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Annual Securities Report

50th fiscal year (From April 1, 2025 To March 31, 2026)

BELLUNA CO.,LTD.

1. Consolidated Financial Statements, Etc.

(1) [Consolidated Financial Statements]

(1) [Consolidated Balance Sheet]

(Million yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Assets		
Current assets		
Cash and deposits	35,414	34,531
Notes receivable	12	8
Accounts receivable	10,854	11,502
Operating loans	34,466	37,755
Securities	314	422
Merchandise and finished goods	25,664	23,564
Raw materials and supplies	1,372	1,492
Real estate for sale	7,182	*2 8,839
Real estate for sale in process	*2 1,690	-
Other	15,448	14,497
Allowance for doubtful accounts	-978	-1,154
Total current assets	131,443	131,458
Non-current assets		
Property, plant and equipment		
Buildings and structures	*2, *3 113,461	*2, *3 129,597
Accumulated depreciation	*1 -29,430	*1 -33,323
Buildings and structures (net)	84,031	96,274
Machinery, equipment and vehicles	*2 12,509	*2 12,650
Accumulated depreciation	*1 -5,209	*1 -6,042
Machinery, equipment and vehicles (net)	7,299	6,607
Tools, furniture and fixtures	*3 7,175	*3 7,724
Accumulated depreciation	*1 -4,599	*1 -5,491
Tools, furniture and fixtures (net)	2,575	2,233
Land	*2 47,410	*2 55,406
Leased assets	2,933	5,005
Accumulated depreciation	*1 -1,119	*1 -1,530
Leased assets (net)	1,813	3,475
Construction in progress	2,823	8,845
Total property, plant and equipment	145,954	172,843
Intangible assets		
Goodwill	2,682	2,064
Lease assets	556	446
Other	*2 8,581	*2 8,055
Total intangible assets	11,820	10,566
Investments and other assets		
Investment securities	*4 14,576	*4 16,231
Long-term loans receivable	1,986	2,101
Bankruptcy and reorganization claims	271	279
Deferred tax assets	1,318	1,477
Other	5,835	5,966
Allowance for doubtful accounts	-744	-786
Total investments and other assets	23,244	25,269
Total non-current assets	181,018	208,679
Total assets	312,462	340,137

(Million yen)

	Previous Fiscal Year (As of March 31, 2025)	Current Fiscal Year (As of March 31, 2026)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,601	8,281
Electronically recorded obligations - operating	3,259	2,688
Accrued expenses	13,995	12,904
Short-term borrowings	*2,*5,*6 24,849	*2,*5,*6 18,655
Current portion of bonds	5	-
Lease liabilities	472	539
Income taxes payable	2,678	3,598
Contract liabilities	3,452	2,993
Provision for bonuses	984	1,091
Provision for loss on store closing	65	15
Other	2,251	2,564
Total current liabilities	61,616	53,332
Non-current liabilities		
Long-term borrowings	*2,*5,*6 102,853	*2,*5,*6 127,178
Provision for loss on interest repayment	242	229
Lease liabilities	2,079	3,664
Provision for retirement benefits for directors (and other officers)	223	120
Provision for retirement benefits for directors (and other officers)	249	248
Asset retirement obligations	1,069	1,090
Provision for repairs	147	253
Other	2,324	2,566
Total non-current liabilities	109,189	135,351
Total liabilities	170,805	188,683
Net assets		
Shareholders' equity		
Share capital	10,612	10,612
Capital surplus	11,375	11,378
Retained earnings	118,956	127,659
Treasury shares	-794	-782
Total shareholders' equity	140,149	148,868
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,136	3,399
Deferred gains or losses on hedges	159	-124
Revaluation reserve for land	-7	-7
Foreign currency translation adjustment	-1,163	-864
Remeasurements of defined benefit plans	38	71
Total accumulated other comprehensive income	1,164	2,474
Non-controlling interests	342	111
Total net assets	141,656	151,454
Total liabilities and net assets	312,462	340,137

(2) [Consolidated Statement of Income and Consolidated Statement of Comprehensive Income]
[Consolidated Statement of Income]

