



Kyoritsu Maintenance Co., Ltd.
(Securities Code: 9616)

**Summary of Consolidated Financial Results for the
Second Quarter (First Half) of the Fiscal Year
Ending March 31, 2025**

[JGAAP]

November 2024

Summary of Consolidated Financial Results for the Second Quarter (First Half) of the Fiscal Year Ending March 31, 2025 [based on Japanese GAAP]

November 8, 2024

Name of listed company Kyoritsu Maintenance Co., Ltd. Listed exchange: Tokyo
Code 9616 URL <https://www.kyoritsugroup.co.jp/>
Representative (Title) President (Name) Koji Nakamura
Contact (Title) Executive Director (Name) Manabu Takaku Tel +81-3-5295-7778
Scheduled filing date of Interim Report: November 12, 2024
Scheduled date of start of dividend payment: December 5, 2024
Supplementary materials for the financial results: Yes
Investor conference for the financial results: Yes (for institutional investors and analysts)

(Rounded down to the nearest million yen)

1. Consolidated financial results for the first six months of the fiscal year ending March 31, 2025 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results

(Percentage figures represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Income (loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
The six months ended September 30, 2024	111,352	12.9	10,618	26.5	11,215	36.6	7,726	64.2
The six months ended September 30, 2023	98,662	18.7	8,396	112.8	8,212	117.2	4,704	105.2

(Note) Comprehensive income: The six months ended September 30, 2024: 7,877 million yen (54.2%)
The six months ended September 30, 2023: 5,109 million yen (101.5%)

	Income (loss) per share	Diluted net income per share
	Yen	Yen
The six months ended September 30, 2024	99.00	84.99
The six months ended September 30, 2023	60.30	51.73

(Note) The Company conducted a two-for-one stock split on common stock effective April 1, 2024. Net income per share and diluted net income per share have been calculated assuming this stock split had taken place at the start of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2024	276,411	93,323	33.8	1,195.35
As of March 31, 2024	270,921	86,604	32.0	1,109.91

(Reference) Shareholders' equity: As of September 30, 2024: 93,323 million yen As of March 31, 2024: 86,604 million yen

(Note) The Company conducted a two-for-one stock split on common stock effective April 1, 2024. Net assets per share have been calculated assuming this stock split had taken place at the start of the previous consolidated fiscal year.

2. Dividends

	Annual dividends				
	Q1 end	Q2 end	Q3 end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	-	16.00	-	33.00	49.00
Year ending March 31, 2025	-	16.00			
Year ending March 31, 2025 (Forecast)			-	16.00	32.00

(Note) Revision from most recently announced dividends forecasts: None

(Note) The Company conducted a two-for-one stock split on common stock effective April 1, 2024. Figures above for the year ended March 31, 2024 indicate actual dividend amounts prior to this stock split. The dividends for the year ending March 31, 2025 reflect the figures after this stock split. If the stock split is not taken into account, the annual dividends for the fiscal year ending March 31, 2025 (forecast) will be 64 yen.

3. Forecasted consolidated results for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Percentage figures represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	226,000	10.7	18,500	10.7	19,000	-10.0	12,500	0.7	160.20

(Note) Revision from most recently announced earnings forecasts: None

(Note) The Company conducted a two-for-one stock split on common stock effective April 1, 2024. Income per share in the Forecast Consolidated Results has been calculated using the number of shares issued and outstanding (not including treasury stock) after this stock split.

*Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Notes on special accounting treatment in the preparation of the interim consolidated financial statements: Yes

(Note) For details, please see “(4) Notes on Interim Consolidated Financial Statements, (Notes on special accounting procedures in the preparation of interim consolidated financial statements)” under “2. Interim Financial Statements and Major Notes” on page 13.

(3) Changes in accounting policies, changes in accounting estimates, and restatements

- | | |
|-----------------------------------------------------------------------------------|------|
| (i) Changes in accounting policies due to revision of accounting standards, etc.: | Yes |
| (ii) Changes in accounting policies other than those under (i) above: | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Retrospective restatements: | None |

(4) Number of issued shares (common stock)

(i) Number of issued shares at the end of the period (including treasury shares)	As of September 30, 2024	78,439,636 shares	Year ended March 31, 2024	78,439,636 shares
(ii) Number of treasury shares at the end of the period	As of September 30, 2024	367,860 shares	Year ended March 31, 2024	410,902 shares
(iii) Average number of shares during the period (first half)	As of September 30, 2024	78,046,007 shares	As of September 30, 2023	78,012,026 shares

(Note) The Company conducted a two-for-one stock split on common stock effective April 1, 2024. Number of issued shares has been calculated assuming this stock split had taken place at the start of the previous consolidated fiscal year.

