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In the event a difference arises regarding the meaning herein, the original Japanese version will prevail as the official authoritative version.

October 31, 2024

## Consolidated Financial Results for the Third Quarter of Fiscal Year Ending December 31, 2024 (Japanese GAAP)

Name of Listed Company: DENTSU SOKEN INC.  
Listed Exchange: Tokyo  
Code Number: 4812  
URL: <https://www.dentsusoken.com/english>  
Representative: Hirohisa Iwamoto, President, CEO and COO  
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Date of scheduled payment of dividends: –

Quarterly earnings supplementary explanatory documents: Yes

Quarterly earnings presentation: Yes (For analysts, institutional investors, etc.)

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

### 1. Consolidated Business Performance for the Third Quarter of FY2024 (from January 1, 2024 to September 30, 2024)

#### (1) Consolidated Operating Results (Cumulative)

Percentages indicate year-on-year increase/(decrease)

|                                | Net sales      |            | Operating profit (loss) |              | Ordinary profit (loss) |              | Net profit (loss)* |              |
|--------------------------------|----------------|------------|-------------------------|--------------|------------------------|--------------|--------------------|--------------|
|                                | (million yen)  | (%)        | (million yen)           | (%)          | (million yen)          | (%)          | (million yen)      | (%)          |
| <b>Third Quarter of FY2024</b> | <b>112,231</b> | <b>6.6</b> | <b>14,463</b>           | <b>(7.0)</b> | <b>14,413</b>          | <b>(8.2)</b> | <b>10,074</b>      | <b>(7.0)</b> |
| Third Quarter of FY2023        | 105,267        | 12.2       | 15,551                  | 9.6          | 15,695                 | 10.7         | 10,838             | 13.2         |

\* Profit attributable to owners of parent

Note: Comprehensive profit: Third Quarter of FY2024: 10,156 million yen (down8.6%); Third Quarter of FY2023: 11,108 million yen (up10.5%)

|                                | Net profit (loss)<br>per share | Net profit per share<br>after dilution |
|--------------------------------|--------------------------------|--|
|                                | (yen)                          | (yen)                                  |
| <b>Third Quarter of FY2024</b> | <b>154.83</b>                  | –                                      |
| Third Quarter of FY2023        | 166.56                         | –                                      |

#### (2) Consolidated Financial Position

|                                 | Total assets   | Net assets    | Equity ratio |
|---------------------------------|----------------|---------------|--------------|
|                                 | (million yen)  | (million yen) | (%)          |
| <b>As of September 30, 2024</b> | <b>141,204</b> | <b>85,977</b> | <b>60.9</b>  |
| As of December 31, 2023         | 133,333        | 82,971        | 62.2         |

Reference: Total shareholders' equity: As of September 30, 2024: 85,977 million yen; As of December 31, 2023: 82,971 million yen

### 2. Dividends

| Record date       | Dividends per share     |                          |                         |                 |           |
|-------------------|-------------------------|--------------------------|-------------------------|-----------------|-----------|
|                   | End of first<br>quarter | End of second<br>quarter | End of third<br>quarter | Fiscal year-end | Full year |
|                   | (yen)                   | (yen)                    | (yen)                   | (yen)           | (yen)     |
| FY2023            | –                       | 44.00                    | –                       | 56.00           | 100.00    |
| FY2024            | –                       | 54.00                    | –                       |                 |           |
| FY2024 (forecast) |                         |                          | –                       | 54.00           | 108.00    |

Note: Revision to the dividend forecasts from the latest announcement: No

### 3. Consolidated Forecasts for FY2024(from January 1, 2024 to December 31, 2024)

Percentages indicate year-on-year increase/(decrease)

|        | Net sales     |     | Operating profit |       | Ordinary profit |       | Net profit *  |       | EPS    |
|--------|---------------|-----|------------------|-------|-----------------|-------|---------------|-------|--------|
|        | (million yen) | (%) | (million yen)    | (%)   | (million yen)   | (%)   | (million yen) | (%)   | (yen)  |
| FY2024 | 152,000       | 6.6 | 20,000           | (4.9) | 20,000          | (5.9) | 14,000        | (4.5) | 215.14 |

\* Profit attributable to owners of parent

Note: Revision to the consolidated forecasts from the latest announcement: Yes

#### Notes

- Changes in the scope of consolidation for significant subsidiaries (Changes in specified subsidiaries resulting in change in the scope of consolidation): Yes

New: 1 Company name: Mitsue-Links Co., Ltd.

