

**Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2024
(Six Months Ended September 30, 2023)**

[Japanese GAAP]

Company name: AOKI Holdings Inc. Listings: Tokyo Stock Exchange
 Stock code: 8214 URL: <https://www.aoki-hd.co.jp/>
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 Scheduled date of filing of Quarterly Report: November 10, 2023
 Scheduled date of payment of dividend: December 4, 2023
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on November 9, 2023 at 15:15 (GMT +9).

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Six Months Ended September 30, 2023
(April 1, 2023 – September 30, 2023)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2023	81,055	7.2	3,798	87.9	3,557	111.6	2,063	243.6
Six months ended Sep. 30, 2022	75,595	21.2	2,021	-	1,681	-	600	-

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2023: 2,156 (up 194.1%)
 Six months ended Sep. 30, 2022: 733 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2023	24.50	-
Six months ended Sep. 30, 2022	7.07	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2023	221,480	132,549	59.7
As of Mar. 31, 2023	233,416	132,251	56.5

Reference: Shareholders' equity (million yen) As of Sep. 30, 2023: 132,304 As of Mar. 31, 2023: 131,969

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/23	-	7.00	-	13.00	20.00
FY3/24	-	13.00	-	-	-
FY3/24 (forecasts)	-	-	-	27.00	40.00

Note: Revisions to the most recently announced dividend forecast: Yes

For more information, please see "Revisions to Consolidated Earnings Forecasts and Year-end Dividend Forecast for the Fiscal Year Ending March 31, 2024" that was announced today (November 9, 2023).

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	185,000	5.0	13,000	27.0	12,500	48.3	6,800	20.7	80.83

Note: Revisions to the most recently announced consolidated forecast: Yes

For more information, please see "Revisions to Consolidated Earnings Forecasts and Year-end Dividend Forecast for the Fiscal Year Ending March 31, 2024" that was announced today (November 9, 2023) and "(3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 4 of the attachments.

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

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

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|---|------|
| 1) Changes in accounting policies due to revisions in accounting standards, others: | None |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting-based estimates: | None |
| 4) Restatements: | None |

(4) Number of shares outstanding (common shares)

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

As of Sep. 30, 2023:	86,649,504 shares	As of Mar. 31, 2023:	87,649,504 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2023:	2,626,827 shares	As of Mar. 31, 2023:	2,746,866 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2023:	84,218,844 shares	Six months ended Sep. 30, 2022:	84,902,871 shares
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Note 1: The current quarterly summary report is not subject to quarterly review by certified public accountants or auditing firms.

Note 2: Cautionary statement with respect to forecasts and other matters

Cautionary statement with respect to forward-looking statements

Forecasts and forward-looking statements in these materials are based on assumptions judged to be valid and information available to the Company at the time the materials were created. These materials are not promises by the Company regarding future performance. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to “(3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 4 of the attachments regarding preconditions or other related matters for the forecast shown above.

Supplementary materials for quarterly financial results

Supplementary materials for quarterly financial results will be available on the Company’s website immediately after the earnings announcement on Thursday, November 9, 2023.

Disclosure of the information meeting materials

The Company plans to hold a financial results meeting for institutional investors and analysts by web conference on Wednesday, November 22, 2023. Materials to be distributed at this event will be available on the Company’s website on the morning of the meeting.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first half of the current fiscal year, there was an overall recovery of the Japanese economy at a moderate pace as social and economic activities continued to return to normal. However, consumer spending slowed down for short time because of typhoons and heavy rain during the summer and other reasons. The outlook for the economy remains uncertain because of inflation and other concerns involving the high cost of energy and raw materials caused by global events causing uncertainty, the yen's depreciation and other reasons.

Due to the measures of the AOKI Holdings Group explained in the following sections, both sales and earnings increased in the first half of the current fiscal year. Net sales increased 7.2% from one year earlier to 81,055 million yen, operating profit increased 87.9% to 3,798 million yen, ordinary profit increased 111.6% to 3,557 million yen, and profit attributable to owners of parent increased 243.6% to 2,063 million yen.

Business segment performance was as follows.

Fashion Business

This business added the new Pajama Suits Relax line of apparel that reflects the increasing interest in wearing relaxing apparel, a trend triggered by the popular Pajama Suits series. Another step was the expansion of selections of apparel in response to changes in styles of business apparel. Additions to apparel selections include the line of T-shirts with Business Suit Tailoring, which are also ideal for wearing with a business suit jacket. In the women's fashion category, this business placed emphasis on sales of apparel with functions for comfort. Two examples are new ideas in the summer mix-and-match apparel category for working women and the line of Kinseki Cut T-shirts, which have fabric able to block most near-infrared rays, which are a cause of skin wrinkling. Three AOKI stores were opened, including those after conversion from a different format, and two AOKI stores and three ORIHICA stores were closed to improve the efficiency of store operations and make conversion to a different format. As a result, the number of stores decreased from 596 at the end of the previous fiscal year to 594 at the end of the second quarter.

