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

May 9, 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 to submit the Quarterly Securities Report (Shihanki Houkokusho): May 15, 2024

Scheduled date of dividend payment: June 14, 2024

Supplementary documents for quarterly results: Yes

Quarterly results briefing: Yes (for securities analysts and institutional investors (on demand))

(Figures less than one millions of yen are omitted)

1. Consolidated business results for the six months ended March 31, 2024

(October 1, 2023 – March 31, 2024)

(1) Consolidated operating results (cumulative total)

(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	%
First half of fiscal year ending September 30, 2024	13,517	(0.8)	1,052	–	1,518	711.3	1,558	–
First half of fiscal year ended September 30, 2023	13,631	5.1	(18)	–	187	(36.1)	(326)	–

(Note) Comprehensive income: Six months ended March 31, 2024: 1,650 millions of yen –%
Six months ended March 31, 2023: (391) millions of yen –%

	Net income per share	Net income per share/diluted
	Yen	Yen
First half of fiscal year ending September 30, 2024	28.41	28.41
First half of fiscal year ended September 30, 2023	(5.95)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2024	29,150	18,680	51.4
As of September 30, 2023	29,155	17,583	47.9

(Reference) Shareholders' equity: As of March 31, 2024: 14,973 millions of yen
As of September 30, 2023: 13,953 millions of yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2023	–	8.00	–	8.00	16.00
Fiscal year ending September 30, 2024	–	8.00			
Fiscal year ending September 30, 2024 (forecast)			–	8.00	16.00

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

3. Forecast for consolidated business results for the fiscal year ending September 30, 2024
(October 1, 2023 – September 30, 2024)

(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
Full year	27,000	0.8	1,800	503.2	2,250	390.8	1,750	132.3	31.99

(Note) Revisions to forecasts for consolidated business results published most recently: No

* Note:

(1) Important changes of subsidiaries during the term

(changes in specified subsidiaries resulting in change in scope of consolidation): Not applicable

New: –

Exception: –

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: Not applicable

(3) 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

(4) Number of outstanding shares (common shares)

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

3/24: 61,269,900 shares

9/23: 61,264,600 shares

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

3/24: 6,358,273 shares

9/23: 6,405,973 shares

(iii) Average number of shares during the period (quarterly consolidated cumulative period)

Six months ended 3/2024: 54,869,083 shares

Six months ended 3/2023: 54,820,844 shares

* Status of a quarterly review

This earnings release is not subject to an 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. The information on consolidated earnings forecasts and other future forecasts on page 4 of the Accompanying Materials describes notes on the assumptions of the earnings forecasts and the use of the earnings forecasts.

A video (Japanese) of the briefing on earnings for the first half for securities analysts and institutional investors will be made available on demand on the Company's website.

Accompanying materials – Contents

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1. Qualitative information on financial results for the current settlement

(1) Explanation on operating results

Overview of the first half ended March 31, 2024 (Period from October 1, 2023 to March 31, 2024)

The Group is 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.

During the first half under review, consolidated net sales stood at ¥13,517 million (down 0.8% year on year), chiefly due to the absence of non-recurring sales of videos posted at Video Market Corporation, a consolidated subsidiary, in the same period of the previous year. The decrease in sales was partially offset by increased sales in the healthcare business and the corporate DX support business.

Gross profit came to ¥9,905 million (up 8.3% 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 year-ago period and a decrease in loss-making DX support projects for corporate customers.

Operating income increased significantly to ¥1,052 million (compared to an operating loss of ¥18 million in the same period of the previous year) due to the increase in gross profit and a reduction in selling, general and administrative (SG&A) expenses mainly resulting from a decrease in personnel expenses and outsourcing expenses.