(Million yen)

	Previous Fiscal Year (From April 1, 2024 To March 31, 2025)	Current Fiscal Year (From April 1, 2025 To March 31, 2026)
Net sales	*1 210,856	*1 218,098
Cost of sales	*2 81,604	*2 80,881
Gross profit	129,251	137,217
Selling, general and administrative expenses	*3 117,364	*3 120,739
Operating profit	11,887	16,478
Non-operating income		
Interest income	344	402
Dividend income	479	453
Rent income	34	34
Gain on reversal of subscription rights to shares	30	25
Compensation income	45	47
Foreign exchange gains	907	1,171
Subsidy income	5	97
Gain on investments in investment partnerships	413	-
Other	382	418
Total non-operating income	2,643	2,650
Non-operating expenses		
Interest expenses	783	1,417
Commission expenses	97	954
Depreciation	22	20
Loss on store closing	151	242
Provision for loss on store closing	65	15
Other	155	205
Total non-operating expenses	1,275	2,855
Ordinary profit	13,255	16,274

(Million yen)

	Previous Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Extraordinary income		
Gain on sales of non-current assets	*4 10	*4 4
Gain on sales of investment securities	361	1,158
Gain on redemption of investment securities	0	-
Gain on sales of shares of subsidiaries and associates	-	535
Other	-	*5 88
Total extraordinary income	372	1,786
Extraordinary losses		
Loss on sales of non-current assets	*6 37	-
Loss on retirement of non-current assets	*7 45	*7 18
Loss on valuation of investment securities	-	135
Loss on liquidation of foreign currency translation adjustment	28	-
Impairment losses	*8 160	*8 698
Settlement package	14	39
Other	*9 130	*9 497
Total extraordinary losses	416	1,389
Profit before income taxes	13,211	16,671
Income taxes - current	4,600	5,773
Income taxes - deferred	-219	-572
Total income taxes	4,381	5,200
Profit	8,829	11,470
Profit (loss) attributable to non-controlling interests	32	-71
Profit attributable to owners of parent	8,797	11,542

[Consolidated Statement of Comprehensive Income]

(Million yen)

	Previous Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Fiscal Year (From April 1, 2025 to March 31, 2026)
Profit	8,829	11,470
Other comprehensive income		
Valuation difference on available-for-sale securities	-891	1,262
Deferred gains or losses on hedges	-336	-283
Foreign currency translation adjustment	1,118	300
Remeasurements of defined benefit plans	37	32
Total other comprehensive income	*1 -72	*1 1,312
Comprehensive income	8,757	12,783
(Breakdown)		
Comprehensive income attributable to owners of parent	8,713	12,852
Comprehensive income attributable to non-controlling interests	43	-69

(3) [Consolidated Statement of Changes in Equity]

Previous Consolidated Fiscal Year (from April 1, 2024 to March 31, 2025)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,612	10,950	112,545	-455	133,652
Changes during period					
Dividends of surplus			-2,386		-2,386
Profit attributable to owners of parent			8,797		8,797
Purchase of treasury shares				-345	-345
Disposal of treasury shares		0		6	6
Change in ownership interest of parent due to transactions with non-controlling interests		425			425
Net changes in items other than shareholders' equity					-
Total changes during period	-	424	6,411	-338	6,497
Balance at end of period	10,612	11,375	118,956	-794	140,149

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,028	496	-7	-1,979	1	1,539	990	136,182
Changes during period								
Dividends of surplus						-		-2,386
Profit attributable to owners of parent						-		8,797
Purchase of treasury shares						-		-345
Disposal of treasury shares						-		6
Change in ownership interest of parent due to transactions with non-controlling interests						-		425
Net changes in items other than shareholders' equity	-891	-336	-	816	37	-374	-648	-1,023
Total changes during period	-891	-336	-	816	37	-374	-648	5,474
Balance at end of period	2,136	159	-7	-1,163	38	1,164	342	141,656