These activities and hot summer weather generated strong sales of summer formal and other Cool Biz apparel. As a result, sales increased 4.0% year on year to 37,643 million yen and operating profit increased 100.7% year on year to 437 million yen.

Anniversaire and Bridal Business

This business continued marketing activities using the internet and social networking services for efficiently attracting customers. On September 8, ANNIVERSAIRE Omotesando, which is celebrating its 25th anniversary, reopened following an extensive remodeling project. The new look is based on the concept of "TOKI MAKE: a location for making memories with people who mean the most to each other." ANNIVERSAIRE Omotesando has numerous amenities and features involving time, experiences, merchandise and services that are associated with anniversaries. Reopening this key location in central Tokyo is expected to contribute to more growth by even more firmly positioning ANNIVERSAIRE as a leading company for producing events for anniversaries and other special days.

The number of weddings at existing locations was consistently high although there were negative effects from the closing of ANNIVERSAIRE Omotesando for remodeling and expenses for renovation. As a result, sales increased 3.3% to 4,348 million yen and there was an operating loss of 434 million yen compared with a loss of 29 million yen one year earlier.

Entertainment Business

KAIKATSU CLUB café complexes are continuing to create café environments that match customers' needs and improve these environments. Activities include the addition of more individual-use rooms with locks and the remodeling of café interiors and exteriors. There are also ongoing measures for improving services targeting businesspeople and students. This business has a partnership with The Tokyo Chamber of Commerce and Industry concerning its certification tests and has a tie-up with the Office Pass system of Nikkei, Inc. In another step to attract customers, café complexes offered seasonal menu items through tie-ups with famous restaurant chains and manufacturers. At COTE D'AZUR karaoke stores, several fee packages were added to offer attractive prices throughout the day. Two examples are a morning karaoke package and a nighttime reduced-rate campaign. Karaoke

stores also added menu items, such as seasonal dishes like chilled pasta and shaved ice. FiT24, which operates 24-hour self-service fitness gyms, opened new stores as planned and continued to increase the number of indoor golf facilities. During the first half, KAIKATSU CLUB opened three cafés and FiT24 opened six gyms while five KAIKATSU CLUB café and six COTE D'AZUR karaoke facilities were closed due to measures to improve efficiency. As a result, including the 97 JIYU KUKAN café complexes and other locations of RUNSYSTEM (including 54 franchised stores), the number of locations in this business decreased from 810 at the end of the previous fiscal year to 799 at the end of the second quarter.

Segment sales and earnings increased because of these measures and other factors. Sales in this segment increased 10.8% to 38,277 million yen and operating profit increased 102.3% to 3,735 million yen.

Real Estate Leasing Business

Segment sales increased 15.3% to 2,724 million yen and operating profit increased 13.1% to 461 million yen mainly because of the leasing of idle space of the AOKI Group's stores.

(2) Explanation of Financial Position

1) Balance sheet position

Assets

Total assets at the end of the second quarter decreased 11,936 million yen from the end of the previous fiscal year to 221,480 million yen primarily because of a decrease in accounts receivable-trade.

Current assets decreased 15,189 million yen mainly due to decreases of 8,602 million yen in cash and deposits and 6,865 million yen in accounts receivable-trade caused by seasonal and other factors. Non-current assets increased 3,253 million yen as property, plant and equipment increased 3,837 million yen.

Liabilities

Current liabilities decreased 11,441 million yen from the end of the previous fiscal year. There were decreases of 5,479 million yen in accounts payable-trade mainly due to seasonal factors, 1,787 million yen in current portion of long-term borrowings mainly for scheduled repayments, 1,336 million yen in accrued income taxes due to the payment of income taxes, and 1,475 million yen in provision for bonuses. Non-current liabilities decreased 793 million yen due to a decrease of 1,168 million yen in long-term borrowings resulting from a 6,000 million yen of new loan and the transfer to the current portion.

Net assets

Net assets increased 298 million yen from the end of the previous fiscal year. Although there were a decrease of 1,197 million yen in capital surplus due to the retirement of treasury shares and a net decrease of 443 million yen in treasury shares as a result of repurchase and retirement, retained earnings increased 959 million yen due to a profit attributable to owners of parent and dividend from surplus.

