

UNOFFICIAL TRANSLATION

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Summary of Consolidated Financial Results for the Fiscal Year ended September 30, 2024 (Japanese Accounting Standards)

November 7, 2024

Listed Company Name: MTI Ltd.

Listing Exchanges: Tokyo Stock Exchange

Securities Code: 9438

URL: <https://ir.mti.co.jp/eng/>

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Scheduled date of annual meeting of shareholders: December 21, 2024

Scheduled date to submit the Securities Report (Yuka Shoken Houkokusho): December 23, 2024

Scheduled date of dividend payment: December 23, 2024

Supplementary documents for financial results: Yes

Financial results briefing: Yes (for securities analysts and institutional investors (On-demand))

(Figures less than one millions of yen are omitted)

1. Consolidated financial results for the year ended September 30, 2024

(October 1, 2023 – September 30, 2024)

(1) Consolidated operating results

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the year ended September 30, 2024	27,669	3.2	2,394	702.3	2,827	516.7	2,363	213.8
For the year ended September 30, 2023	26,798	1.2	298	(65.7)	458	(5.7)	753	—

(Note) Comprehensive income: Year ended September 30, 2024: 2,467 million yen, (216.8%)

Year months ended September 30, 2023: 778 million yen, (–%)

	Net income per share	Net income per share/diluted	Return on Equity	Return on Assets	Net income
	Yen	Yen	%	%	%
For the year ended September 30, 2024	43.05	43.02	16.1	9.6	8.7
For the year ended September 30, 2023	13.73	—	5.4	1.6	1.1

(Reference) Equity in earnings (losses) of affiliates: Year ended September 30 2024: 534 millions of yen

Year ended September 30 2023: 102 millions of yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended September 30, 2024	29,686	19,144	52.0	280.50
Year ended September 30, 2023	29,155	17,583	47.9	254.36

(Reference) Shareholders' equity: Year ended September 30, 2024: 15,446 millions of yen

Year ended September 30, 2023: 13,953 millions of yen

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalent
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the year ended September 30, 2024	4,131	(1,368)	(1,637)	14,828
For the year ended September 30, 2023	4,764	(1,349)	(1,784)	13,720

2. Dividends

	Dividend per share					Amount of dividends paid (Total)	Dividend ratio (Consolidated)	Dividends on equity (Consolidated)
	End of first quarter	End of second period	End of third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen		%	%
For the year ended September 30, 2023	—	8.00	—	8.00	16.00	880	116.5	6.3
For the year ended September 30, 2024	—	8.00	—	9.00	17.00	938	39.5	6.4
For the year ending September 30, 2025 (forecast)	—	9.00	—	9.00	18.00		—	

3. Forecast for consolidated financial results for the fiscal year ending September 30, 2025
(October 1, 2024 – September 30, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
For the first half	14,000	3.6	1,250 ~1,450	18.8 ~37.8	1,300 ~1,500	(14.4) ~(1.2)	660 ~800	(57.7) ~(48.7)	11.99 ~14.53
Full year	28,500	3.0	2,800 ~3,200	16.9 ~33.7	2,900 ~3,300	2.6 ~16.7	1,460 ~1,740	(38.2) ~(26.4)	26.51 ~31.60

* Notes

(1) Important changes of subsidiaries during the term (changes in specified subsidiaries resulting in change in scope of consolidation): Not applicable

New: –

Exception: –

(2) Changes in accounting policies and changes or restatement of accounting estimates

- | | |
|---|----------------|
| (i) Changes in accounting policies due to the modification in accounting methods: | Not applicable |
| (ii) Changes in accounting policies other than (i): | Not applicable |
| (iii) Changes in accounting estimates: | Not applicable |
| (iv) Restatement: | Not applicable |

(3) Number of outstanding shares (common shares)

(i) Number of outstanding shares at the end of period (including treasury shares):

9/24: 61,429,600 shares 9/23: 61,264,600 shares

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

9/24: 6,361,273 shares 9/23: 6,405,973 shares

(iii) Average number of shares during the period

9/24: 54,913,627 shares 9/22: 54,839,609 shares

(Reference) Summary of financial results

1. Nonconsolidated financial results for the year ended September 30, 2024

(From October 1, 2023 - September 30, 2024)

