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October 31, 2024

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: MAX Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 6454
 URL: <https://www.max-ltd.co.jp/>
 Representative: Tatsushi Ogawa, President
 Inquiries: Nobuo Suda, Executive Officer
 Telephone: +81-3-3669-8106
 Scheduled date to file semi-annual securities report: November 8, 2024
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for investment analysts and fund managers)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to shareholders of parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2024	44,881	4.6	7,416	11.5	7,150	(3.8)	5,453	(2.4)
September 30, 2023	42,920	2.3	6,649	49.9	7,436	29.9	5,587	35.3

Note: Comprehensive profit For the six months ended September 30, 2024: ¥5,139 million [-41.4%]
 For the six months ended September 30, 2023: ¥8,767 million [37.3%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	117.22	—
September 30, 2023	118.51	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	121,591	100,334	82.4	2,153.65
March 31, 2024	121,717	99,847	81.9	2,143.94

Reference: Equity
 As of September 30, 2024: ¥100,208 million
 As of March 31, 2024: ¥99,730 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	—	—	101.00	101.00
Fiscal year ending March 31, 2025	—	—			
Fiscal year ending March 31, 2025 (Forecast)			—	108.00	108.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to shareholders of parent company		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	90,300	4.2	13,600	7.9	13,740	0.2	10,360	(0.7)	222.67

(Note) Revision of forecasts on the consolidated operation results: None

* Although there are no revisions of forecast of consolidated financial results for the year ending March 31, 2025, we have revised the business performance forecasts by segment and by business in light of recent trends and future forecasts. For details, please see “1. Qualitative Information on Semi-annual financial Results (3) Explanation Concerning Forward-looking Statements Such as Forecasts of Consolidated Operating Results”.

* Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of September 30, 2024:	47,537,426 shares
As of March 31, 2024:	47,537,426 shares

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

As of September 30, 2024:	1,007,989 shares
As of March 31, 2024:	1,020,076 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024:	46,521,306 shares
Six months ended September 30, 2023:	47,144,445 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Explanation and other special notes regarding the appropriate use of the earnings forecast

Statements on the future of our business in these materials, including the earnings forecast, are based on information available at this moment and certain preconditions which we judge as rational and appropriate. Therefore, actual results and other achievements may differ from the above forecasts for various reasons.

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[Qualitative Information and Financial Statements]

1. Qualitative Information on Semi-annual financial Results

(1) Explanation Concerning Qualitative Information on Operating Results

1) Business results of all companies during the semi-annual consolidated accounting period under review

(Millions of yen, %)

	Six months ended September 30, 2024 (Ending March 2025)	Six months ended September 30, 2023 (Ended March 2024)	Year-on-year Change	
			Increase (Decrease)	Rate of Increase (Decrease)
Net sales	44,881	42,920	+1,961	+4.6
Operating profit	7,416	6,649	+767	+11.5
Ordinary profit	7,150	7,436	(285)	(3.8)
Net Profit attributable to shareholders of parent company	5,453	5,587	(133)	(2.4)
Net profit per share	117.22 yen	118.51 yen	(1.29) yen	-
Operating margin	16.5	15.5	+1.0 points	

During the semi-annual consolidated accounting period under review (from April 1 to September 30, 2024), the global economy showed signs of gradual recovery in regions such as Japan and the United States, and also showed signs of recovery in Europe.

In Japan, the number of new housing construction starts and the floor area of non-residential building starts, which is related to the Group's Industrial Equipment segment, was sluggish. In the United States, housing construction starts remained sluggish, although loan rates have been declining for some time now. On the other hand, construction investment trended firm. In Europe, there were signs of a recovery as inflation was suppressed and interest rates were lowered, but the economy in Germany, which is our main market, remained stagnated.

Under such circumstances, net sales increased 4.6% from the previous corresponding period to ¥44,881 million, and operating profit increased 11.5% from the previous corresponding period to ¥7,416 million. Ordinary profit decreased 3.8% from the previous corresponding period to ¥7,150 million, and net profit attributable to owners of parent decreased 2.4% from the previous corresponding period to ¥5,453 million.