2) Cash flow position

Cash and cash equivalents (hereafter "net cash") at the end of the second quarter decreased 8,602 million yen from the end of the previous fiscal year to 29,693 million yen.

Cash flows from operating activities

Net cash provided by operating activities increased 545 million yen from one year earlier to 3,753 million yen. The principal factors were profit before income taxes of 3,920 million yen and depreciation of 4,710 million yen, while there was a decrease in trade payables of 5,479 million yen.

Cash flows from investing activities

Net cash used in investing activities increased 5,847 million yen from one year earlier to 6,454 million yen. This was mainly due to the payments of 7,510 million yen for the purchase of property, plant and equipment for new store

openings, renewals and other activities, while there was a net decrease in trust beneficiary rights of 585 million yen.

Cash flows from financing activities

Net cash used in financing activities decreased 819 million yen from one year earlier to 5,902 million yen. This was mainly due to scheduled repayments of long-term borrowings of 8,956 million yen, dividends paid of 1,104 million yen and purchase of treasury shares of 877 million yen, while there were proceeds from long-term borrowings of 6,000 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

By taking into consideration marketing and other activities of all businesses in the second half of the current fiscal year based on results of operations in the first half, the fiscal year forecast announced on May 11, 2023 has been revised. For more information, please see “Revisions to Consolidated Earnings Forecasts and Year-end Dividend Forecast for the Fiscal Year Ending March 31, 2024” that was announced on today (November 9, 2023).

Our business segment forecasts were also revised as follows.

Business segment forecasts for the fiscal year ending March 31, 2024

	Fashion	Anniversaire and Bridal	Entertainment	Real Estate Leasing	Consolidated
	Million yen	Million yen	Million yen	Million yen	Million yen
Sales	97,500	10,000	75,700	5,800	185,000
YoY change (%)	103.2	106.2	106.2	120.6	105.0
Segment profit	8,000	50	5,000	1,100	13,000
YoY change (%)	120.1	13.0	150.0	147.3	127.0

Note: Segment profit is operating profit. Total segment profit differs from consolidated operating profit because of consolidation adjustments.

* These forecasts are based on judgments made in accordance with information available to the management at the time these materials were prepared. Actual results may differ substantially from these forecasts for a number of reasons.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	FY3/23 (As of Mar. 31, 2023)	Second quarter of FY3/24 (As of Sep. 30, 2023)
Assets		
Current assets		
Cash and deposits	38,295	29,693
Accounts receivable-trade	13,114	6,248
Inventories	19,465	21,386
Other	8,015	6,361
Allowance for doubtful accounts	(54)	(42)
Total current assets	78,836	63,647
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	63,898	65,566
Land	31,021	31,021
Others, net	14,378	16,547
Total property, plant and equipment	109,299	113,136
Intangible assets	7,007	6,910
Investments and other assets		
Guarantee deposits	6,628	6,511
Leasehold deposit	19,013	19,013
Other	12,682	12,314
Allowance for doubtful accounts	(53)	(53)
Total investments and other assets	38,272	37,786
Total non-current assets	154,579	157,832
Total assets	233,416	221,480

	(Millions of yen)	
	FY3/23 (As of Mar. 31, 2023)	Second quarter of FY3/24 (As of Sep. 30, 2023)
Liabilities		
Current liabilities		
Accounts payable-trade	17,963	12,484
Current portion of long-term borrowings	10,647	8,859
Income taxes payable	2,012	676
Provision for bonuses	3,349	1,874
Provision for bonuses for directors (and other officers)	65	67
Other	14,865	13,501
Total current liabilities	48,904	37,463
Non-current liabilities		
Long-term borrowings	36,206	35,038
Retirement benefit liability	895	876
Asset retirement obligations	7,855	7,952
Other	7,302	7,599
Total non-current liabilities	52,260	51,466
Total liabilities	101,164	88,930
Net assets		
Shareholders' equity		
Share capital	23,282	23,282
Capital surplus	23,795	22,597
Retained earnings	87,434	88,394
Treasury shares	(3,490)	(3,047)
Total shareholders' equity	131,022	131,227
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	682	846
Remeasurements of defined benefit plans	265	230
Total accumulated other comprehensive income	947	1,076
Non-controlling interests	281	245
Total net assets	132,251	132,549
Total liabilities and net assets	233,416	221,480

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income**Quarterly Consolidated Statement of Income
(For the Six-month Period)**

(Millions of yen)