Current Consolidated Fiscal Year (from April 1, 2025 to March 31, 2026)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,612	11,375	118,956	-794	140,149
Changes during period					
Dividends of surplus			-2,838		-2,838
Profit attributable to owners of parent			11,542		11,542
Purchase of treasury shares				-0	-0
Disposal of treasury shares		2		11	14
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	2	8,703	11	8,718
Balance at end of period	10,612	11,378	127,659	-782	148,868

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,136	159	-7	-1,163	38	1,164	342	141,656
Changes during period								
Dividends of surplus						-		-2,838
Profit attributable to owners of parent						-		11,542
Purchase of treasury shares						-		-0
Disposal of treasury shares						-		14
Changes in ownership interest of parent due to transactions with non-controlling interests						-		-
Net changes in items other than shareholders' equity	1,262	-283		298	32	1,310	-230	1,079
Total changes during period	1,262	-283	-	298	32	1,310	-230	9,797
Balance at end of period	3,399	-124	-7	-864	71	2,474	111	151,454

(4) [Consolidated Statement of Cash Flows]

(Unit: Million yen)

	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)
Cash flows from operating activities		
Profit before income taxes	13,211	16,671
Depreciation	5,977	7,303
Impairment losses	160	698
Amortization of goodwill	354	412
Increase (decrease) in allowance for doubtful accounts	132	184
Increase (decrease) in provision for bonuses	-74	106
Increase (decrease) in liability for retirement benefits	-52	-56
Increase (decrease) in provision for loss on interest repayment	-93	-13
Increase (decrease) in provision for repairs	29	105
Increase (decrease) in provision for loss on store closing	65	-50
Interest and dividend income	-823	-855
Interest expenses	783	1,417
Loss (gain) on sale of investment securities	-361	-1,158
Loss (gain) on valuation of investment securities	-	135
Foreign exchange losses (gains)	-54	-472
Loss on retirement of non-current assets	45	18
Loss (gain) on sale of property, plant and equipment	27	-4
Decrease (increase) in trade receivables	-166	-603
Decrease (increase) in operating loans receivable	-2,761	-3,302
Decrease (increase) in inventories	583	2,049
Decrease (increase) in real estate for sale	-161	-14
Decrease (increase) in other current assets	318	2,122
Increase (decrease) in trade payables	-3,316	-2,316
Increase (decrease) in other current liabilities	-1,413	-1,221
Increase (decrease) in other non-current liabilities	154	164
Other	1,019	2,600
Subtotal	13,584	23,921
Interest and dividends received	818	843
Interest paid	-782	-1,413
Income taxes refund	256	71
Income taxes paid	-4,187	-4,957
Cash flows from operating activities	9,689	18,465

(Million yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Cash flows from investing activities		
Proceeds from sale of securities	155	0
Purchase of property, plant and equipment	-15,031	-33,307
Proceeds from sale of property, plant and equipment	28	4
Purchase of intangible assets	-315	-180
Purchase of investment securities	-2,152	-1,931
Proceeds from sale of investment securities	1,367	2,762
Proceeds from sale of shares of subsidiaries and associates	-	641
Payments for loans receivable	-10	-9
Proceeds from collection of loans receivable	5	209
Payments for lease deposits	-124	-486
Proceeds from collection of lease deposits	262	131
Other payments	-174	-133
Other proceeds	2	10
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 -1,806	-
Net cash provided by (used in) investing activities	-17,792	-32,288
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,950	1,040
Proceeds from long-term borrowings	24,527	50,150
Repayments of long-term borrowings	-13,257	-33,927
Redemption of bonds	-5,015	-5
Purchase of treasury shares	-345	-0
Dividends paid	-2,386	-2,838
Dividends paid to non-controlling interests	-120	-40
Repayments of lease liabilities	-492	-516
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-146	-120
Proceeds from sale and leaseback transactions	7	165
Net cash provided by (used in) financing activities	6,721	13,907
Effect of exchange rate change on cash and cash equivalents	349	260
Net increase (decrease) in cash and cash equivalents	-1,032	345
Cash and cash equivalents at beginning of period	37,245	36,213
Cash and cash equivalents at end of period	*1 36,213	*1 36,558

[Notes]

(Significant Matters Forming the Basis for Preparation of Consolidated Financial Statements)

1. Matters concerning the scope of consolidation

(1) Number of consolidated subsidiaries: 59 companies

From the current consolidated fiscal year, newly established companies, vert Rommy Co., Ltd. and ELLA LEISURE HOTELS PVT. LTD., have been included in the scope of consolidation.