Exclusion: - Company name: -

- Application of special accounting practices in the preparation of the quarterly consolidated financial statements: None

- Changes in accounting policies, changes in accounting estimates and restatements:

1) Changes in accounting policies in accordance with revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimate: None

4) Restatements: None

- Issued and outstanding common stock

- Number of shares issued and outstanding at the end of the period, including treasury stock

|  |                   |  |                   |
|--|-------------------|--|-------------------|
| September 30, 2024:                      | 65,182,480 shares | December 31, 2023:                       | 65,182,480 shares |
| September 30, 2024:                      | 107,821 shares    | December 31, 2023:                       | 112,297shares     |
| Nine months ended<br>September 30, 2024: | 65,073,187 shares | Nine months ended<br>September 30, 2023: | 65,069,464 shares |

- Number of treasury stock at the end of the period

- Average number of shares outstanding for each period

**This quarterly financial report is outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act.**

#### Explanation regarding the appropriate use of forecasts of business results

Forecast figures are projections based on information available at the time of release and are not intended as a guarantee that the Company will achieve these targets. Actual results may differ significantly from the above forecasts as a result of changes in the business environment and other factors.

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# I. Qualitative Information on the Consolidated Financial Results for the Subject Period

## 1. Explanation of Business Results

(Millions of yen)

|   | Third quarter of<br>FY2023<br>(cumulative) | Third quarter of<br>FY2024<br>(cumulative) | YoY      |          |
|---|--|--|----------|----------|
|   |  |  | Variance | % change |
| Net sales                               | 105,267                                    | 112,231                                    | 6,964    | 6.6      |
| Operating profit                        | 15,551                                     | 14,463                                     | (1,088)  | (7.0)    |
| Operating profit margin                 | 14.8%                                      | 12.9%                                      | (1.9p)   | -        |
| Ordinary profit                         | 15,695                                     | 14,413                                     | (1,282)  | (8.2)    |
| Profit attributable to owners of parent | 10,838                                     | 10,074                                     | (764)    | (7.0)    |

During the third quarter of the current consolidated fiscal year (January 1, 2024 to September 30, 2024), the Japanese economy continued to show a moderate recovery trend with improvement in the employment and income environment, despite fluctuations in the financial capital markets and rising prices. The business environment surrounding our group also remained firm, with strong corporate appetite for digital investment.

Amid these circumstances, we changed our company name from Information Services International-Dentsu, Ltd. to DENTSU SOKEN INC. on January 1, 2024. At the same time, we expanded our business functions and made a fresh start as a company that drives societal evolution combining system integration, consulting, and think tanks.

The current consolidated fiscal year is the final year of medium-term management plan "X (Cross) Innovation 2024," which started in 2022. Our group, under the four activity policies of "Business domain expansion," "New capability acquisition," "Earnings model innovation," and "Management foundation innovation," is maximizing the new corporate brand and business functions to expand business performance. We also consider the three-year period beginning in 2025 as extremely important for the realization of our long-term management vision "Vision 2030," and the entire company is working together to formulate the next medium-term management plan to achieve growth that is not an extension of the past plan.

In the third quarter of the current consolidated fiscal year, net sales were ¥112,231 million (up 6.6% year on year), operating profit was ¥14,463 million (down 7.0% year on year), ordinary profit was ¥14,413 million (down 8.2% year on year) and profit attributable to owners of parent was ¥10,074 million (down 7.0% year on year).

Net sales increased mainly in the Financial Solutions Segment and Manufacturing Solutions Segment. Operating profit increased due to the effect of increased sales, all profit items declined due to higher selling, general, and administrative expenses. These expenses were driven by increased personnel costs resulting from an increase in the number of personnel, raised base salaries, and an increase in the man-hours spent on sales support by engineers.

Net sales, operating profit, and business results by reportable segment are as follows.

