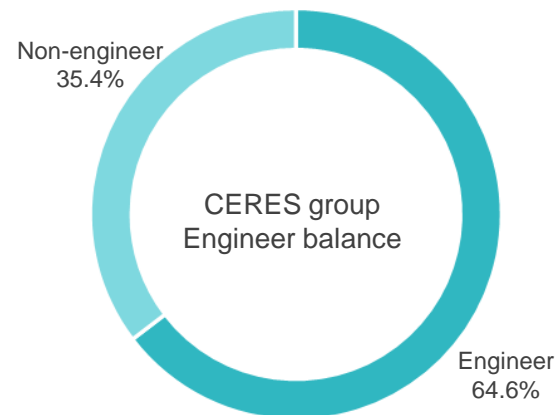
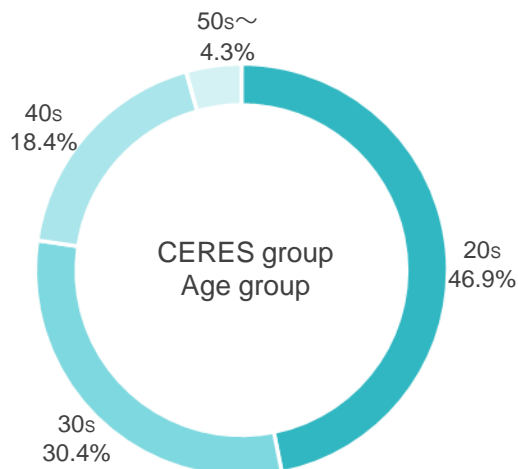
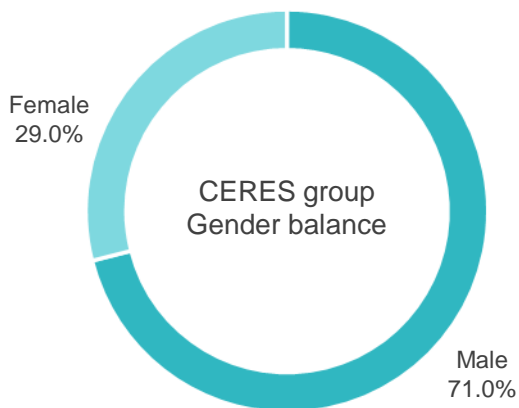
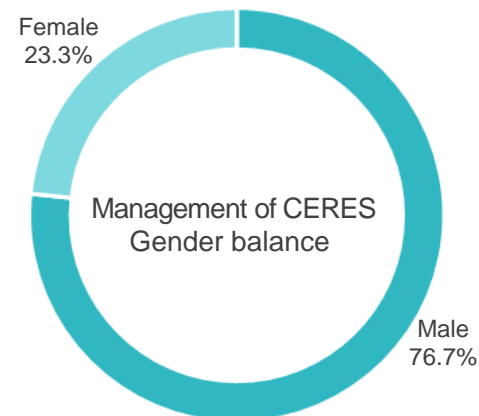
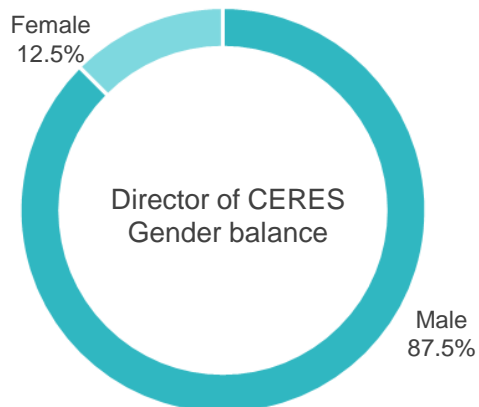
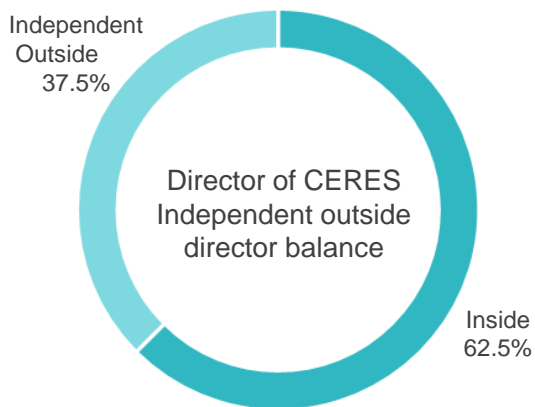
Materiality		SDGs					
1	Enriching the world through our services						
2	Resolving social issues and promoting economic development through open innovation						
3	Proper digital advertising and sound development of the industry						
4	Providing environmentally friendly products and services						
5	Active empowerment of diverse human resources						
6	Information security and privacy						
7	Strengthening of corporate governance						

