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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]



November 14, 2024

Company name: Synchro Food Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 3963
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 Scheduled date of filing semi-annual securities report: November 14, 2024
 Scheduled date of commencing dividend payments: –
 Preparation of supplementary material on financial results: Available
 Holding of financial results briefing: Available

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 - September 30, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2024	1,967	13.0	585	24.4	586	24.7	394	22.5
September 30, 2023	1,741	27.7	471	16.7	470	15.8	321	18.0

Note: Comprehensive income: Six months ended September 30, 2024: 393 million yen [21.8%]

Six months ended September 30, 2023: 323 million yen [18.4%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	14.65	14.65
September 30, 2023	12.06	12.03

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2024	5,286	4,488	84.9
As of March 31, 2024	5,069	4,291	84.6

Reference: Equity: As of September 30, 2024: 4,488 million yen

As of March 31, 2024: 4,290 million yen

Note: During the six months ended September 30, 2024, tentative accounting related to business combination was finalized. Figures for the fiscal year ended March 31, 2024 reflect the contents of the finalization of tentative accounting.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	0.00	–	10.00	10.00
Fiscal year ending March 31, 2025	–	0.00			
Fiscal year ending March 31, 2025 (Forecast)			–	–	–

- Notes: 1. Revision to the forecast for dividends announced most recently: None
2. The dividend forecast for the fiscal year ending March 31, 2025 has not yet been determined.
3. Breakdown of the year-end dividends for the fiscal year ended March 31, 2024:
ordinary dividend: 5.00 yen; commemorative dividend: 5.00 yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	4,200	16.6	1,260	21.4	1,260	21.6	882	25.3	32.74

Note: Revision to the financial results forecast announced most recently: None

* Notes:

- (1) Significant changes in the scope of consolidation during the period: None
Newly included: – (), Excluded: – ()
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements:
None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: None
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None
- (4) Total number of issued and outstanding shares (common shares)
1) Total number of issued and outstanding shares at the end of the period (including treasury shares):
September 30, 2024: 27,123,000 shares
March 31, 2024: 27,003,000 shares
- 2) Total number of treasury shares at the end of the period:
September 30, 2024: 164,542 shares
March 31, 2024: 198,733 shares
- 3) Average number of shares during the period:
Six months ended September 30, 2024: 26,909,627 shares
Six months ended September 30, 2023: 26,693,210 shares

** Semi-annual financial results reports are exempt from interim audit conducted by certified public accountants or an audit firm.*

** Explanation of the proper use of financial results forecast and other notes*

The financial results forecast and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable, and are not intended as the Company's guarantee to achieve them. Actual results may differ significantly due to various factors. For conditions underlying the results forecast and matters of note on the use of the results forecast and other material, please see "1. Qualitative Information on Semi-annual Financial Results (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 3 of Attachments.

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1. Qualitative Information on Semi-annual Financial Results

(1) Explanation of Operating Results

During the six months ended September 30, 2024, the Japanese economy remained on a moderate recovery trend. However, the outlook still remains unpredictable due to the impact of rises in commodity prices and geopolitical risks, among others.

In such a business environment, Synchro Food Co., Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) embraced its vision of “Spreading happiness generated from various eating and drinking experiences throughout Japan and all over the world,” and promoted its businesses under the two management objectives, “Fulfill the new Medium-Term Management Plan” and “Continue efforts toward dynamic growth.”

As a result of the above, the Group’s financial results for the six months ended September 30, 2024 were net sales of 1,967,169 thousand yen (up 13.0% year on year), operating profit of 585,959 thousand yen (up 24.4% year on year), ordinary profit of 586,352 thousand yen (up 24.7% year on year), and profit attributable to owners of parent of 394,378 thousand yen (up 22.5% year on year).

Net sales by service category comprises 1,527,753 thousand yen in Service in Stage 3 (operating) (up 6.7 % year on year), 301,812 thousand yen (up 48.0% year on year) in Service in Stages 1, 2, 4 (preparation, opening and closing business), and 137,603 thousand yen (up 31.2 % year on year) in Other.

During the six months ended September 30, 2024, tentative accounting related to business combination was finalized. For comparisons and analyses with the previous fiscal year, revised figures that reflect the finalization of tentative accounting have been used.

Status by segment is as follows.