2) Business results by segment for the semi-annual consolidated accounting period under review

(Millions of yen, %)

		Six months ended September 30, 2024 (Ending March 2025)	Six months ended September 30, 2023 (Ended March 2024)	Year-on-year Change	
				Increase (Decrease)	Rate of Increase (Decrease)
Office Equipment	Net sales	10,661	10,284	+377	+3.7
	Segment profit	2,120	1,859	+260	+14.0
	Segment profit rate	19.9	18.1	+1.8 points	
Industrial Equipment	Net sales	32,577	31,071	+1,506	+4.8
	Segment profit	7,453	6,656	+797	+12.0
	Segment profit rate	22.9	21.4	+1.5 points	
HCR Equipment	Net sales	1,641	1,564	+77	+5.0
	Segment profit	(45)	(19)	(26)	-
	Segment profit rate	(2.8)	(1.2)	(1.6) points	
Adjustments (Group-wide expenses)		(2,111)	(1,846)	(264)	-
Group-wide	Net sales	44,881	42,920	+1,961	+4.6
	Operating profit	7,416	6,649	+767	+11.5
	Operating margin	16.5	15.5	+1.0 points	

Office Equipment Segment

Business results for the Office Equipment segment were as follows: Net sales of ¥10,661 million (an increase of 3.7% from the previous corresponding period), segment profit of ¥2,120 million (an increase of 14.0% from the previous corresponding period), and segment profit rate of 19.9%.

In domestic office equipment business, net sales were ¥3,568 million (an increase of 2.9% from the previous corresponding period).

Sales of the sign & label printing machines "BEPOP" increased thanks to proposals for label applications in response to new chemical substance regulations and promotion of proposal activities to major companies with the contest for safety signs and safety awareness training as a starting point.

In overseas office equipment business, net sales were ¥2,888 million (a decrease of 8.7% from the previous corresponding period).

Although sales of labelling and signage products such as "BEPOP" and "LETATWIN" tube markers remained steady, sales of stationery-related products declined due to the continued economic slowdown in some parts of Southeast Asia.

In auto-stapler product business, net sales were ¥4,204 million (an increase of 15.0% from the previous corresponding period).

Orders from clients continued to recover, and sales of Auto staplers and consumables remained steady.

Industrial Equipment Segment

Business results for the Industrial Equipment segment were as follows: Net sales of ¥32,577 million (an increase of 4.8% from the previous corresponding period), segment profit of ¥7,453 million (an increase of 12.0% from the previous corresponding period), and segment profit rate of 22.9%.

In domestic industrial equipment business, net sales were ¥10,186 million (a decrease of 3.5% from the previous corresponding period).

Sales of new model of "TWINTIER" rebar tying tools expanded, and sales of the tools and their consumables were strong. On the other hand, sales of tools for wooden structures remained sluggish due to the impact of the decline in new housing starts.

In overseas industrial equipment business, net sales were ¥16,650 million (an increase of 11.4% from the previous corresponding period).

In North America, sales of consumables for "TWINTIER" rebar tying tools increased thanks to steady construction spending on the non-housing market and an increase in the cumulative number of tools in operation. In Europe, sales of rebar tying tools and their consumables were steady. This reflected signs that the decline in sales volume in main market areas such as Germany and Scandinavia had bottomed out, as well as activities in areas where market conditions were favorable.

In home environment equipment business, net sales were ¥5,739 million (an increase of 3.0% from the previous corresponding period).

Sales of our main products heater-ventilator-dryer for bathrooms, "DRYFAN," declined in the replacement market (replacement of existing units), which we are focusing on, but increased in sales to some OEM customers.

HCR Equipment Segment

Business results for the HCR Equipment segment were as follows: Net sales of ¥1,641 million (an increase of 5.0% from the previous corresponding period) and a segment loss of ¥45 million.

Although orders from clients were sluggish in the domestic market, sales of wheelchairs for overseas markets, especially the rental market in China, increased.

(2) Explanation Concerning Financial Position

1) Summary of Consolidated Balance Sheets

(Millions of yen, %)

	Semi-annual / FY 2024 (As of September 30, 2024)	FY 2023 (As of March 31, 2024)	Comparison with Position at End of Previous Consolidated Fiscal Year	
			Increase (Decrease)	Rate of Increase (Decrease)
Total assets	121,591	121,717	(125)	(0.1)
Net assets	100,334	99,847	+487	+0.5
Equity ratio	82.4	81.9	+0.5 points	

Assets decreased ¥125 million compared to the end of the previous consolidated fiscal year, to ¥121,591 million. Current assets increased ¥1,317 million, mainly due to increase of ¥4,499 million in cash and deposits, despite decreases of ¥2,000 million in marketable securities and ¥1,002 million in notes and accounts receivable-trade. Non-current assets decreased ¥1,443 million, mainly due to a ¥1,674 million yen decrease in investment securities.