* Sustainability site : <https://ceres-inc.jp/csr/English/>

Promoting Governance and Diversity

Boost corporate value over the medium to long term by strengthening corporate governance.

Promote diversity, including gender equality, to achieve sustainable growth.



* From Q1 FY2024, the definition of management has been changed in line with the content of the annual securities report.

* As of September 30, 2024

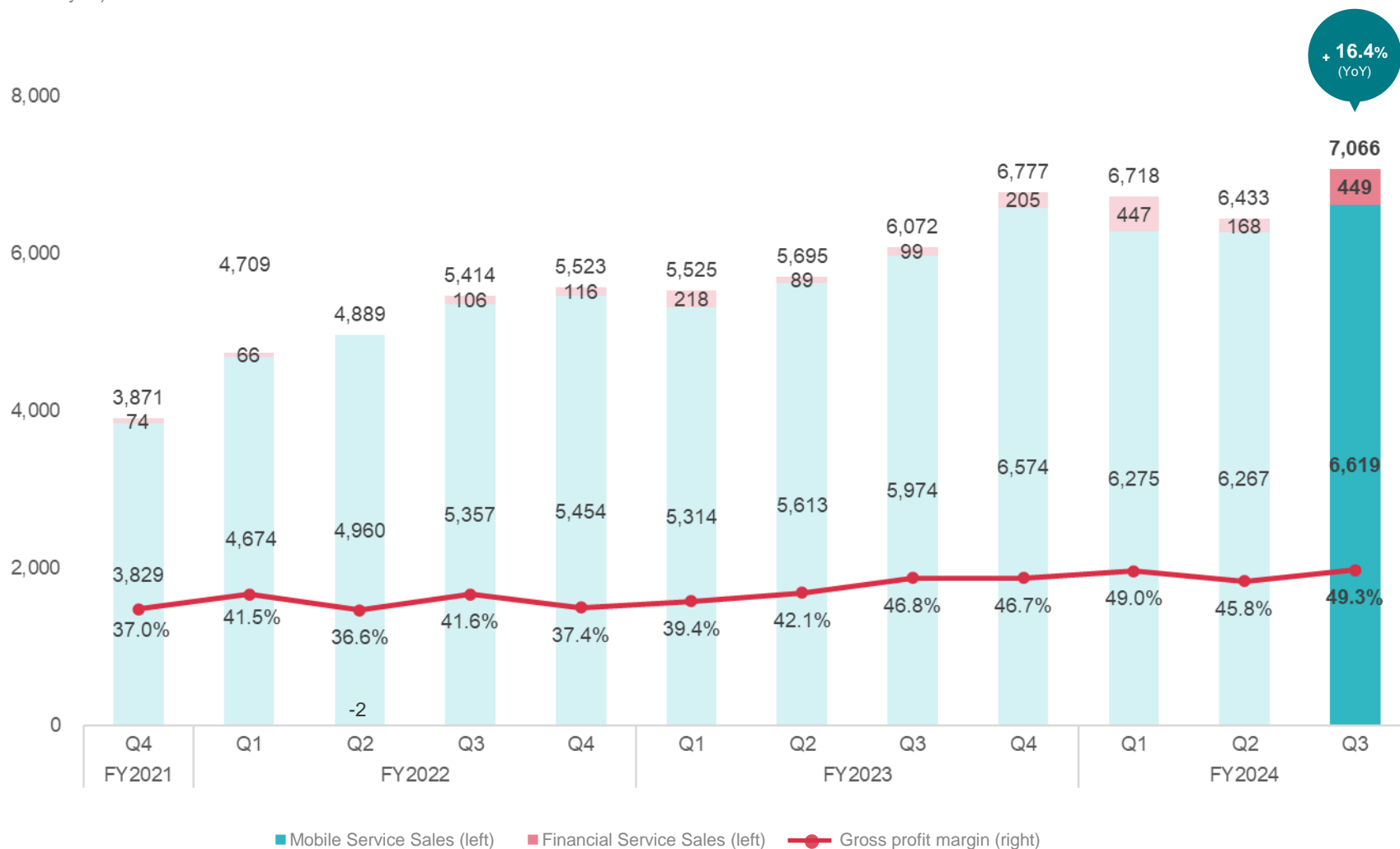


Appendix

Earnings

Quarterly Sales

(Millions of yen)



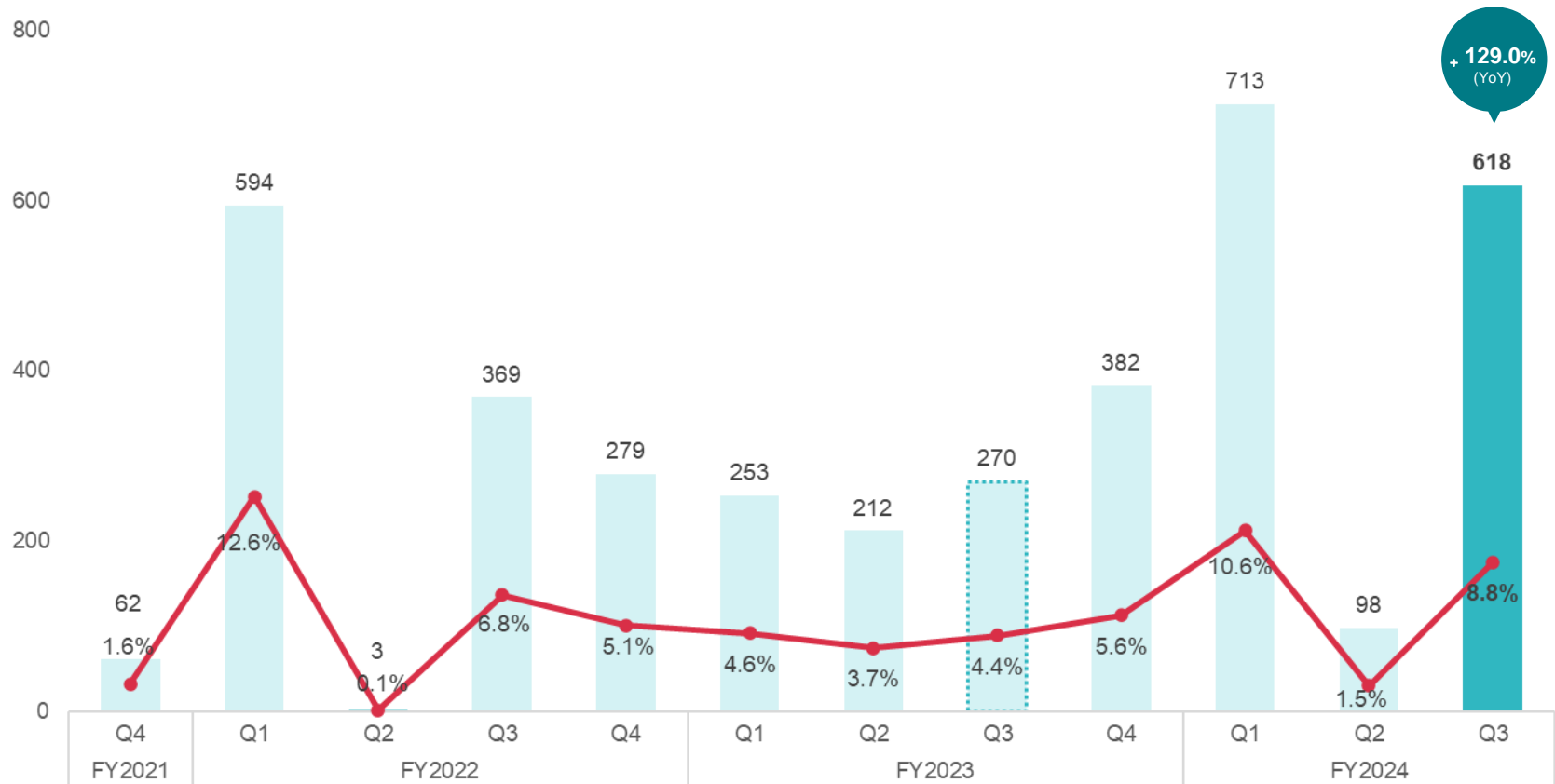
* Net sales for FY2021 and earlier are stated on the assumption that the new Accounting Standard for Revenue Recognition has been retroactively applied.