Names of major consolidated subsidiaries

Omitted as they are described in "Section 1. Overview of the Company, 4. Status of Affiliated Companies."

(2) Names, etc. of major non-consolidated subsidiaries

Major non-consolidated subsidiaries

Human Resource Management Co., Ltd. and others

(Reason for exclusion from the scope of consolidation)

All non-consolidated subsidiaries are small in scale, and their total assets, net sales, net profit or loss (amount corresponding to equity), and retained earnings (amount corresponding to equity), etc., do not have a material impact on the consolidated financial statements, and therefore they are excluded from the scope of consolidation.

2. Matters concerning the application of the equity method

(1) Number of non-consolidated subsidiaries accounted for by the equity method: - companies

(2) Number of associates accounted for by the equity method 2 companies

(3) Non-consolidated subsidiaries not accounted for by the equity method (Human Resource Management Co., Ltd. and others) are excluded from the scope of the equity method because their impact on net profit or loss (amount corresponding to equity) and retained earnings (amount corresponding to equity), etc., is immaterial, and they are not significant as a whole.

3. Matters concerning the fiscal years, etc. of consolidated subsidiaries

Among the consolidated subsidiaries, BELLUNA CAPITAL, INC. and 9 other companies have a fiscal year-end of December 31. Since the difference between their fiscal year-end and the consolidated fiscal year-end is within three months, the financial statements as of their respective fiscal year-ends are used for consolidation.

However, necessary adjustments for consolidation are made for significant transactions that occurred between their fiscal year-end and the consolidated fiscal year-end.

4. Matters Concerning Accounting Policies

(1) Valuation Basis and Valuation Method for Significant Assets

(1) Securities

a. Held-to-maturity debt securities

Amortized cost method (straight-line method)

b. Available-for-sale securities

Securities other than shares, etc. without market prices

Market value method

(Valuation differences are accounted for by the direct net asset method, and the cost of securities sold is calculated by the moving-average method)

Shares, etc. without market prices

Cost method based on the moving-average method

Investments in investment limited partnerships and similar partnerships (those considered as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act)

The method used is to incorporate the equity equivalent amount on a net basis, based on the most recent financial statements available according to the reporting date stipulated in the partnership agreement.

(2) Derivatives

Market value method

- (3) Inventories
- a. Merchandise and finished goods

Cost method based on the moving-average method (for balance sheet valuation, the method of writing down the book value based on the decline in profitability is used)
 - b. Raw materials and supplies

Cost method based on the last-in cost method
 - c. Real estate for sale

Cost method based on the specific identification method (for balance sheet value, the method of writing down the book value based on the decline in profitability is used)
 - d. Real estate for sale in process

Cost method based on the specific identification method (for balance sheet value, the method of writing down the book value based on the decline in profitability is used)
- (2) Depreciation method for significant depreciable assets
- (1) Property, plant and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries adopt the declining-balance method, while overseas consolidated subsidiaries adopt the straight-line method.

However, the Company and its domestic consolidated subsidiaries adopt the straight-line method for buildings (excluding building facilities) acquired on or after April 1, 1998, and for building facilities and structures acquired on or after April 1, 2016. In addition, the straight-line method is adopted for some machinery and equipment.
 - (2) Intangible assets (excluding leased assets)

The straight-line method is adopted. Software for internal use is amortized over its estimated useful life (5 years) within the Company.
 - (3) Leased assets
 - a. Finance lease transactions that transfer ownership

The same depreciation method as that applied to self-owned fixed assets is adopted.
 - b. Finance lease transactions that do not transfer ownership

The straight-line method is adopted, with the lease period as the useful life and a residual value of zero.
- (3) Basis for recording significant provisions
- (1) Allowance for doubtful accounts