	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)
Net sales	75,595	81,055
Cost of sales	47,704	49,466
Gross profit	27,890	31,589
Selling, general and administrative expenses	25,869	27,790
Operating profit	2,021	3,798
Non-operating profit		
Interest income	32	31
Dividend income	19	21
Other	117	79
Total non-operating profit	168	132
Non-operating expenses		
Interest expenses	188	150
Loss on retirement of non-current assets	52	29
Other	268	194
Total non-operating expenses	509	374
Ordinary profit	1,681	3,557
Extraordinary income		
Settlements received	-	500
Subsidies for employment adjustment	254	-
Total extraordinary income	254	500
Extraordinary losses		
Impairment loss	634	137
Total extraordinary losses	634	137
Profit before income taxes	1,300	3,920
Income taxes – current	529	1,065
Income taxes – deferred	258	826
Total income taxes	788	1,892
Profit	512	2,027
Loss attributable to non-controlling interests	(88)	(35)
Profit attributable to owners of parent	600	2,063

Quarterly Consolidated Statement of Comprehensive Income
(For the Six-month Period)

	(Millions of yen)	
	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)
Profit	512	2,027
Other comprehensive income		
Valuation difference on available-for-sale securities	259	164
Remeasurements of defined benefit plans, net of tax	(38)	(35)
Total other comprehensive income	221	129
Comprehensive income	733	2,156
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	821	2,192
Comprehensive income attributable to non-controlling interests	(88)	(35)

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)
Cash flows from operating activities		
Profit before income taxes	1,300	3,920
Depreciation	4,591	4,710
Impairment loss	634	137
Settlements received	-	(500)
Increase (decrease) in retirement benefit liability	(33)	(71)
Interest and dividend income	(51)	(53)
Interest expenses	188	150
Decrease (increase) in trade receivables	6,923	6,865
Decrease (increase) in inventories	486	(1,921)
Increase (decrease) in trade payables	(4,776)	(5,479)
Increase (decrease) in accrued consumption taxes	(1,330)	(1,482)
Other	(1,874)	(790)
Subtotal	6,058	5,485
Interest and dividend income received	41	47
Interests paid	(188)	(165)
Settlements received	-	500
Income taxes paid	(2,703)	(2,987)
Income taxes refund	-	873
Net cash provided by (used in) operating activities	3,208	3,753
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,403)	(7,510)
Purchase of intangible assets	(262)	(392)
Payments for leasehold and guarantee deposits	(70)	(310)
Net decrease (increase) in trust beneficiary rights	465	585
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	82	-
Other	1,582	1,174
Net cash provided by (used in) investing activities	(606)	(6,454)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,899	-
Proceeds from long-term borrowings	-	6,000
Repayments of long-term borrowings	(7,996)	(8,956)
Repayments of lease obligations	(1,070)	(963)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(125)	-
Purchase of treasury shares	(0)	(877)
Dividends paid	(428)	(1,104)
Net cash provided by (used in) financing activities	(6,721)	(5,902)
Effect of exchange rate change on cash and cash equivalents	(0)	0
Increase (decrease) in cash and cash equivalents	(4,119)	(8,602)
Cash and cash equivalents at beginning of period	37,937	38,295
Cash and cash equivalents at end of period	33,817	29,693

(4) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

No reportable information.

Significant Changes in Shareholders' Equity

First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)

Purchase and retirement of treasury shares

AOKI Holdings purchased 1 million treasury shares on May 16, 2023 and retired the same number of shares on May 29, 2023 pursuant to the resolution of the Board of Directors on May 15, 2023.

As a result, treasury shares increased 877 million yen due to the purchase of treasury shares, and capital surplus and treasury shares decreased 1,165 million yen each due to the retirement of treasury shares.

Segment Information

First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)

1. Information related to sales and profit/loss for each reportable segment and breakdown of revenue

(Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Fashion	Anniversaire and Bridal	Entertainment	Real Estate Leasing	Subtotal				
Sales									
Fashion	36,190	-	-	-	36,190	-	36,190	-	36,190
Bridal	-	4,202	-	-	4,202	-	4,202	-	4,202
Café complex	-	-	27,054	-	27,054	-	27,054	-	27,054
Karaoke	-	-	4,698	-	4,698	-	4,698	-	4,698
Fitness	-	-	2,428	-	2,428	-	2,428	-	2,428
Other	-	-	330	-	330	12	342	-	342
Revenue from contracts with customers	36,190	4,202	34,512	-	74,904	12	74,917	-	74,917
Other revenues	-	-	20	657	677	-	677	-	677
External sales	36,190	4,202	34,532	657	75,582	12	75,595	-	75,595
Inter-segment sales and transfers	-	6	23	1,704	1,734	28	1,762	(1,762)	-
Total	36,190	4,208	34,555	2,362	77,316	40	77,357	(1,762)	75,595
Segment profit (loss)	218	(29)	1,846	407	2,443	1	2,444	(423)	2,021

Notes: 1. The "others" classification refers to businesses not included in reportable segments such as advertising-related business.