(1) Nonconsolidated operating results

(Percentages are shown as year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the year ended September 30, 2024	22,028	6.1	2,348	59.0	2,892	279.8	1,867	(22.4)
For the year ended September 30, 2023	20,763	(3.2)	1,477	(48.7)	761	(40.9)	2,404	–

	Net income per share	Fully diluted net income per share
	Yen	Yen
For the year ended September 30, 2024	33.88	33.85
For the year ended September 30, 2023	43.69	–

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
For the year ended September 30, 2024	27,377	18,539	67.6	335.04
For the year ended September 30, 2023	26,817	16,549	61.5	299.51

(Reference) Shareholders' equity

As of September 30, 2024: 18,516 millions of yen As of September 30, 2023: 16,490 millions of yen

* Status of review

Financial results is out of audit.

* Cautionary statement with respect to forward-looking statements

The forward-looking statements included in this material are based on the Company's judgments, assumptions, and convictions based on information available to the Company at the time of publication of this document and may differ materially from actual results for a range of factors, including conditions of Japanese and overseas economies, changes in the situation of operations in Japan and overseas, and uncertainties and potential risks inherent in forward-looking statements. The risks and uncertainties include unforeseeable effects of future events. For the assumptions underlying the forecasts and other notice on the use of earnings forecasts, please refer to "(4) Future outlook" on page 4 in the accompanying material.

While the Company planned to hold an online briefing on earnings chiefly for securities analysts and institutional investors on Friday, November 8, 2024, for original Japanese.

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1. Overview of operating results

(1) Overview of operating results for the current fiscal year

The Group has been actively engaged in the healthcare business and the school DX business, both of which are expected to expand in the future, in order to enhance its corporate value over the medium to long term.

Consolidated net sales were ¥27,669 million (up 3.2% year on year). The decrease due to the impact of spot video sales Video Market Co., Ltd., a consolidated subsidiary, accounted in the same period of the previous fiscal year, was offset by sales growth in the healthcare business and the DX support business for corporate customers, resulting in a slight increase.

Gross profit increased to ¥20,404 million (up 11.1% year on year), reflecting a significant reduction in the cost of sales due to the absence of non-recurring purchases of videos posted at Video Market Corporation in the previous fiscal year and a decrease in loss-making DX support projects for corporate customers.

Operating income also increased significantly to ¥2,394 million (up 702.3% year on year). This increase was due to the growth in gross profit and a reduction in selling, general, and administrative expenses, primarily resulting from a decrease in personnel and outsourcing expenses, despite an increase in advertising expenses.

Ordinary income increased significantly to ¥2,827 million (up 516.7% year on year) due to the rise in operating income and a share of profit of entities accounted for using equity method of ¥534 million (a profit of ¥102 million in the previous fiscal year), which was mainly due to extraordinary income posted at Shobunsha Holdings, Inc., an equity-method affiliate.

Profit attributable to owners of parent amounted to ¥2,363 million (up 213.8% year on year), covering the rise in corporate taxes and other expenses through the growth in ordinary profit.

Consolidated operating results

(Period from October 1, 2023 to September 30, 2024)

	Fiscal year ended September 30, 2024	Fiscal year ended September 30, 2023	Change	
			Amount	Percentage
	Millions of yen	Millions of yen	Millions of yen	%
Net sales	27,669	26,798	+870	+3.2
Cost of sales	7,264	8,425	(1,161)	(13.8)
Gross profit	20,404	18,373	+2,031	+11.1
SG&A	18,010	18,074	(64)	(0.4)
Operating income	2,394	298	+2,095	+702.3
Ordinary income	2,827	458	+2,368	+516.7
Profit attributable to Owners of parent	2,363	753	+1,610	+213.8

Breakdown of SG&A

(Period from October 1, 2023 to September 30, 2024)

	Fiscal year ended September 30, 2024	Fiscal year ended September 30, 2023	Change	
			Amount	Percentage
	Millions of yen	Millions of yen	Millions of yen	%
Total	18,010	18,074	(64)	(0.4)
Advertising expenses	2,800	2,136	+664	+31.1
Personnel expenses	7,276	7,714	(437)	(5.7)
Commission fee	2,871	2,954	(83)	(2.8)
Subcontract expenses	1,738	1,965	(227)	(11.6)
Depreciation	1,359	1,265	+94	+7.4
Other	1,964	2,038	(74)	(3.6)

Operating results by segment are as follows.