Net sales and operating profit (loss) by reportable segment

(Millions of yen)

| Reportable segment      | Third quarter of FY2023<br>(cumulative) |                  |                  | Third quarter of FY2024<br>(cumulative) |                  |                  | Variance  |                  |
|-------------------------|---|------------------|------------------|---|------------------|------------------|-----------|------------------|
|                         | Net sales                               | Operating profit | Operating margin | Net sales                               | Operating profit | Operating margin | Net sales | Operating profit |
| Financial Solutions     | 22,582                                  | 2,577            | 11.4%            | 24,021                                  | 2,707            | 11.3%            | 1,439     | 130              |
| Business Solutions      | 17,466                                  | 4,571            | 26.2%            | 17,137                                  | 3,793            | 22.1%            | (329)     | (778)            |
| Manufacturing Solutions | 29,819                                  | 3,459            | 11.6%            | 34,536                                  | 3,616            | 10.5%            | 4,717     | 157              |
| Communication IT        | 35,398                                  | 4,942            | 14.0%            | 36,535                                  | 4,345            | 11.9%            | 1,137     | (597)            |
| Total                   | 105,267                                 | 15,551           | 14.8%            | 112,231                                 | 14,463           | 12.9%            | 6,964     | (1,088)          |

Status of business operations by reportable segment

#### Financial Solutions

The main business of this segment is providing IT solutions that support various financial operations at financial institutions and other companies.

Net sales and operating profit increased due to expanded sales and implementation of third-party software in the accounting area to the banking industry and sales and implementation of Lamp, management system for leasing and finance operations, increased to the leasing industry.

#### Business Solutions

The main business of this segment is providing IT solutions for business management operations, centered on accounting and human resources.

Net sales decreased due to the peak out of several projects in the human resources and accounting areas, leading to sluggish sales and implementation of solutions in these areas. Profit also decreased due to a significant increase in personnel expenses in line with strategic personnel allocation, in addition to the impact of reduced sales.

#### Manufacturing Solutions

The main business of this segment is providing IT solutions for the entire product lifecycle, from product development and production to sales and maintenance in the manufacturing industry.

Net sales and operating profit increased due to the expansion of consulting to support system grand design and engineering, as well as sales and implementation of Teamcenter, product lifecycle management solution, mainly to the transportation equipment and electric and precision instruments industries.

#### Communication IT

The main business of this segment is providing IT solutions that support companies optimize their value chains and business processes, from marketing to core business areas.

Net sales increased due to the expanded implementation of SAP solutions mainly to the machinery industry. On the other hand, profits decreased due to an increase in personnel expenses, the occurrence of goodwill amortization expenses due to the acquisition of Mitsue-Links Co., Ltd. as a subsidiary, and the impact of a project that was unprofitable in FY2023 continuing at a low profit level.

## 2. Explanation of Financial Position

### Status of Assets, Liabilities and Net Assets

#### (1) Assets

Total assets at the end of the third quarter of the current consolidated fiscal year increased by ¥7,871 million from the end of the previous consolidated fiscal year to ¥141,204 million. Current assets decreased by ¥1,909 million from the end of the previous consolidated fiscal year to ¥112,904 million. This was due to progress in the collection of accounts receivables, as well as a slight increase in funds (cash and deposits, and deposits paid) due to an expense for the acquisition of shares of Mitsue-Links Co., Ltd, while collecting accounts receivable, despite an increase in advance payments related to subscription and maintenance contracts for services to customers. Non-current assets increased by ¥9,780 million from the end of the previous consolidated fiscal year to ¥28,300 million, mainly due to an increase in goodwill resulting from the acquisition of shares of Mitsue-Links Co., Ltd.

#### (2) Liabilities

Total liabilities at the end of the third quarter of the current consolidated fiscal year increased by ¥4,865 million from the end of the previous consolidated fiscal year to ¥55,227 million. Current liabilities increased by ¥4,735 million from the end of the previous consolidated fiscal year to ¥52,357 million, mainly due to an increase in contract liabilities associated with the provision of maintenance and subscription-based services. Non-current liabilities increased by ¥130 million from the end of the previous consolidated fiscal year to ¥2,869 million.