[Media Platform business]

The Media Platform business comprises services offered to restaurant operators through Inshokuten.com as well as services offered to related business operators including real estate agents and food suppliers who offer their services via Inshokuten.com.

As of September 30, 2024, the number of registered Inshokuten.com members was 306,053 (up 10.0% year on year), showing steady growth, helped by a steady trend in store opening, refurbishment, changes in business format, and other activities.

In addition, the number of real estate agents, interior furnishing service providers and related business operators who provide services via Inshokuten.com, increased steadily to 5,057 companies (up 2.8% year on year) (Note).

As a result of the above, net sales in the Media Platform business were 1,789,022 thousand yen (up 7.9 % year on year), and segment profit was 524,696 thousand yen (up 8.7 % year on year).

[M&A Services business]

This business comprises M&A-related services such as business transfers and share transfers, and support services to facilitate fully-furnished asset transfers, where the business can be transferred without removing the furnishings of the former restaurant operator.

The numbers of inquiries on assets sale both for M&A and fully-furnished asset transfers remained high. Net sales grew though the progress in closing deals varied depending on the size of the deals.

As a result of the above, net sales in the M&A Services business were 178,153 thousand yen (up 113.1% year on year), and segment profit was 53,302 thousand yen (segment loss of 12,244 thousand yen in the same period of the previous year).

Note: This is the number of operators registered as real estate agents, interior furnishing service providers, and food suppliers as of September 30, 2024. (Excluding the interior furnishing service providers registered with Naisoh-kenchiku.com)

(2) Explanation of Financial Position

(i) Financial position

(Assets)

Current assets at the end of the six months ended September 30, 2024 increased by 273,217 thousand yen from the end of the previous fiscal year to 4,684,400 thousand yen. The increase was mainly attributable to a rise in cash and deposits (an increase of 225,552 thousand yen from the end of the previous fiscal year) as a result of an increase in sales. Non-current assets decreased by 56,726 thousand yen from the end of the previous fiscal year to 602,027 thousand yen. As a result of the above, total assets amounted to 5,286,427 thousand yen (an increase of 216,490 thousand yen from the end of the previous fiscal year).

(Liabilities)

Current liabilities at the end of the six months ended September 30, 2024 increased by 19,254 thousand yen from the end of the previous fiscal year to 765,883 thousand yen. The main increasing factor was an increase in accrued consumption taxes (an increase of 46,056 thousand yen from the end of the previous fiscal year). The main decreasing factor was a decrease in accounts payable - other (a decrease of 34,844 thousand yen from the end of the previous fiscal year). Non-current liabilities increased by 15 thousand yen from the end of the previous fiscal year to 31,974 thousand yen. As a result of the above, total liabilities amounted to 797,857 thousand yen (an increase of 19,269 thousand yen from the end of the previous fiscal year).

(Net assets)

Net assets at the end of the six months ended September 30, 2024 increased by 197,220 thousand yen from the end of the previous fiscal year to 4,488,569 thousand yen. The increase was mainly attributable to an increase in retained earnings (an increase of 126,335 thousand yen from the end of the previous fiscal year) as a result of the reporting of profit attributable to owners of parent.

(ii) Cash flows

The balance of cash and cash equivalents (“net cash”) at the end of the six months ended September 30, 2024 was 4,369,787 thousand yen, an increase of 225,551 thousand yen from the end of the previous fiscal year. The status of cash flows in the six months ended September 30, 2024 and their underlying factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 412,698 thousand yen (241,788 thousand yen provided in the same period of the previous fiscal year). This was mainly attributable to the reporting of profit before income taxes of 586,438 thousand yen and income taxes paid of 200,381 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities was 1,249 thousand yen (285,593 thousand yen used in the same period of the previous fiscal year). This was mainly attributable to purchase of property, plant and equipment of 1,250 thousand yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 185,897 thousand yen (no net cash provided by or used in the same period of the previous fiscal year). This was mainly attributable to dividends paid of 239,417 thousand yen.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

As for the financial results forecast, there is no change from the financial results forecast announced on May 12, 2023 in FY2022 Financial Results Briefing Materials at the moment.

2. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	4,194,297	4,419,850
Accounts receivable - trade	171,524	165,155
Inventories	–	*1 13,622
Prepaid expenses	39,842	69,107
Income taxes refund receivable	1,932	–
Other	11,858	24,745
Allowance for doubtful accounts	(8,272)	(8,080)
Total current assets	4,411,183	4,684,400
Non-current assets		
Property, plant and equipment		
Buildings, net	54,832	51,075
Tools, furniture and fixtures, net	13,119	12,934
Total property, plant and equipment	67,951	64,010
Intangible assets		
Goodwill	215,618	194,740
Customer-related intangible assets	103,197	93,527
Software	22,655	18,527
Total intangible assets	341,470	306,795
Investments and other assets		
Investment securities	15,141	14,273
Investments in capital	300	300
Leasehold and guarantee deposits	106,470	106,470
Deferred tax assets	115,881	106,358
Other	11,538	3,819
Total investments and other assets	249,331	231,221
Total non-current assets	658,753	602,027
Total assets	5,069,936	5,286,427

(Thousand yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	28,324	15,417
Accounts payable - other	82,060	47,215
Accrued expenses	59,578	51,607
Income taxes payable	216,811	197,887
Accrued consumption taxes	32,051	78,108
Contract liabilities	309,349	332,944
Deposits received	18,453	42,059
Other	–	643
Total current liabilities	746,629	765,883
Non-current liabilities		
Asset retirement obligations	31,958	31,974
Total non-current liabilities	31,958	31,974
Total liabilities	778,587	797,857
Net assets		
Shareholders' equity		
Share capital	535,051	562,011
Capital surplus	523,665	550,078
Retained earnings	3,338,996	3,465,332
Treasury shares	(108,230)	(89,630)
Total shareholders' equity	4,289,482	4,487,791
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,379	777
Total accumulated other comprehensive income	1,379	777
Share acquisition rights	486	–
Total net assets	4,291,348	4,488,569
Total liabilities and net assets	5,069,936	5,286,427

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statements of Income

(Thousand yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	1,741,042	1,967,169
Cost of sales	288,830	317,228
Gross profit	1,452,211	1,649,940
Selling, general and administrative expenses	*1 981,066	*1 1,063,981
Operating profit	471,145	585,959
Non-operating income		
Interest income	19	351
Dividend income	6	6
Settlement income	–	1,500
Other	–	35
Total non-operating income	25	1,892
Non-operating expenses		
Settlement payments	900	1,500
Foreign exchange losses	201	–
Total non-operating expenses	1,101	1,500
Ordinary profit	470,069	586,352
Extraordinary income		
Gain on reversal of share acquisition rights	–	86
Total extraordinary income	–	86
Profit before income taxes	470,069	586,438
Income taxes - current	141,785	182,271
Income taxes - deferred	6,289	9,788
Total income taxes	148,075	192,059
Profit	321,994	394,378
Profit attributable to owners of parent	321,994	394,378

Semi-annual Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	321,994	394,378
Other comprehensive income		
Valuation difference on available-for-sale securities	1,253	(602)
Total other comprehensive income	1,253	(602)
Comprehensive income	323,247	393,776
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	323,247	393,776
Comprehensive income attributable to non-controlling interests	—	—

(3) Semi-annual Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	470,069	586,438
Depreciation	2,954	9,319
Amortization of goodwill	14,993	20,878
Amortization of customer-related assets	6,898	9,669
Share-based payment expenses	9,136	2,256
Increase (decrease) in allowance for doubtful accounts	703	(191)
Interest and dividend income	(25)	(357)
Settlement income	–	(1,500)
Foreign exchange losses (gains)	201	–
Settlement payments	900	1,500
Decrease (increase) in trade receivables	(8,629)	6,369
Decrease (increase) in inventories	–	(19,617)
Decrease (increase) in prepaid expenses	(13,992)	(13,468)
Decrease (increase) in income taxes receivable	–	1,932
Increase (decrease) in trade payables	(16,756)	(12,906)
Increase (decrease) in contract liabilities	36,286	23,594
Increase (decrease) in accounts payable - other	(8,731)	(35,259)
Increase (decrease) in accrued expenses	2,782	(7,971)
Increase (decrease) in accrued consumption taxes	(69,825)	46,056
Other, net	(5,909)	(4,018)
Subtotal	421,054	612,722
Interest and dividends received	25	357
Settlement received	–	1,500
Settlement paid	(900)	(1,500)
Income taxes paid	(178,391)	(200,381)
Net cash provided by (used in) operating activities	241,788	412,698
Cash flows from investing activities		
Payments into time deposits	(50,062)	(50,062)
Proceeds from withdrawal of time deposits	50,061	50,062
Purchase of property, plant and equipment	(564)	(1,250)
Payments of leasehold and guarantee deposits	(34,963)	–
Payments for acquisition of businesses	(250,064)	–
Net cash provided by (used in) investing activities	(285,593)	(1,249)
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	–	53,520
Dividends paid	–	(239,417)
Net cash provided by (used in) financing activities	–	(185,897)
Net increase (decrease) in cash and cash equivalents	(43,804)	225,551
Cash and cash equivalents at beginning of period	3,883,507	4,144,235
Cash and cash equivalents at end of period	3,839,702	4,369,787