To provide for losses from bad debts, the Company records an amount calculated based on the historical default rate for general receivables, and for specific receivables such as doubtful accounts, it evaluates the collectibility individually and records the estimated uncollectible amount.
 - (2) Provision for bonuses

To provide for the payment of employee bonuses, the Company records the estimated amount to be paid that is attributable to the current consolidated fiscal year.
 - (3) Provision for loss on interest repayment

To provide for claims from customers for the repayment of interest on loans that exceeded the maximum interest rate stipulated by the Interest Rate Restriction Act, the Company records the estimated amount of future repayment claims as of the end of the current consolidated fiscal year.
 - (4) Provision for retirement benefits for directors

To provide for the payment of retirement benefits to directors, the Company records the amount required to be paid at the end of the period based on internal regulations.
 - (5) Provision for repairs

To provide for future repair expenditures, the Company records the amount attributable to the current consolidated fiscal year, based on a reasonable estimate of repair costs in the repair plan.
 - (6) Provision for loss on store closing

To provide for losses arising from the closing of stores, the Company records the estimated loss for stores that have been decided to be closed in the following consolidated fiscal year or later.
- (4) Method of accounting for retirement benefits
- (1) Method of attributing projected retirement benefits to periods

In calculating retirement benefit obligations, the Company uses the benefit formula basis to attribute projected retirement benefits to the period up to the end of the current consolidated fiscal year.

(2) Method of recognizing actuarial gains and losses

Actuarial gains and losses are amortized using the straight-line method over a certain number of years (5 years) within the average remaining service period of employees at the time of occurrence, and are recognized as expenses starting from the consolidated fiscal year in which they arise.

(3) Adoption of the simplified method for small enterprises, etc.

Some consolidated subsidiaries apply the simplified method for calculating liabilities for retirement benefits and retirement benefit expenses, in which the amount required for voluntary retirement at the end of the period is treated as the retirement benefit obligation.

(5) Amortization method and period for goodwill

Goodwill is amortized using the straight-line method over a period of 5 to 10 years.

(6) Scope of funds in the consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand, deposits that can be withdrawn at any time, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and are subject to an insignificant risk of changes in value.

(7) Significant accounting policies for revenue and expenses

(1) Property Business

This business primarily provides accommodation and ancillary services at hotels, engages in real estate leasing and redevelopment, power generation, and restaurant operations. Revenue from accommodation and ancillary services at hotels is recognized at the time the accommodation services are provided. Revenue from real estate leasing is recognized over the lease period based on the contract, and revenue from the redevelopment business is recognized at the time of transfer of ownership of the property. In the power generation business, the performance obligation is satisfied over a certain period. We determine that the performance obligation is satisfied when the generated electricity is supplied to the power company, and we recognize a fixed amount of revenue over the period. In the restaurant business, revenue is recognized at the time products are provided to customers.

(2) Mail Order Business (Cosmetics & Health Food Business, Gourmet Business, Nurse-Related Business, Apparel & Goods Business)

This business primarily conducts mail order sales through catalogs, the internet, newspaper advertisements, and television. The Cosmetics & Health Food Business sells cosmetics and health foods; the Gourmet Business sells food, sake, and wine; the Nurse-Related Business sells products for nurses; and the Apparel & Goods Business sells clothing, household goods, furniture, and other daily necessities. In the sale of these products, we determine that control of the products is transferred to the customer upon delivery. However, since the period from shipment to delivery is a normal period, we apply an alternative treatment regarding materiality and recognize revenue at the time of shipment.

(3) Kimono-Related Business

This business primarily engages in the sale and rental of kimono-related products. Revenue from the sale and rental of these products is recognized at the time the products are delivered to the customer.

(4) Database Utilization Business

This business primarily provides catalog enclosure and product bundling services for external businesses, mail order agency services (order processing, logistics, and catalog shipping agency), and personal finance services. For services provided to external businesses, revenue is recognized when the services stipulated in the contract are completed. In the finance business, revenue is recognized as time passes.