Ordinary income increased significantly to ¥1,518 million (up 711.3% year on year) due to the rise in operating income and a share of profit of entities accounted for using equity method of ¥510 million (compared to a share of profit of entities accounted for using equity method of ¥174 million in the same period of the previous year), which was attributable to extraordinary income (gain on sale of non-current assets) posted at Shobunsha Holdings, Inc., an equity-method affiliate.

Profit attributable to owners of parent rose significantly to ¥1,558 million (compared to a loss of ¥326 million in the same period of the previous year), chiefly reflecting the increase in ordinary income and a significant year-on-year increase in extraordinary income primarily due to a consumption tax refund.

Consolidated business results

(Period from October 1, 2023 to March 31, 2024)

	First half of the fiscal year ending September 30, 2024	First half of the fiscal year ending September 30, 2023	Change	
			Amount	Percentage
	Millions of yen	Millions of yen	Millions of yen	%
Net sales	13,517	13,631	(113)	(0.8)
Cost of sales	3,612	4,481	(868)	(19.4)
Gross profit	9,905	9,150	+755	+8.3
SG&A	8,852	9,168	(315)	(3.4)
Operating profit (loss)	1,052	(18)	+1,071	—
Ordinary profit	1,518	187	+1,331	+711.3
Profit (loss) attributable to owners of parent	1,558	(326)	+1,884	—

Breakdown of SG&A

(Period from October 1, 2023 to March 31, 2024)

	First half of the fiscal year ending September 30, 2024	First half of the fiscal year ending September 30, 2023	Change	
			Amount	Percentage
	Millions of yen	Millions of yen	Millions of yen	%
Total	8,852	9,168	(315)	(3.4)
Advertising expenses	1,301	1,016	+284	+28.0
Personnel expenses	3,593	3,947	(354)	(9.0)
Commission fee	1,416	1,491	(75)	(5.1)
Subcontract expenses	909	1,059	(150)	(14.2)
Depreciation	652	591	+61	+10.4
Other	980	1,062	(81)	(7.7)

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.

This segment served 3.10 million of paying subscribers. The figure was 30 thousand smaller than at the end of September 2023. The number of paying subscribers was nearly level, reflecting an increase in the number of paying subscribers to the “AdGuard” security-related app.

Net sales totaled ¥8,427 million (down 11.3% year on year) due to the absence of non-recurring sales of videos posted at Video Market Corporation, a consolidated subsidiary, in the same period of the previous year.

Operating income was ¥2,261 million (down 19.1% 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.

This segment served 530 thousand of paying subscribers. The figure was 20 thousand smaller than at the end of September 2023. On the other hand, the number of pharmacies that offer the cloud drug record service came to 2,090 at the end of March 2024 (up 297 from the end of September 2023), as the result of great efforts focused on increasing the number of pharmacies whose motivation to introduce such service is growing.

Net sales came to ¥2,615 million (up 19.1% year on year), given expanded sales of Cloud drug record service and Childcare DX service, etc. Operating income significantly increased to ¥217 million (loss of ¥219 million in the same period of the previous fiscal year) because of increased sales and implemented cost containment measures.

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 increased to ¥521 million (up 68.6% 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 541 educational institutions since April 2023 (201 institutions more than a year ago). The operating loss significantly decreased to ¥161 million (loss of ¥461 million in the same period of the previous fiscal year) due to the significant rise in net sales and a reduction in outsourcing expenses associated with a reduction in development expense.

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 stood at ¥2,756 million (up 14.0% year on year) due to an increase in orders in the AI business and corporate DX support business. The operating loss significantly decreased to ¥31 million (loss of ¥807 million in the same previous fiscal year), primarily reflecting a reduction in cost of sales due to a resolution of deficit project of the corporate DX support business.

(2) Explanation on financial position

① Assets, liabilities and net assets

At the end of the first half under review, total assets decreased ¥5 million from the end of September 2023, to ¥29,150 million.

Current assets decreased ¥145 million mainly due to a fall in cash and deposits. Non-current assets rose ¥140 million chiefly due to an increase in investment securities, which more than offset a decrease in goodwill and customer-related assets.