2. The -423 million yen adjustment to segment profit (loss) includes 2,015 million yen in elimination for inter-segment transactions, -20 million yen in amortization of goodwill, and -2,418 million yen in company-wide costs that cannot be allocated to any specific reportable segments. Company-wide costs mainly include administration expenses of the Company that cannot be attributed to reportable segments.

3. Segment profit (loss) is adjusted with operating profit on the quarterly consolidated statement of income.

4. Segment information for the first six months of FY3/23 has been restated to reflect the significant revision in the initial allocation of acquisition costs described in the Business Combinations section.

2. Information related to impairment losses on non-current assets, or goodwill, etc. for each reportable segment

Material impairment losses related to non-current assets

In the Fashion Business, the Entertainment Business and the Real Estate Leasing Business, impairment losses were recognized for operating stores set to be closed or converted, or expected to remain in the red, for which there is little expectation of recovery; impairment losses of 31 million yen, 595 million yen and 8 million yen were booked respectively in the first six months of FY3/23.

Significant change in goodwill

Goodwill was booked in the Entertainment Business as the Company has acquired the share of RUNSYSTEM CO., LTD. and included this company in the scope of consolidation. The event caused an increase of goodwill by 407

million yen for the first six months of FY3/23.

First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)

1. Information related to sales and profit/loss for each reportable segment and breakdown of revenue

(Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Fashion	Anniversaire and Bridal	Enter- tainment	Real Estate Leasing	Subtotal				
Sales									
Fashion	37,641	-	-	-	37,641	-	37,641	-	37,641
Bridal	-	4,347	-	-	4,347	-	4,347	-	4,347
Café complex	-	-	29,946	-	29,946	-	29,946	-	29,946
Karaoke	-	-	5,117	-	5,117	-	5,117	-	5,117
Fitness	-	-	2,611	-	2,611	-	2,611	-	2,611
Other	-	-	561	-	561	20	581	-	581
Revenue from contracts with customers	37,641	4,347	38,236	-	80,225	20	80,246	-	80,246
Other revenues	-	-	39	770	809	-	809	-	809
External sales	37,641	4,347	38,276	770	81,034	20	81,055	-	81,055
Inter-segment sales and transfers	2	0	1	1,954	1,959	31	1,990	(1,990)	-
Total	37,643	4,348	38,277	2,724	82,994	51	83,046	(1,990)	81,055
Segment profit (loss)	437	(434)	3,735	461	4,200	(11)	4,188	(389)	3,798

Notes: 1. The “others” classification is businesses not included in reportable segments such as advertising-related business.

2. The -389 million yen adjustment to segment profit (loss) includes 2,124 million yen in elimination for inter-segment transactions, -40 million yen in amortization of goodwill, and -2,473 million yen in company-wide costs that cannot be allocated to any specific reportable segments. Company-wide costs mainly include administration expenses of the Company that cannot be attributed to reportable segments.

3. Segment profit (loss) is adjusted with operating profit on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, or goodwill, etc. for each reportable segment

Material impairment losses related to non-current assets

In the Fashion Business and the Entertainment Business, impairment losses were recognized for operating stores set to be closed or converted for which there is little expectation of recovery; impairment losses of 20 million yen and 116 million yen were booked respectively in the first six months of FY3/24.

Business Combinations

Significant revision of the initial allocation of acquisition costs in comparative information

Regarding a business combination with RUNSYSTEM CO., LTD. conducted on June 30, 2022 (deemed acquisition date), provisional accounting methods were used for the allocation of the acquisition cost in the second quarter of FY3/23. The allocation of the acquisition cost was finalized at the end of the previous fiscal year.

With the finalization of this provisional accounting method, the comparative information included in the quarterly consolidated financial statements for the first six months of FY3/24 reflects a significant revision in the initial allocation of acquisition costs. The provisional amount of goodwill of 777 million yen was reduced by the same amount due to the finalization of the accounting method, and the amount of goodwill of 407 million yen and trade mark rights of 1,142 million yen were recorded.

As a result, amortization of goodwill decreased by 18 million yen, amortization of trade mark rights increased by 14 million yen, and operating profit, ordinary profit and profit before income taxes increased by 4 million yen each in the quarterly consolidated statement of income for the first six months of FY3/23.

* This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.