(8) Significant hedge accounting methods

(1) Hedge accounting method

In principle, deferred hedge accounting is applied.

(2) Hedging instruments and hedged items

The hedging instruments and hedged items to which hedge accounting is applied are as follows.

Hedging instruments: Forward exchange contracts

Hedged items: Forecast transactions in foreign currencies

(3) Hedging policy

In accordance with internal regulations, the Company conducts hedging transactions within the scope of actual demand to mitigate foreign exchange fluctuation risk.

(4) Method of evaluating hedge effectiveness

Since forward exchange contracts in the same currency are assigned to forecast transactions, the correlation with subsequent fluctuations in exchange rates is fully ensured, and therefore, the evaluation of effectiveness is omitted.

(9) Other significant matters for the preparation of consolidated financial statements

Accounting treatment of non-deductible consumption taxes on assets

Non-deductible consumption taxes and local consumption taxes on assets are treated as expenses for the consolidated fiscal year.

(Significant accounting estimates)

1. Estimates related to impairment of fixed assets

(1) Amount recorded in the consolidated financial statements for the current consolidated fiscal year

(Million yen)

Account name	Previous consolidated fiscal year	Current consolidated fiscal year
Impairment losses	160	698
Property, plant and equipment	145,954	172,843
Intangible assets	11,820	10,566

(2) Information regarding the content of significant accounting estimates for identified items

The Group holds significant assets primarily in the Property business, Nurse-related business, Kimono-related business, and Apparel & Goods business. For asset groups that continue to generate negative profit or loss from operating activities, the book value is reduced to the recoverable amount, and the amount of such reduction is recorded as an impairment loss. In identifying indications of impairment, determining the recognition of impairment, and calculating the recoverable amount, the Company examines each asset group based on comparisons of past plans and actual results, current business environment, market trends, and business plans. In addition, for real estate properties, the net selling price is estimated by referring to market prices such as appraisals by experts, publicly announced land prices, and road ratings, which are used as materials for consideration along with the recoverable amount. Although these estimates are made based on information and data available at the time of the financial closing, future fluctuations in uncertain economic conditions may result in additional impairment losses in the consolidated financial statements for the following consolidated fiscal year and beyond.

2. Estimates related to the recoverability of deferred tax assets

(1) Amount recorded in the consolidated financial statements for the current consolidated fiscal year

(Million yen)

Account name	Previous consolidated fiscal year	Current consolidated fiscal year
Deferred tax assets	1,318	1,477

(2) Information on the content of significant accounting estimates for identified items

The Group recognizes deferred tax assets by considering estimates of taxable income based on future profit plans and feasible tax planning. In calculating the recoverable amount of deferred tax assets, we make reasonable judgments based on information and materials available at the time of the financial closing. However, if it becomes necessary to revise profit plans and taxable income due to future uncertain changes in economic conditions, it may have a significant impact on the amounts of deferred tax assets and income taxes-deferred recognized in the consolidated financial statements for the following consolidated fiscal year and thereafter.

(Accounting standards not yet applied)

- "Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024)

- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024)

In addition, revisions to related Accounting Standards, Implementation Guidance, Practical Solutions Reports, and transfer guidelines.

(1) Overview

This standard stipulates the treatment of recognizing assets and liabilities for all leases by the lessee, similar to international accounting standards.

(2) Scheduled date of application

Scheduled to be applied from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of applying the accounting standards, etc.

The impact on the consolidated financial statements from the application of the "Accounting Standard for Leases," etc., is currently under evaluation.

- "Accounting Standard for Subsequent Events" (ASBJ Statement No. 41, January 9, 2026, Accounting Standards Board of Japan)

- "Implementation Guidance on Accounting Standard for Subsequent Events" (ASBJ Guidance No. 35, January 9, 2026, Accounting Standards Board of Japan)

(1) Overview

The "Accounting Standard for Subsequent Events," etc., prioritizes the establishment of comprehensive accounting standards addressing the definition, accounting treatment, and disclosure of subsequent events. The basic policy is to follow the

accounting-related content indicated in the Japanese Institute of Certified Public Accountants (JICPA) Auditing and Assurance Practice Committee Statement No. 1, "Auditing Treatment of Subsequent Events," and transfer it to the Accounting Standards Board of Japan. This includes reviewing expressions, organizing the evaluation period for subsequent events, and newly requiring notes regarding the approval of the publication of financial statements, thereby defining the accounting treatment and disclosure for subsequent events.