① Content business

The content business includes B2C monthly billing services (excluding the “Luna-Luna” healthcare service for women and the “CARADA medica” health Q&A service in cooperation with healthcare professionals) and the B2B original comic distribution business that offers original comic content to comic distributors.

The number of monthly paid subscribers for this business was 3.07 million (down 50,000 from the end of September 2023). The number of subscribers was nearly level, reflecting an increase in the number of paying subscribers to the “AdGuard” security-related app.

Net sales totaled ¥16,934 million (down 6.5% year-on-year) due to the absence of non-recurring sales of videos posted at Video Market Corporation, a consolidated subsidiary, in the previous fiscal year.

Operating income was ¥4,320 million (down 17.3% year-on-year) due to an increase in SG&A expenses resulting from a rise in advertising expenses to promote “AdGuard” membership.

② Healthcare business

The healthcare business includes B2C monthly billing services under the “Luna-Luna” and “CARADA medica” brands and B2B and B2B2C healthcare services for medical institutions and local governments, such as the cloud drug record service, the maternal health record book app and the childcare DX service.

The number of monthly paid subscribers for this business is now 510,000 (down 40,000 from the end of September 2023). On the other hand, the number of pharmacies offering the cloud drug record service reached 2,528 at the end of September 2024 (up 735 from the end of September 2023). This growth was driven by significant efforts to expand the number of pharmacies implementing the service, resulting in a record-high quarterly increase in the third and fourth quarters, reflecting the continued strong interest in introducing cloud drug record.

Net sales increased to ¥5,481 million (up 18.7% year on year), driven by growth in sales from the cloud drug record service and childcare DX service, among other factors. Operating profit turned positive, reaching ¥352 million (compared to an operating loss of ¥224 million in the previous fiscal year), resulting in a significant increase in profit.

③ School DX business

The school DX business includes school DX business developed for educational institutions by the consolidated subsidiary Motivation Works Inc.

Net sales reached ¥1,233 million (up 44.8% year on year) due to an increase in monthly usage fees from educational institutions that have introduced the “BLEND” cloud-based school business support system. “BLEND” has been used by 775 educational institutions (cumulative) since April 2024 (234 institutions more than a year ago). Operating loss significantly narrowed to 90 million yen (loss of ¥668 million in the previous fiscal year) as a result of substantial sales growth and reduced outsourcing expenses from the cost-control effects on development expenses, leading to a positive trend from the third quarter onward.

④ Other business

Other business includes the B2B AI business operated by Automagi Inc., a consolidated subsidiary, and the corporate DX support business and solution business.

Net sales reached 5,813 million yen (up 20.5% year on year) due to a substantial increase in orders for corporate DX support services. Operating profit turned positive, reaching 327 million yen (loss of 1,398 million yen in the previous fiscal year), showing significant profit growth. This improvement was driven by a reduction in the cost of sales, mainly due to the resolution of loss-making projects in the corporate DX support business.

(2) Overview of financial position for the current fiscal year

As of the end of the fiscal year under review, total assets increased ¥531 million from the end of September 2023, to ¥29,686 million.

Current assets increased ¥1,212 million mainly due to an increase in cash and deposits. Non-current assets declined ¥681 million chiefly due to a decrease in goodwill, customer-related assets, and deferred tax assets.

Current liabilities decreased ¥379 million, mainly due to a reduction in accrued corporate taxes. Non-current liabilities decreased ¥650 million chiefly due to a decline in long-term borrowings.

Net assets increased ¥1,560 million, mainly reflecting the posting of ¥2,363 million as profit attributable to owners of parent although dividends paid.

(3) Overview of cash flow position for the current fiscal year

As of the end of the fiscal year under review, cash and cash equivalents amounted to ¥14,828 million, an increase of ¥1,107 million from September 30, 2023. Cash flow by activity and principal factors in the fiscal year under review were as follows.

Net cash provided by operating activities stood at ¥4,131 million (inflow of ¥4,767 million in the previous fiscal year), reflecting primarily profit before income taxes posted and reception of depreciation.

Net cash used in investing activities stood at ¥1,368 million (outflow of ¥1,369 million in the previous fiscal year). Principal factors included the acquisition of intangible assets (mainly purchase of software).