* The business classification in the Mobile Service segment for FY2021 and earlier has been revised in accordance with the changes that subsequently took place in the segment.

* Trading volume within segments are not indicated since their impact on the graphs is marginal.

Quarterly Operating Profit

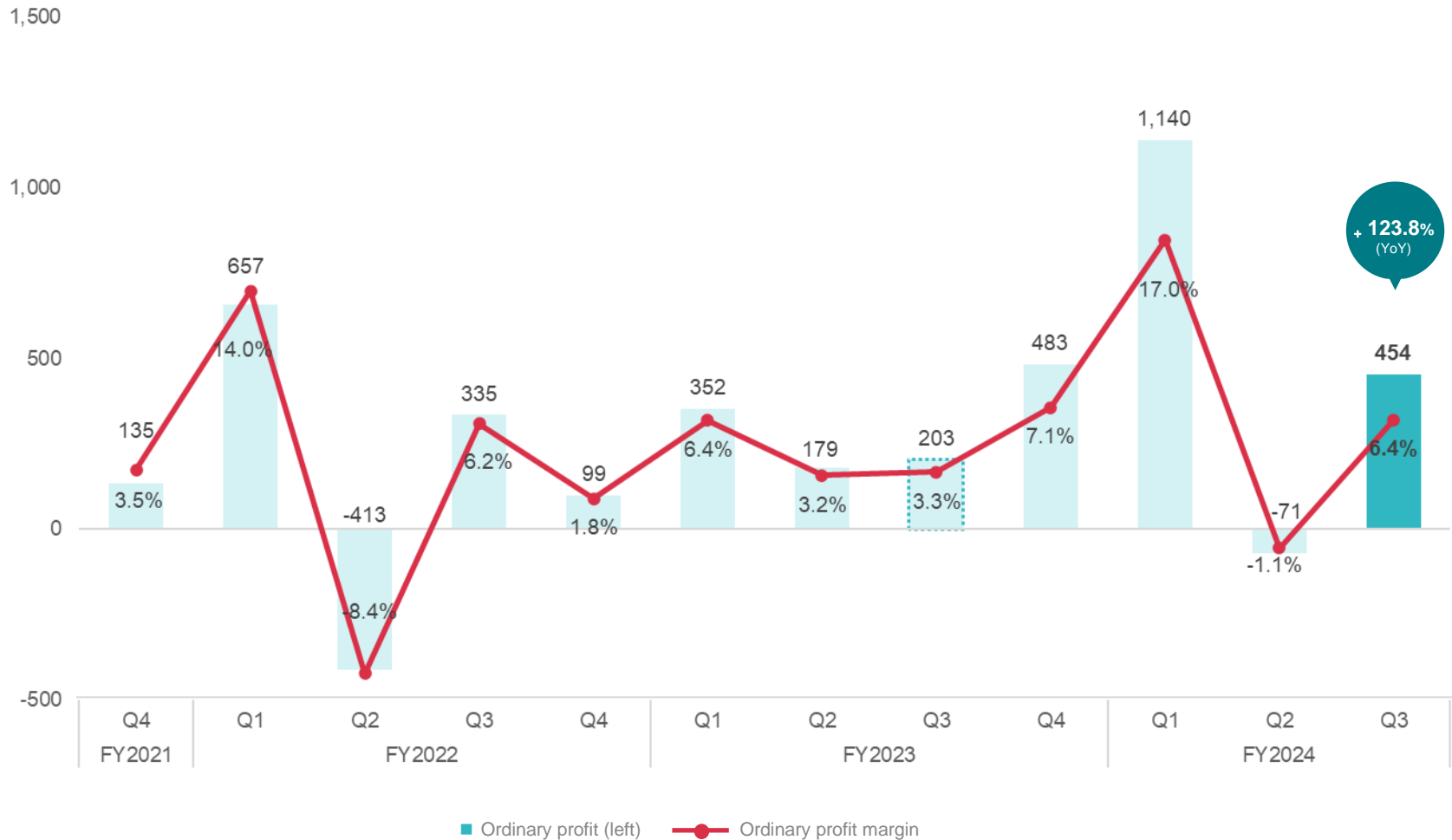
(Millions of yen)



