

Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]



November 8, 2024

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 Stock exchange listing: Tokyo Stock Exchange
 Code number: 7914
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 Scheduled date of filing semi-annual securities report: November 13, 2024
 Scheduled date of commencing dividend payments: December 9, 2024
 Availability of supplementary briefing material on financial results: Available
 Schedule of financial results briefing session: Scheduled (for institutional investors and securities analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
September 30, 2024	48,183	5.3	623	78.8	918	32.3	870	159.2
September 30, 2023	45,741	3.8	348	—	694	—	335	—

(Note) Comprehensive income: Six months ended September 30, 2024: ¥441 million [(80.7%)]
 Six months ended September 30, 2023: ¥2,284 million [—%]

	Basic net income per share	Diluted net income per share
Six months ended	Yen	Yen
September 30, 2024	119.46	—
September 30, 2023	44.04	—

(2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
	Million yen	Million yen	%
As of September 30, 2024	129,211	63,205	48.9
As of March 31, 2024	131,815	63,120	47.9

(Reference) Equity: As of September 30, 2024: ¥63,168 million
 As of March 31, 2024: ¥63,082 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	50.00	—	50.00	100.00
Fiscal year ending March 31, 2025	—	55.00			
Fiscal year ending March 31, 2025 (Forecast)			—	80.00	135.00

(Note) Revision to the dividend forecast announced most recently: No

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	104,000	7.2	3,100	96.5	3,600	72.8	3,250	117.2	446.07

(Note) Revision to the financial results forecast announced most recently: No

*** Notes:**

- (1) Significant changes in the scope of consolidation during the period: Yes
Newly added: – (Name of subsidiary): –, Excluded: 1 (Name of subsidiary): Kyodo Printing Marketing Solutions Co., Ltd.
- (2) Accounting policies adopted specially for the preparation of semi-annual consolidated financial statements: Yes
(Note) For details, please see “1. Semi-annual Consolidated Financial Statements and Primary Notes (4) Notes to Semi-annual Consolidated Financial Statements (Accounting policies adopted specially for the preparation of semi-annual consolidated financial statements)” on page 10 of the attached documents.
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: Yes
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No
(Note) For details, please see “1. Semi-annual Consolidated Financial Statements and Primary Notes (4) Notes to Semi-annual Consolidated Financial Statements (Notes regarding changes in accounting policies)” on page 10 of the attached documents.
- (4) Total number of issued shares (common stock)
1) Total number of issued shares at the end of the period (including treasury shares):
September 30, 2024: 8,370,000 shares
March 31, 2024: 8,370,000 shares

2) Total number of treasury shares at the end of the period:
September 30, 2024: 1,080,191 shares
March 31, 2024: 1,087,831 shares

3) Average number of shares during the period:
Six months ended September 30, 2024: 7,285,822 shares
Six months ended September 30, 2023: 7,623,203 shares
(Note) Treasury shares deducted in calculating the total number of treasury shares at the end of the period and the average number of shares during the period include the Company’s shares held by Custody Bank of Japan, Ltd. (Trust account E) as a trust property of the “Board Benefit Trust (BBT, J-ESOP, and Employee Shareholding Association Disposal Type).”

* These semi-annual financial results are outside the scope of review by certified public accountants or audit firms.

*** Explanation of the proper use of financial results forecast and other notes**

The financial results forecast and certain other statements regarding the future in this document are based on the information currently available to the Company and certain assumptions considered to be rational by the Company and they do not constitute a guarantee that the Company will achieve the forecast or other forward-looking statements. The actual results may differ substantially from the forecast for various reasons.

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1. Summary of Financial Results for the Six Months Ended September 30, 2024

(1) Summary of Operating Results

In the six months ended September 30, 2024, the Japanese economy continued to experience a gradual recovery, despite certain areas having remained at a standstill. However, the outlook for the domestic economy continues to require careful attention to the effects of persistently high interest rate levels in Europe and the U.S., as well as the situation surrounding the Middle East region.