#### (3) Net assets

Net assets at the end of the third quarter of the current consolidated fiscal year increased by ¥3,006 million from the end of the previous consolidated fiscal year to ¥85,977 million, mainly as a result of an increase in retained earnings due to the recording of profit attributable to owners of parent, despite the payment of dividends from retained earnings.

### 3. Explanation of Consolidated Financial Results Forecasts

Based on recent performance trends, we have revised our consolidated financial forecast announced on July 24, 2024 as follows.

Revision to consolidated financial forecast for the fiscal year ending December 31, 2024(January 1, 2024 – December 31, 2024)

|   | Net sales     | Operating profit | Ordinary profit | Net profit*   | Net profit per Share |
|---|---------------|------------------|-----------------|---------------|----------------------|
|   | (million yen) | (million yen)    | (million yen)   | (million yen) | (yen)                |
| Previous Forecast (A)                                   | 155,000       | 22,500           | 22,500          | 15,700        | 241.28               |
| Revised Forecast (B)                                    | 152,000       | 20,000           | 20,000          | 14,000        | 215.14               |
| Variance (B – A)  | (3,000)       | (2,500)          | (2,500)         | (1,700)       | -                    |
| Percentage Change (%)                                   | (1.9) %       | (11.1) %         | (11.1) %        | (10.8) %      | -                    |
| (Ref.) Previous fiscal year<br>(Ended December 31,2023) | 142,608       | 21,028           | 21,244          | 14,663        | 225.35               |

\* Profit attributable to owners of parent

#### Reasons for the Revision

In addition to net sales in the third quarter of the current fiscal year falling below expectations, orders received increased mainly in the Business Solutions segment but were at a lower-than-expected level. As a result, we have revised downward our full year forecast of net sales.

In terms of profit, in addition to the impact of a decrease in net sales compared to the forecast, the gross profit margin is expected to be lower than expectations due to the occurrence of unprofitable projects, and selling, general and administrative expenses are expected to expand in line with the aggressive expansion of operating activities. Therefore, we have revised downward the forecast for operating profit, ordinary profit, and profit attributable to owners of parent.

Note: Forecast figures are projections based on information available at the time of release and are not intended as a guarantee that we will achieve these targets. Actual results may differ significantly from the above forecasts because of changes in the business environment.

## II. Consolidated Financial Statement

### 1. Consolidated Balance Sheets

(Millions of yen)

|  | As of December 31, 2023 | As of September 30, 2024 |
|--|-------------------------|--------------------------|
| <b>Assets</b>  |                         |                          |
| Current assets   |                         |                          |
| Cash and deposits  | 5,626                   | 5,856                    |
| Notes and accounts receivable - trade, and contract assets | 35,437                  | 28,924                   |
| Merchandise and finished goods                             | 65                      | 36                       |
| Raw materials and supplies                                 | 12                      | 15                       |
| Advance payments to suppliers                              | 19,611                  | 23,307                   |
| Deposits paid  | 52,406                  | 52,823                   |
| Other  | 1,657                   | 1,940                    |
| Allowance for doubtful accounts                            | (4)                     | —                        |
| <b>Total current assets</b>                                | <b>114,813</b>          | <b>112,904</b>           |
| Non-current assets   |                         |                          |
| Property, plant and equipment                              | 3,386                   | 3,607                    |
| Intangible assets  |                         |                          |
| Goodwill   | 143                     | 7,770                    |
| Other  | 5,615                   | 5,798                    |
| <b>Total intangible assets</b>                             | <b>5,758</b>            | <b>13,569</b>            |
| Investments and other assets                               |                         |                          |
| Investments and other assets                               | 9,376                   | 11,124                   |
| Allowance for doubtful accounts                            | (1)                     | (1)                      |
| <b>Total investments and other assets</b>                  | <b>9,375</b>            | <b>11,123</b>            |
| <b>Total non-current assets</b>                            | <b>18,520</b>           | <b>28,300</b>            |
| <b>Total assets</b>  | <b>133,333</b>          | <b>141,204</b>           |
| <b>Liabilities</b>   |                         |                          |
| Current liabilities  |                         |                          |
| Notes and accounts payable - trade                         | 14,358                  | 15,021                   |
| Income taxes payable                                       | 3,462                   | 2,970                    |
| Contract liabilities                                       | 15,872                  | 19,597                   |
| Provision for loss on orders received                      | 180                     | 261                      |
| Provision for share awards                                 | 18                      | —                        |
| Other  | 13,730                  | 14,506                   |
| <b>Total current liabilities</b>                           | <b>47,622</b>           | <b>52,357</b>            |
| Non-current liabilities                                    |                         |                          |
| Retirement benefit liability                               | 71                      | 90                       |
| Asset retirement obligations                               | 849                     | 951                      |
| Provision for share awards                                 | 147                     | 245                      |
| Other  | 1,671                   | 1,582                    |
| <b>Total non-current liabilities</b>                       | <b>2,739</b>            | <b>2,869</b>             |
| <b>Total liabilities</b>                                   | <b>50,362</b>           | <b>55,227</b>            |