(4) Notes to Semi-annual Consolidated Financial Statements
 (Notes on going concern assumption)
 Not applicable.

(Notes when there are significant changes in amounts of equity)

I For the six months ended September 30, 2023

1. Amount of dividends paid
 Not applicable

2. Dividends whose record date falls in the six months ended September 30, 2023, and whose effective date falls on the last day of the six months ended September 30, 2023.
 Not applicable

3. Significant changes in amounts of equity
 Not applicable

II For the six months ended September 30, 2024

1. Amount of dividends paid

Resolution	Type of shares	Total dividends (Thousand yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
June 25, 2024 Annual General Meeting of Shareholders	Common shares	268,042	10	March 31, 2024	June 26, 2024	Retained earnings

(Note) The dividends per share include a commemorative dividend of 5 yen in commemoration of the 20th anniversary of the Company.

2. Dividends whose record date falls in the six months ended September 30, 2024, and whose effective date falls on the last day of the six months ended September 30, 2024.
 Not applicable

3. Significant changes in amounts of equity
 Not applicable

(Semi-annual consolidated balance sheets)

*1 A breakdown of inventories is as follows:

	As of March 31, 2024	As of September 30, 2024
Merchandise	– thousand yen	4,298 thousand yen
Work in process	– thousand yen	9,324 thousand yen

(Semi-annual consolidated statements of income)

*1 Main expense items and amounts thereof in selling, general and administrative expenses are as follows:

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Salaries and allowances	407,762 thousand yen	489,479 thousand yen
Provision of allowance for doubtful accounts	3,836 thousand yen	6,690 thousand yen

(Semi-annual consolidated statements of cash flows)

*1 Reconciliation between the amounts of cash and cash equivalents as of the end of the six months ended September 30 and the amounts of the item reported in the semi-annual consolidated balance sheet is as follows:

	As of September 30, 2023	As of September 30, 2024
Cash and deposits	3,889,764 thousand yen	4,419,850 thousand yen
Time deposits maturing in more than three months	(50,062) thousand yen	(50,062) thousand yen
Cash and cash equivalents	3,839,702 thousand yen	4,369,787 thousand yen

(Segment information, etc.)

[Segment information]

I For the six months ended September 30, 2023

1. Information on net sales and profit or loss by reportable segment and disaggregation of revenue

	Reportable segment			Adjustment (Note 1)	Amount recorded in the semi- annual consolidated statements of income (Note 2)
	Media platform	M&A services	Total		
Net sales					
Advertising and related services (Note 4)	1,270,089	–	1,270,089	–	1,270,089
Marketing services (Note 5)	32,078	–	32,078	–	32,078
Pay-for-performance services (Note 6)	96,952	73,421	170,373	–	170,373
Other (Note 7)	258,331	10,169	268,501	–	268,501
Revenue from contracts with customers	1,657,451	83,590	1,741,042	–	1,741,042
Net sales to external customers	1,657,451	83,590	1,741,042	–	1,741,042
Inter-segment sales or transfers	–	–	–	–	–
Total	1,657,451	83,590	1,741,042	–	1,741,042
Segment profit (loss)	482,749	(12,244)	470,505	640	471,145
Other items					
Depreciation (Note 3)	9,822	29	9,852	–	9,852
Amortization of goodwill (Note 3)	14,380	612	14,993	–	14,993

- Notes:
1. Adjustment for segment profit or loss refers to the elimination of inter-segment transactions.
 2. The total amount of segment profit or loss is adjusted with operating profit in the semi-annual consolidated statements of income.
 3. Assets are not specifically allocated to reportable segments, but depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill are allocated.
 4. Advertising and related services primarily generate revenue from posting of recruitment ads and store property information, and services that enhance the effects of ads posted.
 5. Marketing services primarily generate revenue from Internet surveys on restaurants, and the distribution of e-mail newsletters to members of Inshokuten.com.
 6. Pay-for-performance services mainly comprise revenue from matching services in Inshokuten.com, revenue from opening fees in the food truck sharing and matching business and M&A Services business in subsidiaries.
 7. Other mainly comprises revenue from e-mail newsletter delivery services to job seekers, and monthly subscription services.