*The Summary of Consolidated Financial Results for the Second Quarter (First Half) is not subject to auditing by a certified public accountant or auditing firm.

*Explanation of the appropriate use of earnings forecasts and other special notes

(Note concerning forward-looking statements)

The forward-looking statements, including earnings forecasts and other future projections contained in this document are based on information available to the Company at the time of preparation and on certain assumptions deemed reasonable by the Company. As such, they do not constitute an assurance that the Company promises to achieve these projected results. Actual business results may differ materially from the forecasts due to various factors.

Please see “(3) Explanation of Forecasts of Consolidated Results and Other Forward-Looking Information” under “1. Overview of Operating Results” on page 6 for the assumptions used for the forecast of financial results and notes concerning the use of the forecast of financial results.

(How to obtain supplementary materials on financial results)

Supplementary materials on financial results are posted to TDnet on the same date and to the Company website.

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1. Overview of Operating Results

(1) Overview of Operating Results During the Period Under Review

Despite recovery in personal consumption and gradual improvements in employment and income in the Japanese economy during the current interim consolidated accounting period, the economic outlook remained uncertain for various reasons, including instability in the Middle East and elsewhere, and the skyrocketing cost of energy and raw materials.

Rising costs of food materials, outside services and other factors affected the Group performance. Nevertheless, our Dormitory Business showed steady growth. New locations opened, while our Hotel Business fared well due to strong domestic demand and growing numbers of inbound tourists. In each of eight consecutive months (February – September 2024), the number of foreign visitors to Japan set a new record high for that month (source: “Number of Foreign Visitors to Japan,” Japan National Tourism Organization [JNTO]).

The Group saw substantial earnings growth in the first half of the current consolidated fiscal year, recording net sales of 111,352 million yen (up 12.9% YoY), operating income of 10,618 million yen (up 26.5% YoY), ordinary income of 11,215 million yen (up 36.6% YoY), and net income attributable to owners of parent of 7,726 million yen (up 64.2% YoY).

Segment business performance is reviewed below.

(i) Dormitory Business

In the Dormitory Business, the Group opened eight new facilities nationwide, corresponding to a total of 907 rooms, at the start of the period in April. The occupancy rate at the start of the period was 97.0%, down 1.2 points YoY. In addition to promoting the safety and security of these facilities to a wider market, the Company has implemented thoroughgoing cost controls and worked to optimize sales prices in response to rising costs.

As a result, net sales were 27,448 million yen (up 4.8% YoY), while operating income was 3,206 million yen (up 8.2% YoY).

(ii) Hotel Business

Despite cancelled reservations, the partial impact of the typhoons Ampil and Shanshan, and the announcement of provisional information on a Nankai Trough earthquake in August, the Hotel Business saw significant growth in both sales and income, more than offsetting the impact of inflation and construction costs for large-scale renovations intended to strengthen customer satisfaction. This growth resulted from aggressive sales activities and rigorous revenue management to optimize selling prices, initiatives that helped maintain high occupancy rates and unit prices amid solid domestic and inbound demand.

The resulting net sales amounted to 67,909 million yen (up 12.1% YoY); operating income was 9,458 million yen (up 30.1% YoY).

(iii) Comprehensive Building Management Business

In the Comprehensive Building Management Business, despite growth in the numbers of facility management and cleaning projects, sales declined slightly from the previous fiscal year due to the absence of major construction orders this year. Sales were 9,980 million yen (down 2.3% YoY); operating income was 94 million yen (down 55.4% YoY).

(iv) Food Service Business

In the Food Service Business, growth in restaurant locations and numbers of contracted hotel restaurants drove net sales to 6,013 million yen (up 15.2% YoY) and operating income to 115 million yen (up 27.1% YoY).

(v) Development Business

Due to increases in dormitory and hotel development projects and other factors as well as the substantial contributions of the real estate subdivision business, the Development Business reported net sales of 3,400 million yen (up 450.1% YoY) and an operating income of 36 million yen (up 627.4% YoY).

(vi) Other Businesses

Other Businesses consist of the Senior Life Business (management and operation of senior residences), Public Kyoritsu Partnership (PKP) Business (services provided under contract to local governments), support business for people who live alone, insurance agency business, comprehensive human-resource services business, financial business, and the administrative outsourcing business. In total, these businesses recorded net sales of 8,837 million yen (up 10.2% YoY) and operating income of 59 million yen (vs. an operating loss of 20 million yen in the same period of the previous fiscal year).