Net cash used in financing activities amounted to ¥1,637 million (outflow of ¥1,784 million in the previous fiscal year), which was attributable principally to repayment of long-term borrowings and dividends paid.

(4) Future outlook

The Company will focus on expanding sales and profits in the healthcare business and school DX business, which are expected to drive future growth. Additionally, in the content business, we will work to maintain profitability by increasing the number of paid subscribers for the security-related app "AdGuard" and expanding our original comics business.

The consolidated earnings forecast for the fiscal year ending September 2025 incorporates the reduction in amortization expenses due to the completion of amortization for goodwill and customer-related assets of the music distribution business acquired on December 1, 2019.

The healthcare business, which we have been engaged in over the medium- and long-term, has great future growth potential, more than that of the B2C type. This business may move toward a more stable stock-type business through the establishment of long-term business relationships with customers. Therefore, we will commit to implementing a variety of measures to achieve sales growth.

Regarding the cloud drug record, interest from dispensing pharmacies remains strong, contributing to sustainable sales and profit growth for this business. We aim to further expand the number of adopting stores by strengthening our collaboration with our partner, Medipal Holdings Corporation. Additionally, we will promote the expanded sales of our AI-powered drug record input support service, which utilizes ChatGPT and has seen high demand due to its contribution to improving pharmacists' work efficiency. Through these initiatives, we will work to increase the number of adopting stores and further enhance profitability.

Regarding our childcare DX initiatives, amidst the government's promotion of digitalizing maternal and child health information, we will work to expand the adoption of the maternal and child health app "Boshimo" among municipalities. Our strategy includes vigorously promoting the expansion of our childcare DX services, particularly in municipalities that have already implemented "Boshimo." Furthermore, we aim to advance our "Boshimo" platform strategy by facilitating digital collaboration among municipalities, hospitals, and residents. Through these efforts, we intend to establish this business as one of our core, profit-contributing segments over the medium to long term.

Regarding the school DX business, amid government-led initiatives to promote school DX across prefectures, we see this as a growth opportunity and aim to achieve sustainable growth through proactive expansion. Demand for orders of our cloud-based school administration support system, "BLEND," remains strong. Previously, our efforts were focused on private schools, but in August 2024, we signed a contract with the Yamanashi Prefectural Board of Education to implement the system in public high schools. This marks a shift in focus toward public schools as well, where we will work to drive further sales and profit growth.

[Assumptions for forecast values]

The impact of undetermined new businesses and low-probability mergers and acquisitions in the Group are not taken into account and are not incorporated in the forecast figures. The Company will promptly disclose any deviation between forecasts and results that should be disclosed.

Earnings forecast for the six months of the fiscal year ending September 30, 2025 (Period from October 1, 2024 to March 31, 2025)

Consolidated	(Millions of yen)	YoY(%)
Net sales	14,000	+3.6
Operating profit	1,250 ~ 1,450	+18.8 ~ +37.8
Ordinary profit	1,300 ~ 1,500	(14.4) ~ (1.2)
Profit attributable to owners of parent	660 ~ 800	(57.7) ~ (48.7)

Earnings forecast for the fiscal year ending September 30, 2025
(Period from October 1, 2024 to September 30, 2025)

Consolidated	(Millions of yen)	YoY(%)
Net sales	28,500	+3.0
Operating profit	2,800 ~ 3,200	+16.9 ~ +33.7
Ordinary profit	2,900 ~ 3,300	+2.6 ~ +16.7
Profit attributable to owners of parent	1,460 ~ 1,740	(38.2) ~ (26.4)

2. Basic policy for the selection of accounting standards

The Group intends to compile its consolidated financial statements based on the Japanese accounting standard for the time being, considering the possibility of comparing the terms of financial statements and performances between companies.

It will adopt the International Financial Reporting Standards (IFRS), factoring in the situations in Japan and abroad.