■ Operating profit (left) ● Operating profit margin

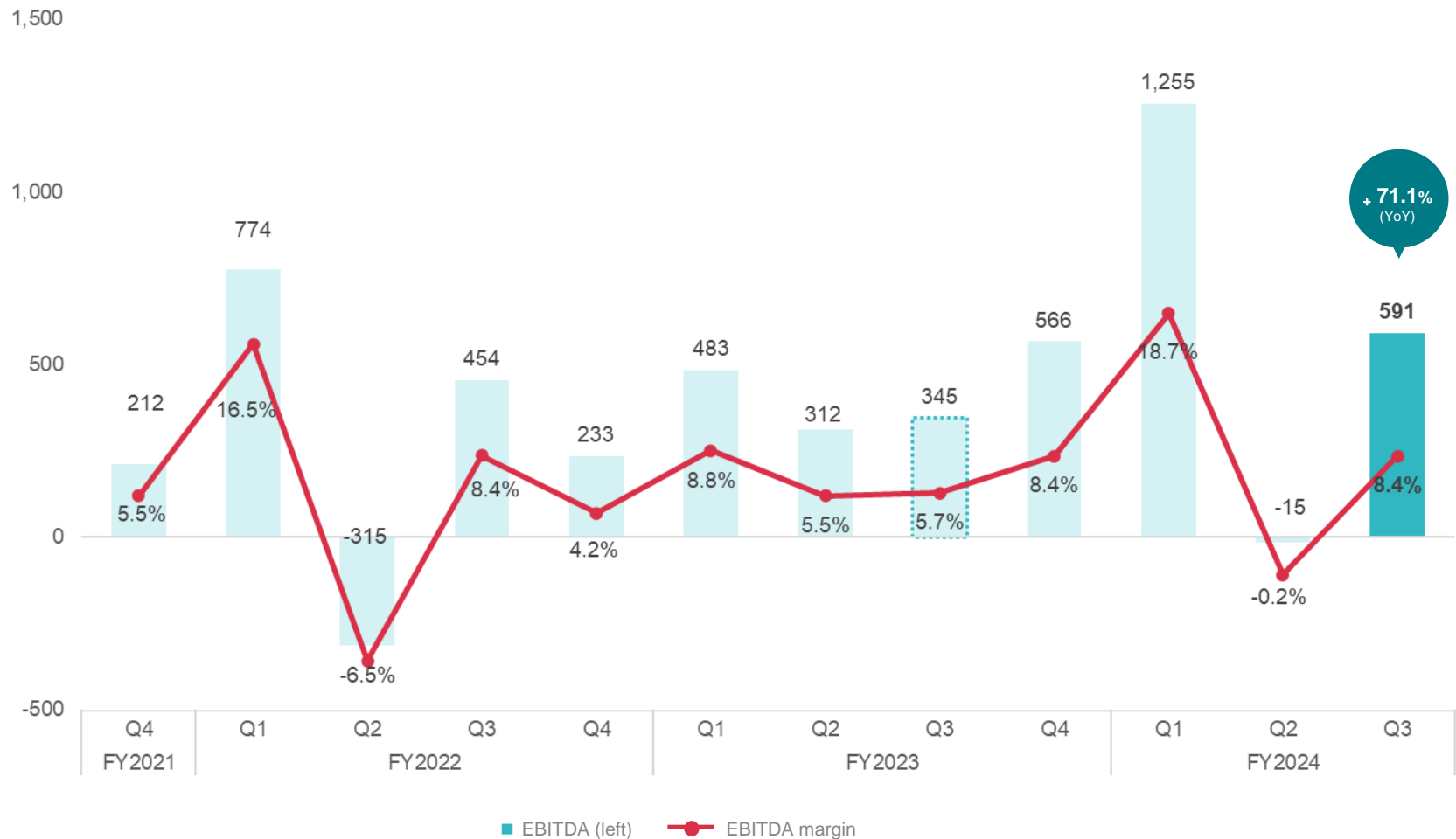
Quarterly Ordinary Profit

(Millions of yen)