(2) Overview of Financial Position During the Period Under Review

(i) Assets, Liabilities and Net Assets

(Assets)

Total assets at the end of the second quarter of this consolidated fiscal year stood at 276,411 million yen, up 5,490 million yen from the end of the previous consolidated fiscal year. Key factors underlying this increase included acquisition of land and growth in construction in process.

(Liabilities)

Liabilities at the end of the second quarter of this consolidated fiscal year stood at 183,088 million yen, down 1,228 million yen from the end of the previous consolidated fiscal year, due primarily to declines in other current liabilities (advances received) and bonds payable.

(Net Assets)

Net assets at the end of the second quarter of this consolidated fiscal year stood at 93,323 million yen, up 6,718 million yen from the end of the previous consolidated fiscal year. This was due mainly to an increase in retained earnings.

The equity ratio was 33.8%, up 1.8 points from the end of the previous consolidated fiscal year.

(ii) Cash Flows

Cash and cash equivalents at the end of second quarter of this consolidated fiscal year were 21,278 million yen, down 10,152 million yen from the end of the previous consolidated fiscal year.

(Cash Flows from Operating Activities)

Net cash from operating activities was 4,954 million yen, down 2,969 million yen from the same period last year due to the impact of a decrease (increase) in notes and accounts receivable - trade.

(Cash Flows from Investing Activities)

Net cash used in investment activities was 22,028 million yen, up 5,557 million yen from the same period last year due to the impact of purchase of property, plant and equipment.

(Cash Flows from Financing Activities)

Net cash used from financing activities was 6,933 million yen, up 15,991 million yen from the same period last year due to the impact of proceeds from long-term loans payable.

(3) Explanation of Forecasts of Consolidated Results and Other Forward-Looking Information

We have left our forecasts of consolidated financial results, announced on May 15, 2024, unchanged for the time being.

2. Interim Financial Statements and Major Notes

(1) Interim Consolidated Balance Sheet

(Unit: million yen)

	Previous fiscal year As of March 31,2024	Six months ended September 30, 2024
Assets		
Current assets		
Cash and deposits	31,807	21,654
Notes and accounts receivable - trade	17,915	19,614
Real estate for sale	11,451	11,163
Real estate for sale in process	9,643	8,491
Costs on uncompleted construction contracts	265	373
Other	9,367	8,967
Allowance for doubtful accounts	-64	-66
Total current assets	80,385	70,198
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	48,682	48,379
Land	42,646	48,915
Construction in progress	18,850	27,938
Other, net	5,123	5,465
Total property, plant and equipment	115,303	130,699
Intangible fixed assets	4,487	4,573
Investments and other assets		
Investment securities	15,018	15,821
Guarantee deposits	18,893	18,742
Lease deposits	20,551	20,802
Other	16,078	15,415
Allowance for doubtful accounts	-106	-105
Total investments and other assets	70,433	70,676
Total non-current assets	190,224	205,948
Deferred assets	311	265
Total assets	270,921	276,411

(Unit: million yen)

	Previous fiscal year As of March 31,2024	Six months ended September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,394	7,456
Short-term borrowings	26,860	27,161
Current portion of bonds payable	4,880	4,780
Income taxes payable	2,640	2,439
Provision for bonuses	2,928	2,102
Provision for directors' bonuses	486	308
Other	23,936	17,608
Total current liabilities	71,127	61,856
Non-current liabilities		
Bonds payable	13,700	11,360
Convertible bonds with share acquisition rights	30,052	30,037
Long-term loans payable	62,453	72,751
Retirement benefit liability	986	1,064
Provision for directors' retirement benefits	258	259
Provision for losses on withdrawal from business	1,160	1,160
Other	4,578	4,598
Total non-current liabilities	113,189	121,232
Total liabilities	184,317	183,088
Net assets		
Shareholders' equity		
Share capital	7,964	7,964
Capital surplus	12,920	13,016
Retained earnings	65,167	71,606
Treasury shares	-331	-298
Total shareholders' equity	85,721	92,289
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	675	629
Deferred gains or losses on hedges	692	775
Foreign currency translation adjustment	-601	-474
Remeasurements of defined benefit plans	117	104
Total accumulated other comprehensive income	882	1,033
Total net assets	86,604	93,323
Total liabilities and net assets	270,921	276,411

(2) Interim Consolidated Income Statement and Interim Consolidated Statement of Comprehensive Income
(Interim Consolidated Income Statement)

(Unit: million yen)