Current liabilities decreased ¥798 million, mainly reflecting falls in income taxes payable and contract liabilities. Non-current liabilities fell ¥303 million chiefly due to a decline in long-term borrowings.

Net assets increased ¥1,096 million, mainly reflecting the posting of ¥1,558 million as profit attributable to owners of parent although dividends paid.

② Consolidated cash flows

At the end of the first half of the fiscal year under review, cash and cash equivalents were ¥13,426 million, down ¥294 million from the end of September 2023. Cash flow by activity and principal factors in the first half under review are as follows:

Net cash provided by operating activities was ¥1,241 million (inflow of ¥2,105 million for the first half of the previous fiscal year). Principal factors included profit before income taxes.

Net cash used in investing activities resulted in an outflow ¥609 million (outflow of ¥616 million in the same period of the previous fiscal year). Major factors included expenditure for the purchase of intangible assets (mainly software).

Net cash used in financing activities resulted in an outflow ¥928 million (outflow of ¥798 million in the same period of the previous fiscal year). The main factors included payments of dividends and repayments of long-term borrowings.

	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 equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
First half of the fiscal year ending September 30, 2024	1,241	(609)	(928)	13,426
First half of the fiscal year ending September 30, 2023	2,105	(616)	(798)	12,763
For the fiscal year ended September 30, 2023	4,764	(1,349)	(1,784)	13,720

(3) Explanation of future forecast information including consolidated forecast

We will work hard to expand sales and turn a profit in the healthcare business, which is expected to be a driving force for future performance growth. In the content business, it will make every effort to increase the number of paying subscribers by expanding sales of the “AdGuard” security-related app and striving to bolster the original comic distribution business.

Also, we will focus on expanding the school DX business that Motivation Works Inc., a subsidiary of the Company, is actively working to develop. Given the large number of business inquiries related to “BLEND”, the cloud-based school affairs support system provided by Motivation Works, and the number of schools introduced since April 2024 has increased by 234 schools compared to April 2023, reaching a total of 755 schools.

The healthcare business, which we are focusing on the medium- and long-term, has great future growth potential, compared to the B2C type, may move toward a more stable stock-type business through the establishment of long-term business relationships with customers. Therefore, we will committed to implementing a variety of measures to achieve sales growth.

Particularly, the cloud drug record service is in high demand in dispensing pharmacies, and we will increase the number of introducing stores through enhancing cooperation with Medipal Holdings Corporation, our business partner. This is because it can contribute to the sustained growth of sales in the healthcare business.

It will also enhance childcare-related services with a focus on local governments that have introduced the “Boshimo”, a maternal health record book app, and will advance digital cooperation among local governments, hospitals and clinics, and their residents, thereby advancing its “Boshimo” childcare DX platform strategy to enable the healthcare business to make a contribution to profit in the medium term.

[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 fiscal year ending September 30, 2024

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

	(Millions of yen)	YoY(%)
Net sales	27,000	+0.8
Operating income	1,800	+503.2
Ordinary income	2,250	+390.8
Profit attributable to owners of parent	1,750	+132.3

2. Quarterly consolidated financial statement and important notes
(1) Quarterly consolidated balance sheet

(Unit: thousands of yen)

	Previous fiscal year (As of September 30, 2023)	The current first half of the fiscal year (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	13,720,915	13,426,899
Notes and accounts receivable-trade, and contract assets	4,197,136	4,518,781
Other	1,056,294	883,585
Allowance for doubtful accounts	(33,941)	(34,158)
Total current assets	18,940,404	18,795,108
Non-current assets		
Property, plant and equipment	213,711	203,876
Intangible assets		
Software	1,894,135	1,956,812
Goodwill	240,012	105,898
Customer-related assets	491,400	280,800
Other	230,614	258,834
Total intangible assets	2,856,162	2,602,344
Investments and other assets		
Investment securities	4,081,380	4,593,511
Leasehold and guarantee deposits	305,268	297,914
Deferred tax assets	2,658,854	2,599,244
Other	110,361	68,949
Allowance for doubtful accounts	(10,704)	(10,704)
Total investment and other assets	7,145,160	7,548,914
Total non-current assets	10,215,035	10,355,136
Total assets	29,155,439	29,150,244