The environment surrounding the Kyodo Printing Group also continues to be unpredictable due to such environmental changes as the accelerating shift to digital and soaring raw material prices. Under these circumstances, the Group is promoting various measures based on the Medium-term Management Policy of “Taking on the challenge of future-driven change to create a prosperous society and new value“ in order to achieve the goals of the current Medium-term Management Plan, which has entered its final year.

In information-related businesses, in order to realize new value creation based on the strengths cultivated in the printing business, we worked to capture business opportunities by integrating digital and physical operations, including proposing products and services that support customers’ sales promotions and the digital shift of their operations. We are also striving to restructure by consolidating manufacturing sites and operations, and pushing forward to achieve further rationalization.

In the Living and Industrial Materials business, we worked to further increase orders for packaging and laminated tubes for food and daily necessities in order to establish a position as a packaging solution vendor. In our efforts to expand sales of the environmentally friendly products upon which we focus, we have begun to see positive results with paper-laminated tubes that reduce the amount of plastic used, and we will continue to strengthen our proposals.

As a result of the above, in the six months ended September 30, 2024, net sales amounted to ¥48,183 million (up 5.3% year on year), operating profit was ¥623 million (up 78.8% year on year), ordinary profit was ¥918 million (up 32.3% year on year), and profit attributable to owners of parent was ¥870 million (up 159.2% year on year).

Results by segment are as follows.

Information Communication

In the publishing and printing business, book sales were down from the same period of the previous fiscal year due to sluggish sales of paperbacks, etc., despite strong sales of comics. However, digital production, such as for comics data production, remained steady, while magazines and other periodicals, event planning, production of merchandise sales items, and other content-related areas also performed well, with results on par with the same period of the previous fiscal year.

In general commercial printing, sales of catalogs, pamphlets, and leaflets were sluggish, and POP sales declined from the same period of the previous fiscal year due to fewer large projects. However, integrated reports and logistics-related operations performed well, and the digital production field, such as web advertising, was steady, and results were on par with the same period of the previous fiscal year.

As a result of the above, overall net sales for the segment amounted to ¥15,899 million (up 0.3% year on year) and operating loss was ¥446 million (an operating loss of ¥492 million in the same period of the previous fiscal year).

Information Security

In business forms, sales were on par with the same period of the previous fiscal year owing to expanded sales of data printing and BPO to local governments, despite sluggish growth in such sales to financial institutions. In securities and smart cards, in addition to strong sales of lottery tickets, passenger tickets remained favorable due to brisk passenger mobility, including inbound tourism demand, and smart cards for transport purposes grew substantially, outperforming the same period of the previous fiscal year.

As a result of the above, overall net sales for the segment were ¥15,298 million (up 12.7% year on year) and operating profit amounted to ¥1,162 million (up 47.9% year on year).

Living and Industrial Materials

Sales in the segment surpassed those of the same period of the previous fiscal year owing to favorable sales of tissue cartons, despite a challenging situation with wrap cartons. In flexible packaging, sales of lid materials and film packaging materials for instant noodles remained steady, while liquid packaging was also firm, resulting in a year-on-year increase. Tubes for toothpaste struggled, although sales for cosmetics were strong, resulting in higher year-on-year sales. Blow bottles and blow tubes performed well and exceeded the same period of the previous fiscal year. Year-on-year sales of high-performance materials declined due to lackluster demand for pharmaceutical products.

As a result of the above, overall segment net sales amounted to ¥15,959 million (up 4.4% year on year) and operating profit was ¥465 million (up 9.4% year on year).

Other

With logistics and other operations essentially unchanged year on year, net sales in the Other segment were ¥1,024 million (up 0.5% year on year) and operating loss was ¥57 million (operating profit of ¥26 million in the same period of the previous fiscal year).

(2) Summary of Financial Position

Assets, liabilities and net assets at the end of the six months ended September 30, 2024 compared to the end of the previous consolidated fiscal year were as follows.