	Six Months Ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six Months Ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Net sales	98,662	111,352
Cost of sales	75,082	83,718
Gross income	23,580	27,633
Selling, general and administrative expenses	15,183	17,014
Operating income	8,396	10,618
Non-operating income		
Interest income	57	82
Dividend income	74	94
Foreign exchange gains	74	-
Share of income of investment accounted for using equity method	-	876
Other	94	83
Total non-operating income	300	1,138
Non-operating expenses		
Interest expenses	347	356
Other	137	184
Total non-operating expenses	484	541
Ordinary income	8,212	11,215
Extraordinary losses		
Loss on business withdrawal	768	-
Loss on disaster	23	148
Other	93	-
Total extraordinary losses	885	148
Net income before taxes	7,327	11,067
Income taxes	2,622	3,340
Net income	4,704	7,726
Net income attributable to owners of parent	4,704	7,726

(Interim Consolidated Statement of Comprehensive Income)

(Unit: million yen)

	Six Months Ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six Months Ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Net income	4,704	7,726
Other comprehensive income		
Valuation difference on available-for-sale securities	261	-46
Deferred gains or losses on hedges	159	82
Foreign currency translation adjustment	-11	-7
Remeasurements of defined benefit plans	-4	-12
Share of other comprehensive income of entities accounted for using equity method	-	134
Total other comprehensive income	405	151
Comprehensive income	5,109	7,877
(Breakdown)		
Comprehensive income attributable to owners of parent	5,109	7,877

(3) Interim Consolidated Cash Flow Statement

(Unit: million yen)

	Six Months Ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six Months Ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Net income before taxes	7,327	11,067
Depreciation and amortization	3,221	3,628
Amortization of long-term prepaid expenses	241	301
Amortization of security deposits	188	207
Increase (decrease) in provision for bonuses	-276	-826
Interest and dividend income	-131	-177
Interest expenses	347	356
Share of (profit) loss of entities accounted for using equity method	-	-876
Loss on business withdrawal	768	-
Loss on disaster	23	148
Decrease (increase) in notes and account receivables - trade	-568	-1,702
Decrease (increase) in accounts receivable - other	484	158
Decrease (increase) in inventories	-667	1,021
Increase (decrease) in notes and accounts payables - trade	-1,056	-1,937
Increase (decrease) in accrued expenses	313	-521
Increase (decrease) in advances received	-2,870	-3,124
Increase (decrease) in accounts payable – other	-39	597
Increase (decrease) in accrued consumption taxes	479	-257
Increase (decrease) in deposits received	-79	-735
Increase (decrease) in guarantee deposits received	136	154
Other	-34	-390
Subtotal	7,806	7,090
Interest and dividends received	92	252
Interest paid	-345	-358
Income taxes refund	1,051	357
Income taxes paid	-681	-2,388
Net cash provided by (used in) operating activities	7,924	4,954
Cash flows from investing activities		
Proceeds from sales of investment securities	0	-
Purchase of property, plant and equipment	-14,495	-20,717
Proceeds from sales of property, plant and equipment	-	156
Purchase of intangible assets	-293	-571
Payments for acquisition of long-term prepaid expenses	-273	-228
Payments of loans receivable	-10	-596
Collection of loans receivable	82	296
Payments of lease and guarantee deposits	-1,431	-464
Proceeds from collection of lease and guarantee deposits	55	92
Purchase of insurance funds	-274	-210
Proceeds from cancellation of insurance funds	280	345
Other	-111	-131
Net cash provided by (used in) investing activities	-16,471	-22,028

(Unit: million yen)

	Six Months Ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six Months Ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-	1,250
Proceeds from long-term loans payable	-	16,700
Repayments of long-term loans payable	-6,181	-7,350
Redemption of bonds	-2,455	-2,440
Share buybacks	-1	-2
Cash dividends paid	-466	-1,283
Other	48	61
Net cash provided by (used in) financing activities	-9,057	6,933
Effect of exchange rate change on cash and cash equivalents	16	-12
Net increase (decrease) in cash and cash equivalents	-17,587	-10,152
Balance of cash and cash equivalents at the beginning of current period	55,651	31,431
Balance of cash and cash equivalents at the end of current period	38,063	21,278

(4) Notes on Interim Consolidated Financial Statements

(Notes on the going concern assumption)

Not applicable

(Notes concerning any notable changes in shareholders' equity)

Not applicable

(Notes on special accounting procedures in the preparation of interim consolidated financial statements)

(Calculation of tax expenses)

The Company calculates tax expenses by rationally assuming an effective tax rate after applying tax effect accounting to income (loss) before income taxes for the consolidated fiscal year, including the first six months of the fiscal year, and multiplying income (loss) before income taxes for the first half of the fiscal year by the estimated effective tax rate. However, if the result of calculation of tax expenses using the estimated effective tax rate is significantly unreasonable, the statutory effective tax rate is used.

