

(TRANSLATION FOR REFERENCE ONLY)

This is a translation of the original Japanese text of the “Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2025.” Should there be any discrepancy between any part of this translation and the original Japanese text, the latter shall prevail.

Consolidated Financial Results

for the Third Quarter of Fiscal Year Ending March 31, 2025 <Japanese GAAP>

February 6, 2025

Company Name: **GLORY LTD.** Stock exchange listing: Tokyo
Code number: 6457 URL: <https://corporate.glory-global.com/>
Representative: Akihiro Harada President & Representative Director
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Scheduled date of dividend payments: —
Preparation of quarterly earnings supplementary explanatory material: Yes
Holding of quarterly earnings presentation: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded downward.)

1. Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2025 (from April 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results (cumulative)

(The percentages show the changes from the corresponding period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Nine months ended December 31, 2024	280,033	7.8	29,343	(17.0)	22,460	(33.4)	12,577	(39.8)
Nine months ended December 31, 2023	259,706	45.5	35,335	—	33,749	—	20,906	—

(Note) Comprehensive income

Nine months ended December 31, 2024: ¥15,925 million [(45.2)%]
Nine months ended December 31, 2023: ¥29,083 million [688.6%]

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Nine months ended December 31, 2024	225.49	—
Nine months ended December 31, 2023	375.96	—

(Reference) EBITDA (Operating income + Depreciation + Amortization of goodwill)

Nine months ended December 31, 2024: ¥47,126 million [(6.7)%]
Nine months ended December 31, 2023: ¥50,521 million [308.5%]

Net income before amortization of goodwill (Net income attributable to owners of parent + Amortization of goodwill)

Nine months ended December 31, 2024: ¥19,055 million [(27.3)%]
Nine months ended December 31, 2023: ¥26,204 million [— %]

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(2) Consolidated Financial Position

	Total assets	Equity	Ownership equity ratio	Equity per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of December 31, 2024	450,533	236,995	52.4	4,229.53
As of March 31, 2024	469,179	228,651	48.5	4,095.61

(Reference) Ownership equity

As of December 31, 2024: ¥236,112 million As of March 31, 2024: ¥227,780 million

(Note) During the third quarter of the fiscal year ended December 31, 2024, the Company finalized the provisional accounting treatment for business combinations, and the figures as of March 31, 2024 reflect the details of the finalization of the provisional accounting treatment.

2. Dividends

(Record date)	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Year ended March 31, 2024	—	40.00	—	66.00	106.00
Year ending March 31, 2025	—	54.00	—		
Year ending March 31, 2025 (forecast)				54.00	108.00

(Note) Revisions to the latest dividend forecast: None

3. Consolidated Financial Forecast for the Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(The percentages show the changes from the corresponding period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Full year	370,000	(0.7)	32,000	(37.4)	24,500	(49.2)	13,500	(54.4)	242.03

(Note) Revisions to the latest consolidated financial forecast: Yes

(Reference) EBITDA

Year ending March 31, 2025 (full year): ¥55,800 million
Operating income before amortization of goodwill
Year ending March 31, 2025 (full year): ¥40,800 million
Net income before amortization of goodwill
Year ending March 31, 2025 (full year): ¥22,300 million

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Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 company (Showcase Gig Inc.)

Excluded: 8 companies (GLORY AZ System Co., Ltd., GLORY Mechatronics Ltd., Revolution Retail Systems, LLC and other 2 companies, and Acrelec Holding Middle East Ltd and other 2 companies)

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Significant Notes Thereto, (3) Notes to Quarterly Consolidated Financial Statements, Significant Changes in the Scope of Consolidation During the Period” on page 11 of the Attachment.

(2) Application of accounting methods specific to preparation of the quarterly consolidated financial statements: Yes

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

(a) Changes in accounting policies associated with revisions of accounting standards, etc.: Yes

(b) Changes in accounting policies other than (a): None

(c) Changes in accounting estimates: None

(d) Restatements: None

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Significant Notes Thereto, (3) Notes to Quarterly Consolidated Financial Statements, Notes Regarding Changes in Accounting Policies” on page 11 of the Attachment.