Liabilities decreased ¥613 million compared to the end of the previous consolidated fiscal year, to ¥21,257 million. Current liabilities increased ¥248 million, mainly due to an increase of ¥832 million in profit taxes payable, despite a decrease of ¥228 million in accounts payable. Non-current liabilities decreased ¥861 million, mainly due to a decrease of ¥840 million in liabilities for retirement benefits.

Net assets increased by ¥487 million compared to the end of the previous consolidated fiscal year, to ¥100,334 million. Shareholders' equity increased ¥802 million, mainly due to interim net profit attributable to shareholders of parent company of ¥5,453 million, despite the payment of dividends from surplus of ¥4,698 million. Accumulated other comprehensive profit decreased ¥324 million, mainly due to a decrease of ¥403 million in valuation difference on valuation of investment securities.

2) Analysis of Consolidated Cash Flow

The balance of cash and cash equivalents (“funds”) during the semi-annual consolidated accounting period under review increased ¥1,224 million compared to the end of the previous consolidated fiscal year, to ¥30,803 million.

Factors in the status of each type of cash flow in the consolidated accounting semi-annual period under review were as follows.

Cash flows from operating activities

Funds obtained from operating activities in the semi-annual consolidated accounting period under review amounted to ¥7,435 million. The key increases came from net profit before profit taxes of ¥7,624 million, depreciation of ¥1,621 million and an increase/decrease in notes and accounts receivable of ¥914 million. The key decrease came from ¥1,603 million paid as profit taxes.

Cash flows from investment activities

Funds used in investment activities in the semi-annual consolidated accounting period under review amounted to ¥1,064 million. The key decreases came from the deposits of ¥5,937 million in time deposits and purchase of property, plant and equipment of ¥1,287 million. The key increase came from proceeds from sales and redemption of short-term and long-term investment securities of ¥4,069 million and proceeds from withdrawal of time deposits of ¥2,754 million.

Cash flows from financing activities

Funds used in financing activities in the semi-annual consolidated accounting period under review amounted to ¥4,846 million. The key decrease was ¥4,687 million in cash dividends paid.

(3) Explanation Concerning Forward-looking Statements Such as Forecasts of Consolidated Operating Results

We have not changed the full-year forecast of consolidating operating results for net sales and profit for the fiscal year ending March 31, 2025, from those announced on July 31, 2024, but we have revised the business performance forecasts by segment and by business in light of recent trends and future forecasts.

For further details, please refer to the “Financial Results Briefing for First Half (Semi-annual) of FY 2024” that was released on October 31, 2024.

Dividends

The Company has set a dividend policy to have a “guideline of a ratio of dividends to net assets of 5.0% and a dividend payout ratio of 50%, as based on consolidated financial results.”

In the fiscal year under review, there is the possibility that the Company’s operating results will be impacted by factors such as the prolonged situation in Ukraine, the uncertain economic outlook in Europe and other aspects of the socioeconomic environment, and exchange rate fluctuations. At the current point in time, operating revenue is strong and there is no change in our plan to pay an annual dividend of ¥108 per share.

2. Semi-annual Consolidated Financial Statements and Main Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
ASSETS		
Current assets		
Cash and deposits	31,624	36,123
Notes and accounts receivable-trade	15,770	14,768
Marketable securities	6,595	4,594
Merchandise and finished goods	10,839	10,294
Work in process	1,026	1,016
Raw materials	2,082	2,174
Other	1,456	1,740
Allowance for doubtful accounts	(3)	(3)
Total current assets	69,392	70,709
Non-current assets		
Property, plant and equipment	26,357	26,400
Intangible assets	514	489
Investments and other assets		
Investment securities	21,408	19,734
Other	4,054	4,267
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	25,453	23,991
Total non-current assets	52,324	50,881
Total assets	121,717	121,591
LIABILITIES		
Current liabilities		
Accounts payable-trade	3,671	3,442
Short-term loans payable	1,050	1,050
Profit taxes payable	989	1,821
Provision for bonuses	2,855	3,120
Provision for directors' bonuses	103	53
Provision for product warranties	189	204
Allowance for non-current asset removal costs	26	26
Other	5,411	4,825
Total current liabilities	14,297	14,546
Non-current liabilities		
Long-term loans payable	125	125
Provision for product warranties	15	10
Net defined benefit liability	6,135	5,294
Asset retirement obligations	135	135
Other	1,162	1,145
Total non-current liabilities	7,573	6,711
Total liabilities	21,870	21,257