3. Consolidated financial statements and important notes

(1) Consolidated balance sheet

(Unit: thousands of yen)

	Previous fiscal year (As of September 30, 2023)	Current fiscal year (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	13,720,915	14,828,744
Notes and accounts receivable - trade, and contract assets	4,197,136	4,183,929
Advance payments-trade	214,194	256,743
Prepaid expenses	414,268	446,709
Accounts receivable-other	131,853	139,531
Income taxes receivable	10,630	141,435
Other	285,346	186,631
Allowance for doubtful accounts	(33,941)	(31,173)
Total current assets	18,940,404	20,152,552
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	328,982	320,518
Accumulated depreciation	(243,495)	(249,532)
Facilities attached to buildings, net	85,487	70,986
Vehicles	478	200
Accumulated depreciation	(333)	(152)
Vehicles, net	144	48
Tools, furniture, and fixtures	625,599	660,825
Accumulated depreciation	(497,520)	(528,772)
Tools, furniture and fixtures, net	128,079	132,053
Total property, plant and equipment	213,711	203,088
Intangible assets		
Software	1,894,135	1,929,051
Goodwill	240,012	27,139
Customer-related assets	491,400	70,200
Other	230,614	249,419
Total intangible assets	2,856,162	2,275,810
Investments and other assets		
Investment securities	4,081,380	4,466,864
Lease and guarantee deposits	305,268	293,206
Deferred tax assets	2,658,854	2,248,082
Other	110,361	57,550
Allowance for doubtful accounts	(10,704)	(10,704)
Total investments and other assets	7,145,160	7,054,998
Total non-current assets	10,215,035	9,533,897
Total assets	29,155,439	29,686,449

(Unit: thousands of yen)

	Previous fiscal year (As of September 30, 2023)	Current fiscal year (As of September 30, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	1,023,077	1,100,083
Current portion of long-term loans payable	747,600	737,500
Accounts payable-other	1,279,759	1,331,851
Accrued expenses	502,655	620,321
Income taxes payable	637,619	94,542
Accrued consumption taxes	316,185	191,089
Contract liabilities	2,567,914	2,667,056
Provision for directors' bonuses	28,862	40,852
Other	227,086	168,220
Total current liabilities	7,330,762	6,951,519
Non-current liabilities		
Long-term loans payable	2,431,250	1,693,750
Net defined benefit liability	1,786,153	1,828,998
Other	23,449	67,411
Total non-current liabilities	4,240,853	3,590,159
Total liabilities	11,571,615	10,541,679
Net assets		
Shareholders' equity		
Capital stock	5,232,677	5,310,108
Capital surplus	6,485,816	6,376,663
Retained earnings	5,143,458	6,626,029
Treasury shares	(3,230,813)	(3,207,144)
Total shareholders' equity	13,631,139	15,105,656
Accumulated other comprehensive income		
Valuation difference of other securities	165,132	136,358
Foreign currency translation adjustment	97,848	80,126
Remeasurements of defined benefit plans	59,594	124,327
Total accumulated other comprehensive income	322,575	340,813
Subscription rights to shares	59,147	22,732
Non-controlling interests	3,570,962	3,675,568
Total net assets	17,583,824	19,144,770
Total liabilities and net assets	29,155,439	29,686,449

(2) Consolidated statement of income and consolidated comprehensive income

Consolidated statement of income

(Unit: thousands of yen)

	Previous fiscal year (From October 1, 2022 to September 30, 2023)	Current fiscal year (From October 1, 2023 to September 30, 2024)
Net sales	26,798,991	27,669,161
Cost of sales	8,425,737	7,264,252
Gross profits	18,373,254	20,404,908
Selling, general and administrative expenses	18,074,827	18,010,690
Operating income	298,426	2,394,217
Non-operating income		
Interest income	104	376
Dividend income	3,961	3,729
Foreign exchange gains	38,170	—
Share of profit of entities accounted for using equity method	102,204	534,915
Compensation income	34,759	—
Other	29,395	12,905
Total non-operating income	208,596	551,927
Non-operating expenses		
Interest expenses	11,489	11,289
Foreign exchange losses	—	43,322
Other investment loss	—	48,395
Consumption tax difference	22,562	2,558
Commission expenses	7,903	—
Other	6,615	13,362
Total non-operating expenses	48,571	118,927
Ordinary income	458,451	2,827,217
Extraordinary income		
Gain on sale of non-current assets	501	406
Gain on sales of investment securities	14	—
Gain on sale of shares of subsidiaries and associates	19,904	—
Gain on change in equity	237,588	—
Gain on reversal of share acquisition rights	51,424	17,129
Consumption taxes refund	873,339	889,323
Gain on sale of businesses	—	15,000
Total extraordinary income	1,182,773	921,858
Extraordinary losses		
Loss on retirement of non-current assets	25,691	11,303
Impairment loss	347,842	261,269
Loss on sale of investment securities	13,450	—
Loss on valuation of investment securities	55,689	31,672
Total extraordinary losses	442,673	304,245
Profit before income taxes	1,198,550	3,444,831
Income taxes – current	947,796	612,678
Income taxes-deferred	(316,777)	382,480
Total income taxes	631,019	995,159
Profit	567,530	2,449,671
Profit (loss) attributable to non-controlling interests	(185,689)	85,751
Profit attributable to owners of parent	753,220	2,363,920