(Millions of yen)

|   | As of December 31, 2023 | As of September 30, 2024 |
|---|-------------------------|--------------------------|
| Net assets  |                         |                          |
| Shareholders' equity                                  |                         |                          |
| Share capital   | 8,180                   | 8,180                    |
| Capital surplus                                       | 15,270                  | 15,270                   |
| Retained earnings                                     | 58,909                  | 61,816                   |
| Treasury shares                                       | (406)                   | (389)                    |
| Total shareholders' equity                            | 81,953                  | 84,877                   |
| Accumulated other comprehensive income                |                         |                          |
| Valuation difference on available-for-sale securities | 285                     | 234                      |
| Foreign currency translation adjustment               | 732                     | 865                      |
| Total accumulated other comprehensive income          | 1,018                   | 1,100                    |
| Total net assets                                      | 82,971                  | 85,977                   |
| Total liabilities and net assets                      | 133,333                 | 141,204                  |

**2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
 [Consolidated Statements of Income]

(Millions of yen)

|   | Nine months ended<br>September 30, 2023 | Nine months ended<br>September 30, 2024 |
|---|---|---|
| Net sales   | 105,267                                 | 112,231                                 |
| Cost of sales   | 67,408                                  | 71,807                                  |
| Gross profit  | 37,859                                  | 40,424                                  |
| Selling, general and administrative expenses                  | 22,307                                  | 25,961                                  |
| Operating profit  | 15,551                                  | 14,463                                  |
| Non-operating income  |   |   |
| Interest and dividend income                                  | 38                                      | 109                                     |
| Share of profit of entities accounted for using equity method | 6                                       | —                                       |
| Dividend income of insurance                                  | 47                                      | 51                                      |
| Subsidy income  | 32                                      | 17                                      |
| Gain on investments in investment partnerships                | 46                                      | —                                       |
| Miscellaneous income  | 10                                      | 20                                      |
| Total non-operating income                                    | 180                                     | 199                                     |
| Non-operating expenses  |   |   |
| Interest expenses   | 19                                      | 27                                      |
| Share of loss of entities accounted for using equity method   | —                                       | 79                                      |
| Loss on investments in investment partnerships                | —                                       | 48                                      |
| Foreign exchange losses                                       | 9                                       | 86                                      |
| Miscellaneous losses  | 6                                       | 7                                       |
| Total non-operating expenses                                  | 35                                      | 248                                     |
| Ordinary profit   | 15,695                                  | 14,413                                  |
| Extraordinary income  |   |   |
| Gain on sale of investment securities                         | 135                                     | 320                                     |
| Total extraordinary income                                    | 135                                     | 320                                     |
| Extraordinary losses  |   |   |
| Impairment losses   | 75                                      | 25                                      |
| Loss on valuation of investment securities                    | 302                                     | —                                       |
| Total extraordinary losses                                    | 377                                     | 25                                      |
| Profit before income taxes                                    | 15,453                                  | 14,709                                  |
| Income taxes - current  | 5,187                                   | 5,387                                   |
| Income taxes - deferred                                       | (573)                                   | (753)                                   |
| Total income taxes  | 4,614                                   | 4,634                                   |
| Profit  | 10,839                                  | 10,074                                  |
| Profit attributable to non-controlling interests              | 1                                       | —                                       |
| Profit attributable to owners of parent                       | 10,838                                  | 10,074                                  |