Total assets amounted to ¥129,211 million (¥131,815 million at the end of the previous fiscal year), a decline of ¥2,604 million. This was mainly due to an increase of ¥1,401 million in cash and deposits, while notes and accounts receivable - trade, and contract assets decreased by ¥2,820 million and investment securities decreased by ¥1,106 million. Liabilities amounted to ¥66,005 million (¥68,695 million at the end of the previous fiscal year), a decline of ¥2,689 million. This was mainly attributable to a decrease of ¥3,142 million in notes and accounts payable - trade, while borrowings rose by ¥780 million. Net assets amounted to ¥63,205 million (¥63,120 million at the end of the previous fiscal year), an increase of ¥85 million. This was mainly on account of ¥870 million in profit attributable to owners of parent, a decrease of ¥745 million in valuation difference on available-for-sale securities, and dividends paid of ¥377 million.

Status of Cash Flows

Cash and cash equivalents (hereinafter, referred to as “cash”) at the end of the six months ended September 30, 2024 increased by ¥1,395 million from the end of the previous fiscal year, to ¥12,339 million.

Cash flows from operating activities

Net cash provided by operating activities during the six months ended September 30, 2024 amounted to ¥2,393 million (¥839 million used in the same period of the previous fiscal year). This was mainly due to posting of ¥1,485 million in profit before income taxes and ¥2,932 million in depreciation, as well as a decrease in trade payables of ¥3,166 million and a decrease in trade receivables of ¥2,865 million.

Cash flows from investing activities

Net cash used in investing activities during the six months ended September 30, 2024 amounted to ¥1,229 million (a year-on-year decrease of ¥508 million). This was mainly due to an outflow of ¥2,192 million for the purchase of property, plant and equipment and intangible assets and ¥1,075 million in proceeds from sale of investment securities.

Cash flows from financing activities

Net cash provided by financing activities during the six months ended September 30, 2024 amounted to ¥199 million (a year-on-year decrease of ¥6,036 million). This was mainly on account of an increase in short-term borrowings of ¥2,009 million, while there were outflows of ¥1,248 million in repayments of long-term borrowings and dividends paid of ¥377 million.

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

The Company's consolidated full-year results forecast for the fiscal year ending March 31, 2025 remain unchanged from the results forecast announced on May 15, 2024.

2. Semi-annual Consolidated Financial Statements and Primary 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	11,003	12,405
Notes and accounts receivable - trade, and contract assets	28,621	25,801
Securities	7	-
Merchandise and finished goods	3,249	3,461
Work in process	2,816	3,604
Raw materials and supplies	1,560	1,464
Other	843	825
Allowance for doubtful accounts	(27)	(26)
Total current assets	48,074	47,536
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	27,811	27,029
Machinery, equipment and vehicles, net	11,377	12,267
Tools, furniture and fixtures, net	1,597	1,689
Land	14,901	14,933
Leased assets, net	1,040	1,155
Construction in progress	1,238	129
Total property, plant and equipment	57,966	57,204
Intangible assets		
Goodwill	140	20
Software	1,136	1,107
Other	246	298
Total intangible assets	1,522	1,425
Investments and other assets		
Investment securities	20,549	19,443
Retirement benefit asset	2,324	2,372
Deferred tax assets	332	302
Other	1,050	930
Allowance for doubtful accounts	(4)	(5)
Total investments and other assets	24,252	23,044
Total non-current assets	83,741	81,674
Total assets	131,815	129,211

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,345	12,202
Short-term borrowings	135	2,154
Current portion of long-term borrowings	2,437	2,434
Lease liabilities	372	377
Income taxes payable	283	723
Provision for bonuses	953	923
Provision for bonuses for directors (and other officers)	59	52
Other	8,917	8,445
Total current liabilities	28,504	27,315
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term borrowings	6,789	5,552
Lease liabilities	773	870
Deferred tax liabilities	3,981	3,630
Provision for share awards for directors (and other officers)	22	18
Retirement benefit liability	6,554	6,611
Asset retirement obligations	8	8
Long-term advances received	16,833	16,717
Provision for product defect compensation	-	41
Other	226	238
Total non-current liabilities	40,190	38,690
Total liabilities	68,695	66,005
Net assets		
Shareholders' equity		
Share capital	4,510	4,510
Capital surplus	1,687	1,687
Retained earnings	48,592	49,085
Treasury shares	(3,289)	(3,268)
Total shareholders' equity	51,500	52,014
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,381	10,636
Foreign currency translation adjustment	356	597
Remeasurements of defined benefit plans	(156)	(79)
Total accumulated other comprehensive income	11,581	11,154
Non-controlling interests	38	36
Total net assets	63,120	63,205
Total liabilities and net assets	131,815	129,211