(4) Total number of shares issued (common shares)

(a) Total number of shares issued at the end of the period (including treasury shares)

As of December 31, 2024: 58,938,210 shares

As of March 31, 2024: 58,938,210 shares

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

As of December 31, 2024: 1,141,458 shares

As of March 31, 2024: 2,873,306 shares

(c) Average number of shares (cumulative from the beginning of the period)

Nine months ended December 31, 2024: 55,778,678 shares

Nine months ended December 31, 2023: 55,608,425 shares

(Note) In addition to the number of treasury shares at the end of the period, there also existed Company shares owned by the “Board Incentive Plan (BIP) Trust Account” and “Employee Stock Ownership Plan (ESOP) Trust Account.” (As of December 31, 2024: 1,972,018 shares, As of March 31, 2024: 449,012 shares)

(Note) Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

(Note) Explanation regarding the appropriate use of financial forecasts and other special items

(Caution concerning forward-looking statements)

The forward-looking statements such as operational forecasts contained in this report are based on the information currently available to the Company and certain assumptions which the Company regards as legitimate, and are not promises regarding the achievement of forecasts. Actual performance may differ greatly from these forecasts due to various present and future factors. For the assumptions and other related matters concerning the financial forecasts, please refer to “1. Overview of Operating Results, (3) Consolidated Financial Forecasts and Other Forward-looking Statements” on page 6 of the Attachment.

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Attachment

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1. Overview of Operating Results

(1) Overview of Operating Results for the Period

In the nine months ended December 31, 2024, the global economy was on a recovery trend despite concerns about the effects of unstable global situation and high interest rate levels continuing in the U.S. and Europe. In Japan, there were signs of recovery in capital investment and personal consumption supported by improvements in corporate earnings and the employment rates despite the weak yen and high prices.

In the business environment surrounding the Group, demand for the self-service products remained steady as measures to improve labor-saving and operational efficiency improvements due to soaring labor costs and workforce shortages in Japan and overseas. In addition, the hardware replacements and system modifications associated with the new banknote issuance have been almost completed in Japan.

In overseas markets, sales of main products and maintenance services increased in the financial institutions, supported by steady demand for products and services. In the retail industry, sales increased due to steady demand for products and services that enhance labor-saving and operational efficiency, including a rise in large-scale orders from major global retailers. The sales of the Flooid group, which was acquired in January 2024, also remained steady. In the Americas, profitability has been improved due to the internalization of the maintenance business and the integration efforts between consolidated subsidiaries. In the food and beverage industry, the Acrelec group sales, including self-service kiosks, were strong.

In the domestic market, sales in the financial market decreased due to a rebound effect from the same period of the previous year, when hardware replacements and system modifications increased due to the new banknote issuance. In the retail and transportation market, sales increased due to the approach of the new banknote issuance. In the amusement market, sales of card systems for amusement machines remained at a high level, and sales of peripheral devices were also strong.

As a result, net sales in this nine-months period totaled ¥280,033 million (up 7.8% year on year). Of this, net sales of merchandise and finished goods were ¥178,490 million (up 13.2% year on year), and net sales from maintenance services were ¥101,542 million (down 0.4% year on year). Operating income was ¥29,343 million (down 17.0% year on year), ordinary income was ¥22,460 million (down 33.4% year on year), and net income attributable to owners of parent was ¥12,577 million (down 39.8% year on year).

Results of operations in each business segment are as follows.

Financial market

Sales of this segment's main product, open teller systems, remained steady as large orders were delivered. However, sales of coin and banknote recyclers for tellers were sluggish. Sales from maintenance services decreased with the completion of system modifications associated with issuances of new banknotes.

As a result, net sales in this segment were ¥42,535 million (down 23.5% year on year), and operating income was ¥7,745 million (down 59.3% year on year).

Retail and transportation market

Sales of our main product, coin and banknote recyclers for cashiers, remained at a high level, although they decreased compared to the same period of previous year due to the strong demand associated with the new banknote issuance. Sales of ticket vending machines were strong. Sales from maintenance services increased owing to the progression of system modifications associated with the issuance of new banknotes.

As a result, net sales in this segment were ¥55,732 million (up 7.2% year on year), and operating income was ¥9,779 million (up 36.9% year on year).