(Unit: thousands of yen)

	Previous fiscal year (As of September 30, 2023)	The current first half of the fiscal year (As of March 31, 2024)
Liabilities		
Current liabilities		
Account payable-trade	1,023,077	1,018,497
Current portion of long-term borrowings	747,600	740,460
Accounts payable - other	1,279,759	1,406,298
Income taxes payable	637,619	362,921
Contract liabilities	2,567,914	2,137,353
Other	1,074,790	867,106
Total current liabilities	7,330,762	6,532,637
Non-current liabilities		
Long-term borrowings	2,431,250	2,062,500
Retirement benefit liability	1,786,153	1,837,060
Other	23,449	37,509
Total non-current liabilities	4,240,853	3,937,069
Total liabilities	11,571,615	10,469,706
Net assets		
Shareholders' equity		
Share capital	5,232,677	5,249,088
Capital surplus	6,485,816	6,315,644
Retained earnings	5,143,458	6,261,782
Treasury shares	(3,230,813)	(3,207,144)
Total shareholders' equity	13,631,139	14,619,371
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	165,132	197,293
Foreign currency translation adjustment	97,848	100,151
Remeasurements of defined benefit plans	59,594	56,325
Total accumulated other comprehensive income	322,575	353,770
Subscription rights to shares	59,147	57,225
Non-controlling interests	3,570,962	3,650,171
Total net assets	17,583,824	18,680,537
Total liabilities and net assets	29,155,439	29,150,244

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income
Quarterly consolidated statement of income
For the first half

(Unit: thousands of yen)

	For the first half of the previous fiscal year (from October 1, 2022 to March 31, 2023)	For the first half of the current fiscal year (from October 1, 2023 to March 31, 2024)
Net sales	13,631,385	13,517,857
Cost of sales	4,481,114	3,612,580
Gross profit	9,150,271	9,905,277
Selling, general and administrative expenses	9,168,836	8,852,839
Operating profit (loss)	(18,565)	1,052,437
Non-operating income		
Interest income	52	50
Foreign exchange gains	—	11,556
Share of profit of entities accounted for using equity method	174,973	510,833
Compensation income	34,759	—
Other	25,625	9,613
Total non-operating income	235,409	532,054
Non-operating expenses		
Interest expenses	6,135	4,628
Foreign exchange losses	7,734	—
Other investment losses	—	48,395
Commission expenses	7,903	—
Other	7,936	13,266
Total non-operating expenses	29,710	66,290
Ordinary profit	187,134	1,518,201
Extraordinary income		
Gain on sale of non-current assets	—	278
Gain on change in equity	139,531	—
Consumption taxes refund	—	786,107
Total extraordinary income	139,531	786,386
Extraordinary losses		
Loss on retirement of non-current assets	4,105	8,049
Impairment losses	10,546	39,446
Loss on sale of investment securities	13,450	—
Loss on valuation of investment securities	7,148	31,672
Total extraordinary losses	35,251	79,169
Income before income taxes	291,414	2,225,418
Income taxes-current	703,393	545,836
Income taxes-deferred	(10,956)	60,441
Total income taxes	692,436	606,277
Profit (loss)	(401,022)	1,619,140
Profit (loss) attributable to non-controlling interests	(74,862)	60,354
Profit (loss) attributable to owners of parent	(326,160)	1,558,786

Quarterly consolidated statement of comprehensive income
For the first half

(Unit: thousands of yen)