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	45,741	48,183
Cost of sales	36,947	38,659
Gross profit	8,794	9,523
Selling, general and administrative expenses	8,445	8,900
Operating profit	348	623
Non-operating income		
Interest income	1	2
Dividend income	176	169
Gain on sale of goods	17	21
Rental income from facilities	35	35
Dividend income of insurance	146	148
Foreign exchange gains	29	–
Other	81	119
Total non-operating income	488	496
Non-operating expenses		
Interest expenses	65	86
Rental expenses on facilities	17	17
Bond issuance costs	31	–
Compensation expenses	–	41
Foreign exchange losses	–	7
Other	27	48
Total non-operating expenses	142	201
Ordinary profit	694	918
Extraordinary income		
Gain on sale of non-current assets	0	2
Gain on sale of investment securities	118	1,010
Total extraordinary income	119	1,013
Extraordinary losses		
Loss on disposal of non-current assets	60	65
Loss on sale of investment securities	0	–
Loss on valuation of investment securities	–	59
Impairment losses	31	101
Provision for product compensation	–	40
Loss on litigation	–	* 142
Other	0	37
Total extraordinary losses	92	445
Profit before income taxes	721	1,485
Income taxes	383	618
Profit	337	867
Profit (loss) attributable to non-controlling interests	1	(2)
Profit attributable to owners of parent	335	870

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	337	867
Other comprehensive income		
Valuation difference on available-for-sale securities	1,623	(745)
Foreign currency translation adjustment	322	242
Remeasurements of defined benefit plans, net of tax	22	76
Share of other comprehensive income of entities accounted for using equity method	(20)	–
Total other comprehensive income	1,946	(426)
Comprehensive income	2,284	441
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	2,280	442
Comprehensive income attributable to non-controlling interests	4	(1)

(3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	721	1,485
Depreciation	2,773	2,932
Impairment losses	31	101
Amortization of goodwill	120	120
Increase (decrease) in net defined benefit asset and liability	25	98
Increase (decrease) in allowance for doubtful accounts	1	(0)
Increase (decrease) in provision for bonuses	(29)	(29)
Increase (decrease) in provision for bonuses for directors (and other officers)	(13)	(7)
Increase (decrease) in provision for loss on Anti-Monopoly Act	(838)	–
Increase (decrease) in provision for product defect compensation	–	41
Interest and dividend income	(177)	(171)
Interest expenses	65	86
Loss (gain) on valuation of investment securities	–	59
Loss (gain) on sale of investment securities	(118)	(1,010)
Loss (gain) on sale and retirement of non-current assets	60	62
Decrease (increase) in trade receivables	(176)	2,865
Decrease (increase) in inventories	(1,520)	(875)
Increase (decrease) in trade payables	(2,079)	(3,166)
Increase (decrease) in accrued consumption taxes	(892)	(344)
Decrease (increase) in distressed receivables	(1)	2
Increase (decrease) in accrued expenses	104	(164)
Other, net	1,133	265
Subtotal	(810)	2,351
Interest and dividends received	177	171
Interest paid	(62)	(83)
Income taxes paid	(144)	(45)
Net cash provided by (used in) operating activities	(839)	2,393
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,899)	(2,192)
Proceeds from sale of property, plant and equipment and intangible assets	0	12
Purchase of investment securities	(19)	(95)
Proceeds from sale of investment securities	179	1,075
Other, net	1	(28)
Net cash provided by (used in) investing activities	(1,737)	(1,229)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(0)	2,009
Proceeds from long-term borrowings	3,053	–
Repayments of long-term borrowings	(1,226)	(1,248)
Proceeds from issuance of bonds	4,987	–
Dividends paid	(395)	(377)
Purchase of treasury shares	(0)	(0)
Proceeds from disposal of treasury shares	25	22
Other, net	(209)	(204)
Net cash provided by (used in) financing activities	6,235	199
Effect of exchange rate change on cash and cash equivalents	(12)	32
Net increase (decrease) in cash and cash equivalents	3,645	1,395
Cash and cash equivalents at beginning of period	10,500	10,944
Cash and cash equivalents at end of period	14,146	12,339

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes regarding changes in accounting policies)

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter, referred to as the “2022 Revised Accounting Standard”) and other standards from the beginning of the semi-annual period under review.