Consolidated statement of comprehensive income

(Unit: thousands of yen)

	Previous fiscal year (From October 1, 2022 to September 30, 2023)	Current fiscal year (From October 1, 2023 to September 30, 2024)
Profit	567,530	2,449,671
Other comprehensive income		
Valuation difference of other securities	5,191	(1,409)
Foreign currency translation adjustment	4,520	(17,868)
Remeasurements of defined benefit plans, net of tax	113,525	64,733
Share of other comprehensive income of entities accounted for using equity method	88,224	(27,216)
Total other comprehensive income	211,461	18,237
Comprehensive income	778,992	778,992
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	964,681	2,382,158
Comprehensive income attributable to non-controlling interests	(185,689)	85,751

(3) Consolidated statement of changes in equity

Previous fiscal year (from October 1, 2022 to September 30, 2023)

(Unit: thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	5,218,512	6,768,841	5,224,287	(3,257,237)	13,954,404
Changes during period					
Issuance of new shares	14,164	14,164			28,328
Dividends of surplus			(880,593)		(880,593)
Profit attributable to owners of parent			753,220		753,220
Cancellation of treasury shares		(26,424)		26,424	—
Increase (decrease) consolidated subsidiaries		(270,765)			(270,765)
Change in scope of equity method			43,092		43,092
Increase (decrease) in retained earnings from exclusion of subsidiaries from consolidation			3,452		3,452
Net changes of items other than shareholders' equity					
Total changes of items during period	14,164	(283,024)	(80,828)	26,424	(323,265)
Balance at end of current period	5,232,677	6,485,816	5,143,458	(3,230,813)	13,631,139

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Cumulative amount of adjustment for retirement benefits	Total other accumulated comprehensive income			
Balance at beginning of current period	75,554	89,490	(53,931)	111,114	110,774	3,701,436	17,877,729
Changes during period							
Issuance of new shares							28,328
Dividends of surplus							(880,593)
Profit attributable to owners of parent							753,220
Cancellation of treasury shares							—
Increase (decrease) consolidated subsidiaries							(270,765)
Change in scope of equity method							43,092
Increase (decrease) in retained earnings from exclusion of subsidiaries from consolidation							3,452
Net changes of items other than shareholders' equity	89,578	8,357	113,525	211,461	(51,627)	(130,473)	29,360
Total changes of items during period	89,578	8,357	113,525	211,461	(51,627)	(130,473)	(293,905)
Balance at end of current period	165,132	97,848	59,594	322,575	59,147	3,570,962	17,583,824

Current fiscal year (from October 1, 2023 to September 30, 2024)

(Unit: thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	5,232,677	6,485,816	5,143,458	(3,230,813)	13,631,139
Changes during period					
Issuance of new shares	77,430	77,430			154,861
Dividends of surplus			(881,349)		(881,349)
Profit attributable to owners of parent			2,363,920		2,363,920
Cancellation of treasury shares		(23,669)		23,669	—
Increase (decrease) consolidated subsidiaries		(162,914)			(162,914)
Change in scope of equity method					—
Increase (decrease) in retained earnings from exclusion of subsidiaries from consolidation					—
Net changes of items other than shareholders' equity					
Total changes of items during period	77,430	(109,153)	1,482,570	23,669	1,474,517
Balance at end of current period	5,310,108	6,376,663	6,626,029	(3,207,144)	15,105,656