	For the first half of the previous fiscal year (from October 1, 2022 to March 31, 2023)	For the first half of the current fiscal year (from October 1, 2023 to March 31, 2024)
Profit (loss)	(401,022)	1,619,140
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,857)	1,321
Foreign currency translation adjustment	(24,879)	1,964
Remeasurements of defined benefit plans, net of tax	1,348	(3,268)
Share of other comprehensive income of entities accounted for using equity method	35,348	31,177
Total other comprehensive income	9,960	31,194
Comprehensive income	(391,062)	1,650,335
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(316,199)	1,589,981
Comprehensive income attributable to non-controlling interests	(74,862)	60,354

(3) Quarterly consolidated statement of cash flows

	(Unit: thousands of yen)	
	For the first half of the previous fiscal year (from October 1, 2022 to March 31, 2023)	For the first half of the current fiscal year (from October 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Income before income taxes	291,414	2,225,418
Depreciation	672,354	732,111
Impairment loss	10,546	39,446
Amortization of goodwill	136,177	98,532
Increase (decrease) in allowance for doubtful accounts	(1,282)	216
Increase (decrease) in retirement benefit liability	74,142	50,906
Interest and dividend income	(52)	(50)
Interest expenses	6,135	4,628
Share of loss (profit) of entities accounted for using equity method	(174,973)	(510,833)
Loss (gain) on change in equity	(139,531)	—
Loss (gain) on sale of property, plant and equipment	—	(278)
Loss on retirement of non-current assets	4,105	8,049
Loss (gain) on valuation of investment securities	7,148	31,672
Loss (gain) on sale of investment securities	13,450	—
Decrease (increase) in trade receivables	(222,549)	(321,209)
Increase (decrease) in trade payables	48,174	(4,946)
Increase (decrease) in accounts payable - other	(51,997)	123,672
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	1,057,174	(100,597)
Other, net	(74,319)	(333,997)
Subtotal	1,656,119	2,042,742
Interest and dividends received	52	50
Interest paid	(6,135)	(4,628)
Income taxes refund (paid)	455,911	(796,606)
Net cash provided by (used in) operating activities	2,105,948	1,241,557
Cash flows from investing activities		
Purchase of property, plant and equipment	(36,079)	(25,066)
Proceeds from sale of property, plant and equipment	—	278
Purchase of intangible assets	(583,419)	(586,157)
Proceeds from sale of investment securities	1,504	—
Other, net	1,629	1,718
Net cash provided by (used in) investing activities	(616,364)	(609,226)

	(Unit: thousands of yen)	
	For the first half of the previous fiscal year (from October 1, 2022 to March 31, 2023)	For the first half of the current fiscal year (from October 1, 2023 to March 31, 2024)
Cash flows from financing activities		
Proceeds from short-term borrowings	60,000	—
Repayments of short-term borrowings	(50,975)	—
Repayments of long-term borrowings	(375,890)	(375,890)
Proceeds from issuance of shares	27,132	32,149
Proceeds from share issuance to non-controlling shareholders	(2,940)	(980)
Dividends paid	(440,095)	(440,462)
Dividends paid to non-controlling interests	(2,940)	(980)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(12,500)	(142,100)
Net cash provided by (used in) financing activities	(798,208)	(928,263)
Effect of exchange rate change on cash and cash equivalents	(25,385)	1,916
Net increase (decrease) in cash and cash equivalents	665,988	(294,016)
Cash and cash equivalents at beginning of period	12,097,658	13,720,915
Cash and cash equivalents at end of period	12,763,647	13,426,899

4) Notes concerning quarterly consolidated financial statements

(Notes concerning going concern assumption)

Not applicable.

(Notes in the event of significant changes in shareholders' equity)

Not applicable.

(Segment information, etc.)