Regarding the revision to the classification of income taxes, etc. (taxation on other comprehensive income), the Company has applied the transitional treatment stipulated in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment stipulated in the proviso to 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 “2022 Revised Guidance”). This change in accounting policy has no impact on the semi-annual consolidated financial statements.

In addition, regarding the amendment related to the revision of the treatment in consolidated financial statements of deferral for tax purposes of gain or loss on the sale of shares of subsidiaries, etc. between consolidated companies, the Company has applied the 2022 Revised Guidance from the beginning of the semi-annual period under review. These changes in accounting policies have been applied retrospectively, including the semi-annual consolidated financial statements and the annual consolidated financial statements for the previous fiscal year, which have been adjusted retrospectively. The changes in accounting policies have no effect on the semi-annual consolidated financial statements or the annual consolidated financial statements for the previous fiscal year.

(Accounting policies adopted specially for the preparation of semi-annual consolidated financial statements)

(Tax expense)

Tax expense for the semi-annual period under review is measured by applying a reasonably estimated effective tax rate for this fiscal year as adjusted after tax effect accounting to income before income taxes for the period.

(Segment information)

I. For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

1. Information about sales and profit (loss) and revenue breakdown for each reportable segment

(Millions of yen)

	Reportable segment				Other (Note) 1	Total	Reconciliations (Note) 2	Semi-annual consolidated statements of income (Note) 3
	Information Communication	Information Security	Living and Industrial Materials	Total				
Sales								
Revenue from contracts with customers	15,859	13,572	15,290	44,722	770	45,492	–	45,492
Other revenue	–	–	–	–	248	248	–	248
Sales to external customers	15,859	13,572	15,290	44,722	1,019	45,741	–	45,741
Intersegment sales or transfers	551	307	197	1,056	2,486	3,543	(3,543)	–
Total	16,411	13,879	15,488	45,779	3,506	49,285	(3,543)	45,741
Segment profit (loss)	(492)	785	425	718	26	745	(396)	348

(Notes) 1. “Other” refers to business segments not included in the reportable segment, which mainly includes logistics business, insurance business and real estate management business.

2. “Reconciliations” for “Segment profit (loss)” refer to corporate expenses and primarily consist of general and administrative expenses and research and development costs that are not attributable to any reportable segments.

3. “Segment profit (loss)” is adjusted to the operating profit stated in the semi-annual consolidated statements of income.

2. Information about impairment loss on non-current assets or goodwill for each reportable segment

(Significant impairment loss on non-current assets)

For the six months ended September 30, 2023, the Company recorded an impairment loss of ¥1 million for “Information Communication” and ¥29 million for “Other.”

II. For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

1. Information about sales and profit (loss) and revenue breakdown for each reportable segment

(Millions of yen)

	Reportable segment				Other (Note) 1	Total	Reconciliations (Note) 2	Semi-annual consolidated statements of income (Note) 3
	Information Communication	Information Security	Living and Industrial Materials	Total				
Sales								
Revenue from contracts with customers	15,899	15,298	15,959	47,158	775	47,934	–	47,934
Other revenue	–	–	–	–	248	248	–	248
Sales to external customers	15,899	15,298	15,959	47,158	1,024	48,183	–	48,183
Intersegment sales or transfers	401	290	175	868	2,385	3,253	(3,253)	–
Total	16,301	15,589	16,135	48,026	3,409	51,436	(3,253)	48,183
Segment profit (loss)	(446)	1,162	465	1,181	(57)	1,124	(501)	623

(Notes) 1. “Other” refers to business segments not included in the reportable segment, which mainly includes logistics business, insurance business and real estate management business.