## [Consolidated Statements of Comprehensive Income]

(Millions of yen)

|  | Nine months ended<br>September 30, 2023 | Nine months ended<br>September 30, 2024 |
|--|---|---|
| Profit   | 10,839                                  | 10,074                                  |
| Other comprehensive income                                     |   |   |
| Valuation difference on available-for-sale securities          | 4                                       | (51)                                    |
| Foreign currency translation adjustment                        | 264                                     | 133                                     |
| Total other comprehensive income                               | 268                                     | 81                                      |
| Comprehensive income   | 11,108                                  | 10,156                                  |
| Comprehensive income attributable to                           |   |   |
| Comprehensive income attributable to owners of parent          | 11,106                                  | 10,156                                  |
| Comprehensive income attributable to non-controlling interests | 1                                       | —                                       |

### 3. Notes on Quarterly Consolidated Financial Statement

(Segment Information and other)

Segment Information

(1) The third quarter cumulative period of FY2023 (from January 1, 2023 to September 30, 2023)

1) Information on net sales and operational profit or loss by reportable segment

(Millions of yen)

|                                   | Reportable segment  |                    |                         |                  |         |
|-----------------------------------|---------------------|--------------------|-------------------------|------------------|---------|
|                                   | Financial Solutions | Business Solutions | Manufacturing Solutions | Communication IT | Total   |
| Net sales                         |                     |                    |                         |                  |         |
| Sales to customers                | 22,582              | 17,466             | 29,819                  | 35,398           | 105,267 |
| Inter-segment sales and transfers | -                   | -                  | -                       | -                | -       |
| Total                             | 22,582              | 17,466             | 29,819                  | 35,398           | 105,267 |
| Segment profit                    | 2,577               | 4,571              | 3,459                   | 4,942            | 15,551  |

Note: Total values for segment profit match those for the operating profit on the “Consolidated Statements of Income.”

(2) The third quarter cumulative period of FY2024 (from January 1, 2024 to September 30, 2024)

1) Information on net sales and operational profit or loss by reportable segment

(Millions of yen)

|                                   | Reportable segment  |                    |                         |                  |         |
|-----------------------------------|---------------------|--------------------|-------------------------|------------------|---------|
|                                   | Financial Solutions | Business Solutions | Manufacturing Solutions | Communication IT | Total   |
| Net sales                         |                     |                    |                         |                  |         |
| Sales to customers                | 24,021              | 17,137             | 34,536                  | 36,535           | 112,231 |
| Inter-segment sales and transfers | -                   | -                  | -                       | -                | -       |
| Total                             | 24,021              | 17,137             | 34,536                  | 36,535           | 112,231 |
| Segment profit                    | 2,707               | 3,793              | 3,616                   | 4,345            | 14,463  |

Notes: Total values for segment profit match those for the operating profit on the “Consolidated Statements of Income.”

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

(Significant changes in the amount of goodwill)

In the current third quarter consolidated accounting period, goodwill was recognized in the Communication IT segment due to the acquisition of Mitsue-Links Co., Ltd. as a subsidiary. The increase in goodwill due to this event was ¥7,892 million.

The amount of goodwill due to this event is a tentatively calculated amount because the allocation of acquisition cost has not been completed as of the end of the current third quarter consolidated accounting period.

(Notes on Significant Changes in Shareholders' Equity)

There are no applicable items.

(Notes on Going Concern Assumption)

There are no applicable items.

(Notes on the Quarterly Consolidated Statement of Cash Flows)

The Quarterly Consolidated Statement of Cash Flows for the current consolidated cumulative period for the third quarter has not been prepared. Depreciation (including amortization of intangible fixed assets excluding goodwill) and amortization of goodwill for the consolidated cumulative period for the third quarter are as follows.

(Millions of yen)

|                               | Third quarter of FY2023<br>(cumulative) | Third quarter of FY2024<br>(cumulative) |
|-------------------------------|---|---|
| Depreciation and amortization | 2,432                                   | 2,415                                   |
| Amortization of goodwill      | 67                                      | 265                                     |