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
NET ASSETS		
Shareholders' equity		
Capital stock	12,367	12,367
Capital surplus	10,535	10,549
Retained earnings	70,267	71,022
Treasury stock	(2,670)	(2,637)
Total shareholders' equity	90,500	91,302
Accumulated other comprehensive profit		
Valuation difference on available-for-sale securities	2,721	2,318
Revaluation reserve for land	(339)	(339)
Foreign currency translation adjustment	5,388	5,526
Remeasurements of defined benefit plans	1,460	1,400
Total accumulated other comprehensive profit	9,230	8,905
Non-controlling interests	116	126
Total net assets	99,847	100,334
Total liabilities and net assets	121,717	121,591

(2) Semi-annual Consolidated Statements of Profit and Comprehensive Profit
(Semi-annual Consolidated Statement of Profit)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	42,920	44,881
Cost of sales	23,125	23,231
Gross profit	19,794	21,650
Selling, general and administrative expenses		
Salaries	3,085	3,301
Provision for bonuses	1,875	1,841
Provision for directors' bonuses	51	53
Retirement benefit expenses	403	168
Packing and delivery expenses	1,611	2,003
Promotion expenses	649	792
Depreciation	583	632
Provision of allowance for doubtful accounts	-	(0)
Other	4,883	5,439
Total selling, general and administrative expenses	13,144	14,233
Operating profit	6,649	7,416
Non-operating profit		
Interest income	72	123
Dividend income	100	101
Foreign exchange gains	596	-
Other	63	111
Total non-operating profit	833	336
Non-operating expenses		
Interest expenses	17	12
Foreign exchange loss	-	569
Other	28	20
Total non-operating expenses	46	602
Ordinary profit	7,436	7,150
Extraordinary profit		
Gain on sales of non-current assets	0	1
Gain on sales of investment securities	69	477
Total extraordinary profit	69	479
Extraordinary loss		
Loss on sale of non-current assets	0	-
Loss on abandonment of non-current assets	14	4
Loss on sales of investment securities	0	-
Loss on valuation of investment securities	-	0
Total extraordinary loss	14	5
Net profit before profit taxes	7,491	7,624
Profit taxes	1,903	2,170
Net profit	5,587	5,453
Net profit (loss) attributable to non-controlling interests	0	0
Net profit attributable to owners of parent	5,587	5,453

(Semi-annual Consolidated Statement of Comprehensive Profit)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net profit	5,587	5,453
Other comprehensive profit		
Valuation difference on available-for-sale securities	860	(403)
Foreign currency translation adjustment	2,141	148
Adjustments relating to retirement benefits	176	(59)
Total other comprehensive profit	3,179	(314)
Comprehensive profit	8,767	5,139
(Breakdown)		
Comprehensive profit attributable to shareholders of parent company	8,760	5,128
Comprehensive profit attributable to non-controlling interests	6	10