Amusement market

Sales of this segment's main products, card systems, were flat year on year. Sales of peripheral device, banknote changers, were strong. In addition, sales from maintenance services increased owing to the system modifications associated with the issuance of new banknotes.

As a result, net sales in this segment were ¥23,173 million (up 9.2% year on year), and operating income was ¥7,653 million (up 2.1% year on year).

Overseas market

In the Americas, sales of the main products, teller cash recyclers for financial institutions (GLR-series), were sluggish, while sales of cash management solutions in the retail industry (CI-X-series) were strong. Net sales were ¥71,744 million (up 19.3% year on year).

In Europe, sales of the main products, teller cash recyclers for financial institutions (GLR-series), were strong, as were sales of cash management solutions in the retail industry (CI-X-series). Net sales were ¥67,597 million (up 22.6% year on year).

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In Asia, sales of cash management solutions in the retail industry (CI-X Series) were steady. Net sales were ¥13,947 million (up 22.5% year on year).

Net sales of the Acrelec group totaled ¥25,635 million (up 29.3% year on year). Net sales of the Flooid group were ¥9,212 million. As a result, net sales in this segment were ¥153,289 million (up 21.1% year on year), and operating income was ¥4,448 million (up 117.5% year on year).

Outside the above business segments, net sales were ¥5,302 million (up 24.9% year on year), and operating loss was ¥283 million (vs. operating loss of ¥368 million in the corresponding period of the previous year).

(2) Overview of Financial Position for the Period

The following is the financial position at the end of the third quarter of the fiscal year under review:

Total assets were ¥450,533 million, a decrease of ¥18,646 million compared with the end of the previous fiscal year. This is mainly the result of decreases of ¥15,747 million in notes and accounts receivable - trade, and contract assets, and ¥5,721 million in inventories.

Liabilities were ¥213,537 million, a decrease of ¥26,990 million compared with the end of the previous fiscal year. This is mainly the result of an increase of ¥14,200 million in bonds payable, and decreases of ¥19,853 million in short-term borrowings, ¥8,281 million in provision for bonuses, and ¥7,946 million in income taxes payable.

Total equity was ¥236,995 million, an increase of ¥8,344 million compared with the end of the previous fiscal year. This is mainly the result of increases of ¥4,802 million in retained earnings and ¥4,860 million in foreign currency translation adjustment.

As a result, the ownership equity ratio became 52.4% compared with 48.5% at the end of the previous fiscal year.

(3) Consolidated Financial Forecasts and Other Forward-looking Statements

With regard to the future outlook, we expect that demand for self-service products and services addressing labor-saving and operational efficiency improvements will continue both in Japan and overseas. In overseas market, profitability is expected to improve due to sales expansion of main products and progress in the internalization of the maintenance business in the Americas.

Accordingly, we have revised upward the consolidated financial forecast for the fiscal year ending March 31, 2025 to net sales of ¥370.0 billion, operating income of ¥32.0 billion, ordinary income of ¥24.5 billion, and net income attributable to owners of parent of ¥13.5 billion.

The exchange rate assumptions for the revised financial forecasts are US\$1 = ¥153 (¥145 before the revision) and €1 = ¥160 (unchanged).

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2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	35,224	39,216
Notes and accounts receivable - trade, and contract assets	86,206	70,458
Electronically recorded monetary claims - operating	3,849	3,282
Merchandise and finished goods	59,355	53,758
Work in process	14,264	10,942
Raw materials and supplies	37,448	40,646
Other	8,958	11,584
Allowance for doubtful accounts	(1,859)	(1,734)
Total current assets	243,447	228,154
Non-current assets		
Property, plant and equipment	46,182	46,033
Intangible assets		
Customer relationships	36,811	35,250
Goodwill	71,470	71,058
Other	14,248	13,373
Total intangible assets	122,530	119,682
Investments and other assets		
Investment securities	14,570	13,308
Other	44,551	45,455
Allowance for doubtful accounts	(2,101)	(2,101)
Total investments and other assets	57,019	56,663
Total non-current assets	225,732	222,378
Total assets	469,179	450,533
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,678	15,893
Electronically recorded obligations - operating	9,862	7,144
Short-term borrowings	38,286	18,433
Current portion of long-term borrowings	5,672	4,751
Income taxes payable	11,011	3,064
Provision for bonuses	14,922	6,640
Provision for bonuses for directors (and other officers)	186	193
Provision for stock grant	464	412
Other	62,998	60,339
Total current liabilities	161,083	116,872
Non-current liabilities		
Bonds payable	10,000	24,200
Long-term borrowings	37,040	39,882
Provision for stock grant	315	322
Retirement benefit liability	1,820	1,822
Other	30,268	30,438
Total non-current liabilities	79,445	96,665
Total liabilities	240,528	213,537