(Notes on changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes and other standards)

We applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; "2022 Revised Accounting Standard" hereinafter) and other relevant standards from the start of the first half under review.

Revisions of income categories for tax purposes (taxation of other comprehensive income) are in accordance with both the transitional treatment described in Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment described in Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; "2022 Revised Guidance" hereinafter). This had no impact on the interim consolidated financial statements. With regard to changes in the handling of consolidated financial statements for cases involving the deferral, for taxation purposes, of gains or losses arising from the sale of shares of subsidiaries and other securities among consolidated companies, we applied the 2022 Revised Guidance from the start of the first half under review. This change in accounting policies was applied retroactively. We have restated the interim consolidated financial statements for the first half of the previous fiscal year and consolidated financial statements for the previous fiscal year to reflect this retroactive application.

This change does not affect the interim consolidated financial statements for the first half of the previous fiscal year or consolidated financial statements for the previous fiscal year.

(Segment Information etc.)

[Segment Information]

I For the six months ended September 30, 2023 (April 1, 2023 – September 30, 2023)

1. Information on net sales, income or loss by each reporting segment

(Unit: million yen)

	Reporting segment						Other Note 1	Total	Adjustment amount Note 2	Amount recorded on Interim Consolidated Income Statement Note 3
	Dormitory	Hotel	Comprehensive Building Management	Food Service	Development	Total				
Net sales										
Net sales to external customers	26,008	60,471	3,478	792	246	90,997	7,665	98,662	-	98,662
Inter-segmental sales or transfers	174	105	6,741	4,425	371	11,819	350	12,169	-12,169	-
Total	26,183	60,576	10,220	5,218	618	102,816	8,016	110,832	-12,169	98,662
Segment income (loss)	2,964	7,271	212	91	4	10,544	-20	10,523	-2,127	8,396

Notes: 1. The Other segment consists of the following businesses which are not included in the reporting segments: the Senior Life Business (management and operation of senior residences), Public Kyoritsu Partnership (PKP) Business (services provided under contract to local governments), support business for people who live alone, insurance agency business, comprehensive human-resource services business, financial business, administrative outsourcing business, and other additional businesses.

2. Adjustment of segment income (loss) of -2,127 million yen includes the amount of elimination of inter-segment transactions of -97 million yen and corporate expenses of -2,029 million yen that are not allocated to each reportable segment. Corporate expenses mainly consist of expenses related to the Accounting Department and other administrative departments of the head office.

3. Segment income (loss) was adjusted against operating income on the Interim Consolidated Income Statement.

2. Information on impairment loss on non-current assets or goodwill, etc. by reporting segment

Not applicable

II For the six months ended September 30, 2024 (April 1, 2024 – September 30, 2024)

1. Information on net sales, income or loss by each reporting segment

(Unit: million yen)

	Reporting segment						Other Note 1	Total	Adjustment amount Note 2	Amount recorded on Interim Consolidated Income Statement Note 3
	Dormitory	Hotel	Comprehensive Building Management	Food Service	Development	Total				
Net sales										
Net sales to external customers	27,274	67,781	3,646	936	3,231	102,869	8,482	111,352	-	111,352
Inter-segmental sales or transfers	174	128	6,334	5,077	168	11,882	354	12,237	-12,237	-
Total	27,448	67,909	9,980	6,013	3,400	114,752	8,837	123,589	-12,237	111,352
Segment income (loss)	3,206	9,458	94	115	36	12,911	59	12,970	-2,351	10,618

Notes: 1. The Other segment consists of the following businesses which are not included in the reporting segments: the Senior Life Business (management and operation of senior residences), Public Kyoritsu Partnership (PKP) Business (services provided under contract to local governments), support business for people who live alone, insurance agency business, comprehensive human-resource services business, financial business, administrative outsourcing business, and other additional businesses.

2. Adjustment of segment income (loss) of -2,351 million yen includes the amount of elimination of inter-segment transactions of -75 million yen and corporate expenses of -2,276 million yen that are not allocated to each reportable segment. Corporate expenses mainly consist of expenses related to the Accounting Department and other administrative departments of the head office.

3. Segment income (loss) was adjusted against operating income on the Interim Consolidated Income Statement.

2. Information on impairment loss of non-current assets or goodwill, etc. by reporting segment

Not applicable