(3) Semi-annual Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Net profit before profit taxes	7,491	7,624
Depreciation	1,509	1,621
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses	568	263
Increase (decrease) in provision for directors' bonuses	(29)	(49)
Increase (decrease) in provision for product warranties	(6)	10
Increase (decrease) in net defined benefit liability	(16)	(927)
Interest and dividend income	(173)	(224)
Interest expenses	17	12
Foreign exchange losses (gains)	(456)	468
Loss on abandonment of non-current assets	14	4
Loss (gain) on sales of non-current assets	(0)	(1)
Loss (gain) on sales of short-term and long-term investment securities	(69)	(477)
Loss (gain) on revaluation of securities	-	0
Increase (decrease) in deposits received from employees	82	(85)
Decrease (increase) in notes and accounts receivable-trade	(270)	914
Decrease (increase) in inventories	552	144
Increase (decrease) in notes and accounts payable-trade	(128)	(234)
Decrease (increase) in consumption taxes refund receivable	116	-
Increase (decrease) in accrued consumption taxes	222	(248)
Decrease (increase) in other assets	21	62
Increase (decrease) in other liabilities	209	(52)
Subtotal	9,656	8,825
Interest and dividend income	172	225
Interest expenses paid	(18)	(12)
Profit taxes (paid) refund	(2,814)	(1,603)
Cash flows from operating activities	6,996	7,435
Cash flows from investment activities		
Payments into time deposits	(297)	(5,937)
Proceeds from withdrawal of time deposits	145	2,754
Purchase of short-term and long-term investment securities	(3,201)	(531)
Proceeds from sales and redemption of short-term and long-term investment securities	2,984	4,069
Purchase of property, plant and equipment	(1,252)	(1,287)
Payments for retirement of property, plant and equipment	(5)	(0)
Proceeds from sales of property, plant and equipment	0	1
Purchase of intangible assets	(132)	(81)
Payments of loans receivable	(0)	(62)
Collection of loans receivable	11	9
Cash flows from investment activities	(1,748)	(1,064)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Purchase of treasury shares	(1,335)	(0)
Cash dividends paid	(3,685)	(4,687)
Cash dividends paid to non-controlling shareholders	(1)	(0)
Repayments of lease obligations	(141)	(157)
Cash flows from financing activities	(5,164)	(4,846)
Effect of exchange rate change on cash and cash equivalents	1,283	(299)
Net increase (decrease) in cash and cash equivalents	1,367	1,224
Balance of cash and cash equivalents, beginning of the period	26,987	29,579
Semi-annual balance of cash and cash equivalents at the end of the period	28,355	30,803

(4) Notes Relating to the Semi-annual Consolidated Financial Statements

(Notes Relating to the Assumption of Going Concern)

None.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

None.

(Application of Specific Accounting Procedures for the Preparation of Semi-annual Consolidated Financial Statements)

(Calculation of Tax Expenses)

Tax expenses are calculated by multiplying pre-tax current net profit for the fiscal year (including the semi-annual currently under review) by an effective tax rate reasonably estimated by applying tax effect accounting to estimated profit before profit taxes.

(Segment Information)

Semi-annual of FY 2023 (From April 1, 2023 to September 30, 2023)

1) Information on the amount of sales, profit and losses for each reported segment

(Millions of yen)

	Reported segments			Adjustments	Total
	Office Equipment	Industrial Equipment	HCR Equipment		
Net sales					
Net sales to outside customers	10,284	31,071	1,564	-	42,920
Inter-segment sales or transfers	-	-	-	-	-
Total	10,284	31,071	1,564	-	42,920
Segment profit (loss)	1,859	6,656	(19)	(1,846)	6,649

(Notes) 1. Segment profit (loss) is consistent with operating profit in the Semi-annual consolidated statement of profit.

2. The segment profit (loss) adjustment of negative ¥1,846 million includes the negative ¥1,846 million of the Group-wide expenses, which are not allocated to the individual reported segments. Group-wide expenses are mainly comprised of general and administrative expenses not attributable to the reported segment.

Semi-annual of FY 2024 (From April 1, 2024 to September 30, 2024)

1) Information on the amount of sales, profit and losses for each reported segment

(Millions of yen)

	Reported segments			Adjustments	Total
	Office Equipment	Industrial Equipment	HCR Equipment		
Net sales					
Net sales to outside customers	10,661	32,577	1,641	-	44,881
Inter-segment sales or transfers	-	-	-	-	-
Total	10,661	32,577	1,641	-	44,881
Segment profit (loss)	2,120	7,453	(45)	(2,111)	7,416

(Notes) 1. Segment profit (loss) is consistent with operating profit in the Semi-annual consolidated statement of profit.

2. The segment profit (loss) adjustment of negative ¥2,111 million includes the negative ¥2,111 million of the Group-wide expenses, which are not allocated to the individual reported segments. Group-wide expenses are mainly comprised of general and administrative expenses not attributable to the reported segment.