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(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Equity		
Shareholders' equity		
Share capital	12,892	12,892
Capital surplus	—	150
Retained earnings	167,006	171,809
Treasury shares	(8,097)	(7,708)
Total shareholders' equity	171,801	177,143
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,758	2,551
Foreign currency translation adjustment	41,050	45,910
Remeasurements of defined benefit plans	12,170	10,506
Total accumulated other comprehensive income	55,978	58,968
Non-controlling interests	870	883
Total equity	228,651	236,995
Total liabilities and equity	469,179	450,533

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(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(Millions of yen)

	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)
Net sales	259,706	280,033
Cost of sales	144,490	161,113
Gross profit	115,216	118,919
Selling, general and administrative expenses	79,880	89,576
Operating income	35,335	29,343
Non-operating income		
Interest income	238	110
Dividend income	187	204
Foreign exchange gains	162	—
Other	411	532
Total non-operating income	999	847
Non-operating expenses		
Interest expenses	1,306	1,945
Foreign exchange losses	—	4,637
Share of loss of entities accounted for using equity method	744	443
Expenses on system incident	441	—
Other	94	703
Total non-operating expenses	2,585	7,729
Ordinary income	33,749	22,460
Extraordinary income		
Gain on sale of non-current assets	19	41
Gain on sale of investment securities	210	474
Gain on step acquisitions	—	130
Total extraordinary income	229	645
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	133	54
Loss on sale of investment securities	3	0
Loss on valuation of investment securities	74	—
Impairment losses	1,478	—
Loss on restructuring of business	—	719
Total extraordinary losses	1,689	774
Income before income taxes	32,289	22,332
Income taxes	11,027	9,406
Net income	21,261	12,925
Net income attributable to non-controlling interests	354	348
Net income attributable to owners of parent	20,906	12,577

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Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)
Net income	21,261	12,925
Other comprehensive income		
Valuation difference on available-for-sale securities	580	(206)
Foreign currency translation adjustment	8,034	4,869
Remeasurements of defined benefit plans, net of tax	(800)	(1,663)
Share of other comprehensive income of entities accounted for using equity method	8	—
Total other comprehensive income	7,821	2,999
Comprehensive income	29,083	15,925
Comprehensive income attributable to		
Owners of parent	28,350	15,567
Non-controlling interests	733	357

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(3) Notes to Quarterly Consolidated Financial Statements

Significant Changes in the Scope of Consolidation During the Period

(Significant changes in the scope of consolidation)

GLORY AZ System Co., Ltd. and GLORY Mechatronics Ltd., which were formerly consolidated subsidiaries of the Company, were dissolved in an absorption merger with the Company's surviving consolidated subsidiary GLORY System Create Ltd. in the first quarter ended June 30, 2024, and have therefore been excluded from the scope of consolidation. Following the merger, the surviving company, GLORY System Create Ltd., changed its name to GLORY Technical Solutions Ltd.

Revolution Retail Systems, LLC, the Company's consolidated subsidiaries in the US, and its two subsidiaries have been excluded from the scope of consolidation because they were dissolved in an absorption merger with Glory Global Solutions Inc.

Acrelec Holding Middle East Ltd was liquidated in the first quarter ended June 30, 2024 and is therefore excluded from the scope of consolidation.

In the third quarter of the fiscal year under review, additional shares of Showcase Gig Inc., which was an equity-method affiliate, were acquired, and is therefore included in the scope of consolidation.

(Changes in matters concerning the fiscal year, etc. of consolidated subsidiaries)

Previously, the closing date of Acrelec Group S.A.S. and 22 other consolidated subsidiaries was 31 December, and we used their financial statements as of that date and, if necessary, made adjustments for significant transactions that had occurred between that date and the consolidated closing date. However, in order to ensure more appropriate disclosure in the consolidated financial statements, we have changed the closing date of these subsidiaries to 31 March, effective from the first quarter ended June 30, 2024.