2. “Reconciliations” for “Segment profit (loss)” refer to corporate expenses and primarily consist of general and administrative expenses and research and development costs that are not attributable to any reportable segments.

3. “Segment profit (loss)” is adjusted to the operating profit stated in the semi-annual consolidated statements of income.

2. Information about impairment loss on non-current assets or goodwill for each reportable segment

(Significant impairment loss on non-current assets)

For the six months ended September 30, 2024, the Company recorded an impairment loss of ¥101 million for “Information Communication.”

(Notes in the case of significant changes in shareholders’ equity)

There is no relevant information.

(Notes on going concern assumption)

There is no relevant information.

(Notes to semi-annual consolidated balance sheets)

Contingent liabilities

At the end of the six months ended September 30, 2024, two of the Company's Indonesian consolidated subsidiaries, PT. Arisu Graphic Prima and PT. Arisu Indonesia (hereinafter, collectively referred to as "Consolidated Subsidiaries") received a notice for correction from the Indonesian tax authorities regarding the tax returns for the period from December 2017 through December 2020. The total amount claimed by the tax authorities is IDR 119,488 million (Indonesian Rupiah; equivalent to ¥1,123 million, using the exchange rate as of September 30, 2024, including additional tax, etc.). A provisional total amount of IDR 17,068 million (¥160 million) has been paid. As the Company and the Consolidated Subsidiaries do not accept the content of the findings by the Indonesian tax authorities, an objection has been raised and an appeal is underway in the relevant courts.

The principal details of the above are as follows:

PT. Arisu Indonesia

(Fiscal year ended December 31, 2017)

- December 12, 2022: Received a correction notice from the tax authorities for IDR 8,603 million (¥80 million) relating to sales and transaction prices.
- March 9, 2023: Provisional payment of IDR 3,823 million (¥35 million) made; objection raised by the Company and PT. Arisu Indonesia.
- January 3, 2024: Received a notice that the objection had been dismissed, but that the correction amount had been reduced to IDR 7,615 million (¥71 million).
- March 25, 2024: Appeal to the relevant courts filed.

(Fiscal year ended December 31, 2019)

- August 26, 2021: Received a correction notice from the tax authorities for IDR 8,397 million (¥78 million) relating to sales and transaction prices.
- November 18, 2021: Provisional payment of IDR 8,301 million (¥78 million) made; objection raised by the Company and PT. Arisu Indonesia.
- August 24, 2022: Received a notice that the objection had been dismissed.
- November 20, 2022: Appeal to the relevant courts filed.
- April 30, May 14, and June 19, 2024: As the majority of our claims were accepted in the decisions made on each date, we did not file an appeal to a higher court, and the amount corresponding to the accepted claims (IDR 8,241 million (¥77 million)) was scheduled to be refunded. The Company plans to respond if the tax authorities file an appeal to a higher court.
- September 30, 2024: Refund of IDR 5,134 million (¥48 million) completed.

(Fiscal year ended December 31, 2020)

- June 21, 2022: Received a correction notice from the tax authorities for IDR 72,712 million (¥683 million) relating to sales and transaction prices and transactions arising from non-business operations.
- September 16, 2022: Provisional payment of IDR 718 million (¥6 million) made; objection raised by the Company and PT. Arisu Indonesia.
- June 27, 2023: Received a notice that the objection had been dismissed.
- September 26, 2023: Appeal to relevant courts filed.

(Notes to semi-annual consolidated statements of income)

***Loss on litigation**

For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

Claims for damages relating to the business of the preparation of forms, etc. were filed against the Company by the Japan Pension Service in association with the cease and desist order and a payment order for a surcharge received by the Company from the Japan Fair Trade Commission based on the Anti-Monopoly Act. Of these claims, litigation concerning damages due to delayed payment withheld due to an objection to the interpretation of the contract was filed by the Japan Pension Service on November 13, 2023 (date of service of the bill of complaint: December 1, 2023). Nevertheless, a settlement was reached on July 17, 2024 as a result of consultation, under which the Company would pay ¥142 million to the Japan Pension Service, and in that same month the Company made payment. Therefore, the above amount is recorded as an extraordinary loss.