2. Information on impairment loss on non-current assets and goodwill by reportable segment

(Significant change in amount of goodwill)

During the six months ended September 30, 2023, the “Media Platform business” segment acquired business from SHELFY Co., Ltd. The amount of goodwill generated by the acquisition is 172,570 thousand yen.

II For the six months ended September 30, 2024

1. Information on net sales and profit or loss by reportable segment and disaggregation of revenue

(Thousand yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in the semi- annual consolidated statements of income (Note 2)
	Media platform	M&A services	Total		
Net sales					
Advertising and related services (Note 4)	1,372,270	–	1,372,270	–	1,372,270
Marketing services (Note 5)	31,684	–	31,684	–	31,684
Pay-for-performance services (Note 6)	128,521	161,973	290,495	(6)	290,489
Other (Note 7)	256,545	16,179	272,724	–	272,724
Revenue from contracts with customers	1,789,022	178,153	1,967,175	(6)	1,967,169
Net sales to external customers	1,789,022	178,147	1,967,169	–	1,967,169
Inter-segment sales or transfers	–	6	6	(6)	–
Total	1,789,022	178,153	1,967,175	(6)	1,967,169
Segment profit	524,696	53,302	577,999	7,960	585,959
Other items					
Depreciation (Note 3)	18,600	388	18,988	–	18,988
Amortization of goodwill (Note 3)	19,959	918	20,878	–	20,878

- Notes:
1. Adjustment for segment profit refers to the elimination of inter-segment transactions.
 2. The total amount of segment profit is adjusted with operating profit in the semi-annual consolidated statements of income.
 3. Assets are not specifically allocated to reportable segments, but depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill are allocated.
 4. Advertising and related services primarily generate revenue from posting of recruitment ads and store property information, and services that enhance the effects of ads posted.
 5. Marketing services primarily generate revenue from Internet surveys on restaurants, and the distribution of e-mail newsletters to members of Inshokuten.com.
 6. Pay-for-performance services mainly comprise revenue from matching services in Inshokuten.com, revenue from opening fees in the food truck sharing and matching business and M&A Services business in subsidiaries.
 7. Other mainly comprises revenue from e-mail newsletter delivery services to job seekers, and monthly subscription services.

2. Information on impairment loss on non-current assets and goodwill by reportable segment

(Significant change in amount of goodwill)

During the six months ended September 30, 2024, tentative accounting performed in the previous fiscal year related to the acquisition of business from Life Lab Inc. on January 31, 2024 was finalized. Consequently, goodwill decreased in the “Media Platform business” segment.

Details are as presented in “Notes (Business combination, etc.)”

(Business combination, etc.)

(Finalization of tentative accounting related to business combination)

During the six months ended September 30, 2024, tentative accounting performed in the previous fiscal year related to the acquisition of business from Life Lab Inc. on January 31, 2024 was finalized.

As the tentative accounting was finalized, the information provided for comparison in the semi-annual consolidated financial statements for the six months ended September 30, 2024 reflects significant revisions to the initial allocation of acquisition costs.

As a result, customer-related intangible assets of 35,600 thousand yen and deferred tax liabilities of 10,900 thousand yen were newly recognized. The customer-related intangible assets are being amortized on a straight-line method over six to seven years. The tentatively calculated amount of goodwill was 91,644 thousand yen, and as a result of the finalization of the accounting, the amount of goodwill was reduced by 24,699 thousand

yen to 66,944 thousand yen. There is no change in the amortization period for the goodwill.

In addition, goodwill as of March 31, 2024 decreased by 23,670 thousand yen, customer-related intangible assets increased by 34,214 thousand yen, and deferred tax liabilities increased by 11,325 thousand yen.

(Revenue recognition)

Disaggregation of revenue from contracts with customers is as presented in “Notes (Segment information, etc.)”