As a result of this change in the end of a fiscal year, profit or loss for the period from January 1, 2024 to March 31, 2024 is adjusted as changes in retained earnings.

Notes Regarding Changes in Accounting Policies

(Application of "Accounting Standard for Current Income Taxes" and relevant ASBJ regulations)

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the beginning of the first quarter ended June 30, 2024.

Revisions to the classification of income taxes (taxation on other comprehensive income) are in accordance with the transitional treatment prescribed in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso of paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Guidance on the 2022 Revised Accounting Standard"). These changes in accounting policies have no impact on the consolidated financial statements.

In addition, the Company has adopted the Guidance on the 2022 Revised Accounting Standard related to the revision of the treatment in consolidated financial statements of the deferral for tax purposes of gain or loss on sale of shares of subsidiaries, etc. among consolidated companies, taking effect since the beginning of the first quarter ended June 30, 2024. These changes in accounting policies have been applied retrospectively, and the figures concerning the previous fiscal year's quarterly consolidated financial statements and consolidated financial statements have been prepared on a retrospective basis. These changes in accounting policies have no impact on the previous fiscal year's quarterly consolidated financial statements and consolidated financial statements.

Notes Regarding Accounting Methods Specific to Preparation of the Quarterly Consolidated Financial Statements

Tax expense is calculated by rationally estimating the effective tax rate after application of tax-effect accounting to income before income taxes for the fiscal year including the third quarter ended December 31, 2024, and then multiplying the income before income taxes for the period by the estimated effective tax rate.

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Notes Regarding Segment Information

(a) Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

1. Information on net sales, profit (loss) by reportable segment

(Millions of yen)

	Reportable segments					Other (Note: 1)	Total	Reconcilia- tion	Amounts reported on the quarterly consolidated statement of income (Note: 2)
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	55,620	52,007	21,214	126,617	255,460	4,245	259,706	—	259,706
(2) Intersegment sales or transfers	—	—	—	—	—	—	—	—	—
Total	55,620	52,007	21,214	126,617	255,460	4,245	259,706	—	259,706
Segment profit (loss)	19,021	7,143	7,493	2,045	35,703	(368)	35,335	—	35,335

Notes: 1. "Other" segment is merchandise and finished goods that is not included in the above reportable segments.

2. Segment profit (loss) corresponds to operating income of quarterly consolidated statement of income.

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

(Significant impairment loss on non-current assets)

The Company recorded impairment losses on non-current assets amounting to ¥596 million in the financial market, ¥512 million in the retail and transportation market, ¥72 million in the amusement market, ¥267 million in the overseas market, and ¥29 million outside these reportable segments.

(b) Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

Information on net sales, profit (loss) by reportable segment

(Millions of yen)

	Reportable segments					Other (Note: 1)	Total	Reconcilia- tion	Amounts reported on the quarterly consolidated statement of income (Note: 2)
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	42,535	55,732	23,173	153,289	274,731	5,302	280,033	—	280,033
(2) Intersegment sales or transfers	—	—	—	—	—	—	—	—	—
Total	42,535	55,732	23,173	153,289	274,731	5,302	280,033	—	280,033
Segment profit (loss)	7,745	9,779	7,653	4,448	29,627	(283)	29,343	—	29,343

Notes: 1. "Other" segment is merchandise and finished goods that is not included in the above reportable segments.

2. Segment profit (loss) corresponds to operating income of quarterly consolidated statement of income.

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Notes for Significant Change in the Amount of Shareholders' Equity

Not applicable.

Notes Regarding Assumption of a Going Concern

Not applicable.

Notes Regarding Quarterly Consolidated Statement of Cash Flows

A quarterly consolidated statement of cash flows has not been prepared for the nine months ended December 31, 2024. Depreciation and amortization (including amortization related to intangible assets excluding goodwill and to long-term prepaid expenses) and amortization of goodwill for the nine months ended December 31 are as follows.

(Millions of yen)

	Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)
Depreciation	9,887	11,304
Amortization of goodwill	5,298	6,477