Quarterly EBITDA

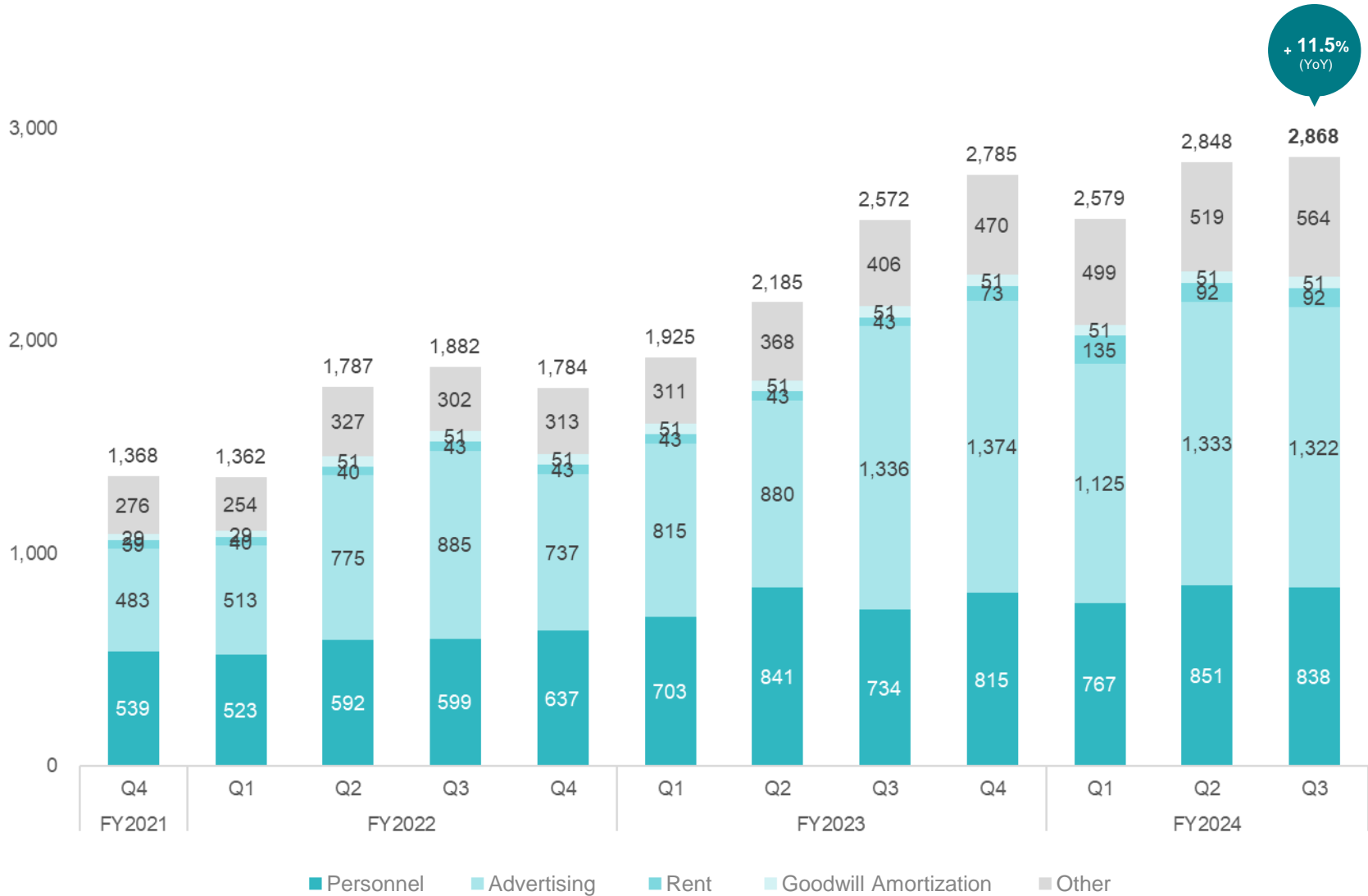
(Millions of yen)



* EBITDA: Profit before income taxes + Interest expenses + Depreciation + Amortization of goodwill (addition of amount equivalent to amortization of goodwill including share of loss of entities accounted for using equity method) + impairment loss.

Quarterly SG&A Expenses

(Millions of yen)



Employees



* Excluding contract employee, temporary employee, and part-time job

Quarterly Sales

(Millions of yen)	FY2022	FY2023				FY2024		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	5,523	5,525	5,695	6,072	6,777	6,718	6,433	7,066
Mobile Service Business	5,454	5,314	5,613	5,974	6,574	6,275	6,267	6,619
Point	3,719	3,525	3,359	3,324	3,607	3,553	3,453	3,473
D2C	654	645	1,174	1,433	1,800	1,751	1,748	1,937
DX	1,149	1,210	1,104	1,250	1,211	983	1,125	1,244
Transaction value within segments	-68	-66	-25	-32	-45	-13	-60	-35
Financial Service Business	116	218	89	99	205	447	168	449
Inter-segment transaction value or transfers	-47	-7	-6	-1	-2	-4	-3	-2

Quarterly Operating Profit

(Millions of yen)	FY2022	FY2023				FY2024		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Operating profit	279	253	212	270	382	713	98	618
Mobile Service Business	817	686	762	812	926	1,119	789	1,143
Financial Service Business	-249	-137	-256	-263	-239	-54	-412	-267
Adjusted amount	-288	-294	-293	-279	-304	-351	-278	-257



Notes regarding forward-looking statements

- The materials and information provided in this presentation contain forward-looking statements that are based on current forecasts, estimates, and assumptions that are subject to risk, and also include uncertainties that could cause actual results to differ materially from the statements in this presentation.
- These risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rate and currency exchange fluctuations.
- Please note that the Company is under no obligation to update or revise the forward-looking statements contained in this presentation, even if new information or events emerge in the future.