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Cumulative amount of adjustment for retirement benefits	Total other accumulated comprehensive income			
Balance at beginning of current period	165,132	97,848	59,594	322,575	59,147	3,570,962	17,583,824
Changes during period							
Issuance of new shares							154,861
Dividends of surplus							(881,349)
Profit attributable to owners of parent							2,363,920
Cancellation of treasury shares							—
Increase (decrease) consolidated subsidiaries							(162,914)
Change in scope of equity method							—
Increase (decrease) in retained earnings from exclusion of subsidiaries from consolidation							—
Net changes of items other than shareholders' equity	(28,773)	(17,721)	64,733	18,237	(36,414)	104,605	86,429
Total changes of items during period	(28,773)	(17,721)	64,733	18,237	(36,414)	104,605	1,560,946
Balance at end of current period	136,358	80,126	124,327	340,813	22,732	3,675,568	19,144,770

(4) Consolidated statement of cash flows

(Unit: thousands of yen)

	Previous fiscal year (From October 1, 2022 to September 30, 2023)	Current fiscal year (From October 1, 2023 to September 30, 2024)
Cash flows from operating activities		
Profit before income taxes	1,198,550	3,444,831
Depreciation	1,428,537	1,531,935
Impairment loss	347,842	261,269
Loss (gain) on sale of businesses	—	(15,000)
Amortization of goodwill	272,543	177,291
Increase (decrease) in allowance for doubtful accounts	119	(2,768)
Increase (decrease) in net defined benefit liability	129,734	146,097
Interest and dividend income	(4,066)	(4,105)
Interest expenses	11,489	11,289
Share of (profit) loss of entities accounted for using equity method	(102,204)	(534,915)
Loss (gain) on change in equity	(237,588)	—
Loss (gain) on sales of non-current assets	(501)	(406)
Loss on retirement of non-current assets	25,691	11,303
Loss (gain) on sales of investment securities	13,435	—
Loss (gain) on valuation of investment securities	55,689	31,672
Loss (gain) on sale of shares of subsidiaries and associates	(19,904)	—
Gain on reversal of share acquisition rights	(51,424)	(17,129)
Decrease (increase) in trade receivables	91,252	9,895
Decrease (increase) in advance payments to suppliers	15,220	(42,567)
Decrease (increase) in prepaid expenses	19,727	(32,645)
Decrease (increase) in accounts receivable-other	(66,940)	(7,678)
Increase (decrease) in trade payables	(44,348)	79,862
Increase (decrease) in accounts payable-other	86,370	51,295
Increase (decrease) in accrued expenses	1,168	120,336
Increase/decrease in consumption taxes payable /consumption taxes refund receivable	1,147,598	(37,018)
Other, net	436,084	255,283
Subtotal	4,754,078	5,438,127
Interest and dividends received	4,066	31,053
Interest paid	(11,489)	(11,289)
Income taxes refund (paid)	17,611	(1,326,559)
Net cash provided by (used in) operating activities	4,764,266	4,131,332

(Unit: thousands of yen)

	Previous fiscal year (From October 1, 2022 to September 30, 2023)	Current fiscal year (From October 1, 2023 to September 30, 2024)
Cash flows from investing activities		
Purchase of property, plant and equipment	(100,132)	(86,675)
Proceeds from sales of property, plant and equipment	281	406
Purchase of intangible assets	(1,062,869)	(1,303,429)
Proceeds from sale of intangible assets	220	—
Proceeds from sale of investment securities	1,519	—
Loss (gain) on sale of businesses	—	15,000
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(226,507)	—
Other, net	38,049	5,722
Net cash provided by (used in) investing activities	(1,349,438)	(1,368,974)
Cash flows from financing activities		
Proceeds from short-term borrowings	90,000	—
Repayments of short-term borrowings	(53,016)	—
Repayments of long-term borrowings	(750,940)	(747,600)
Proceeds from issuance of shares	28,125	135,576
Repayments to non-controlling shareholders	(2,940)	(980)
Cash dividends paid	(880,593)	(881,349)
Dividends paid to non-controlling interests	(2,940)	(980)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(212,500)	(142,100)
Net cash provided by (used in) financing activities	(1,784,804)	(1,637,433)
Effect of exchange rate change on cash and cash equivalents	4,666	(17,094)
Net increase (decrease) in cash and cash equivalents	1,634,689	1,107,828
Cash and cash equivalents at beginning of period	12,097,658	13,720,915
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(11,431)	—
Cash and cash equivalents at end of period	13,720,915	14,828,744