【Segment information】

I First half of previous fiscal year (period from October 1, 2022 to March 31, 2023)

1. Information on net sales, profit or loss for each reporting segment and revenue breakdown information

(Unit: thousands of yen)

	Reporting segment					Adjustment amount (Note)1	Amount reported on the quarterly consolidated statement of income (Note)2
	Content business	Healthcare business	School DX business	Other business	Total		
Net sales							
Goods or services transferred at a point in time	9,371,278	2,165,938	309,264	1,368,068	13,214,550	—	13,214,550
Goods or services transferred over time	42,424	24,212	—	350,197	416,834	—	416,834
Revenue from contracts with customers	9,413,703	2,190,151	309,264	1,718,266	13,631,385	—	13,631,385
Sales to outside customers	9,413,703	2,190,151	309,264	1,718,266	13,631,385	—	13,631,385
Internal sales between segments or transfers	88,987	5,431	—	698,911	793,330	(793,330)	—
Total	9,502,690	2,195,582	309,264	2,417,178	14,424,715	(793,330)	13,631,385
Segment income (loss)	2,794,644	(219,897)	(461,465)	(807,100)	1,306,180	(1,324,745)	(18,565)

(Note) 1. The segment income (loss) adjustment of ¥(1,324,745) thousand includes the elimination of inter-segment transactions of ¥9,178 thousand and corporate expenses not allocated to each reporting segment of ¥(1,333,924) thousand. Corporate expenses are composed largely of general and administrative expenses not attributed to any reporting segment.

2. The segment income (loss) represents the result of adjustment to operating income (loss) reported on the quarterly consolidated statement of income.

2. Information on impairment loss or goodwill and others on non-current assets for each reporting segment

(Important impairment losses related to fixed assets)

(Unit: thousands of yen)

	Reporting segment					Adjustment amount (Note)1	Amount reported on the quarterly consolidated statement of income (Note)2
	Content business	Healthcare business	School DX business	Other business	Total		
Impairment loss	—	1,992	—	8,554	10,546	—	10,546

II First half of previous fiscal year (period from October 1, 2023 to March 31, 2024)

1. Information on net sales, profit or loss for each reporting segment and revenue breakdown information

(Unit: thousands of yen)

	Reporting segment					Adjustment amount (Note)1	Amount reported on the quarterly consolidated statement of income (Note)2
	Content business	Healthcare business	School DX business	Other business	Total		
Net sales							
Goods or services transferred at a point in time	8,314,600	2,582,798	475,666	1,819,084	13,191,150	—	13,195,150
Goods or services transferred over time	36,363	24,999	45,760	215,583	322,707	—	322,707
Revenue from contracts with customers	8,350,964	2,610,798	521,426	2,034,668	13,517,857	—	13,517,857
Sales to outside customers	8,350,964	2,610,798	521,426	2,034,668	13,517,857	—	13,517,857
Internal sales between segments or transfers	76,492	4,481	—	721,740	802,714	(802,714)	—
Total	8,427,456	2,615,279	521,426	2,756,408	14,320,571	(802,714)	13,517,857
Segment income (loss)	2,261,485	217,397	(161,508)	(31,865)	2,285,508	(1,233,071)	1,052,437

(Note) 1. The segment income (loss) adjustment of ¥(1,233,071) thousand includes the elimination of inter-segment transactions of ¥3,826 thousand and corporate expenses not allocated to each reporting segment of ¥(1,236,897) thousand. Corporate expenses are composed largely of general and administrative expenses not attributed to any reporting segment.

2. The segment income (loss) represents the result of adjustment to operating income (loss) reported on the quarterly consolidated statement of income.

2. Information on impairment loss or goodwill and others on non-current assets for each reporting segment

(Important impairment losses related to fixed assets)

(Unit: thousands of yen)

	Reporting segment					Adjustment amount (Note)1	Amount reported on the quarterly consolidated statement of income (Note)2
	Content business	Healthcare business	School DX business	Other business	Total		
Impairment loss	39,446	—	—	—	—	—	39,446