(2) Scheduled date of application

Scheduled to be applied from the beginning of the fiscal year ending March 31, 2028.

(Notes to Consolidated Balance Sheet)

*1 Accumulated impairment losses are included in accumulated depreciation.

*2 Pledged assets and secured liabilities

Assets pledged as collateral and secured liabilities are as follows.

	Previous Consolidated Fiscal Year (As of March 31, 2025)	Current Consolidated Fiscal Year (As of March 31, 2026)
Real estate for sale in process	1,690 Million yen	- Million yen
Real estate for sale	-	1,722
Buildings and structures	38,411	51,174
Machinery and equipment	6,421	5,565
Land	23,401	29,215
Intangible assets (Leasehold rights)	675	676
Total	70,600	88,355

Liabilities related to the above are as follows.

	Previous Consolidated Fiscal Year (As of March 31, 2025)	Current Consolidated Fiscal Year (As of March 31, 2026)
Short-term borrowings	13,438 Million yen	5,354 Million yen
Long-term borrowings	69,457	93,524
Total	82,896	98,878

*3 Amount of tax-purpose reduction entry

The amount of tax-purpose reduction entry deducted from the acquisition cost of property, plant and equipment due to national subsidies, etc., and its breakdown are as follows.

	Previous Consolidated Fiscal Year (As of March 31, 2025)	Current Consolidated Fiscal Year (As of March 31, 2026)
Amount of tax purpose reduction entry	672 Million yen	672 Million yen
(of which, buildings and structures)	671	671
(of which, tools, furniture and fixtures)	0	0

*4 Amounts related to unconsolidated subsidiaries and associates are as follows.

	Previous Consolidated Fiscal Year (As of March 31, 2025)	Current Consolidated Fiscal Year (As of March 31, 2026)
Investment securities (stocks)	1,719 Million yen	1,559 Million yen

*5 The Company has entered into overdraft agreements and commitment line agreements with banks to efficiently procure working capital. The unused loan balances based on these agreements at the end of the consolidated fiscal year are as follows.

	Previous Consolidated Fiscal Year (As of March 31, 2025)	Current Consolidated Fiscal Year (As of March 31, 2026)
Total amount of overdraft limits and lending commitments	19,184 Million yen	21,360 Million yen
Outstanding borrowings	6,286	6,432
Difference	12,898	14,927

*6 Financial covenants

Of the consolidated borrowings, loan agreements totaling 105,669 Million yen include financial covenants requiring the maintenance of at least 75% of the net assets (consolidated) as of the end of the previous fiscal year.

7 Joint guarantee obligations

Joint guarantees are provided as follows.

	Previous Consolidated Fiscal Year (As of March 31, 2025)	Current Consolidated Fiscal Year (As of March 31, 2026)
Shurei Co., Ltd. (Note)	9 Million yen	- Million yen

(Note) Joint guarantees are provided for borrowings from financial institutions.

(Notes to Consolidated Statement of Income)

*1 Revenue from contracts with customers

Regarding net sales, revenue from contracts with customers and other revenue are not separately presented. The amount of revenue from contracts with customers is described in the consolidated financial statements under "Notes (Segment Information) 3. Information on net sales, profit or loss, assets, liabilities, and other items by reportable segment and disaggregation of revenue."

*2 The ending inventory balance is the amount after write-downs due to decreased profitability, and the following loss on valuation of inventories is included in cost of sales.

	Previous Consolidated Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Consolidated Fiscal Year (From April 1, 2025 to March 31, 2026)
	952Million yen	988Million yen

*3 Major items and amounts of selling, general and administrative expenses are as follows.

	Previous Consolidated Fiscal Year (From April 1, 2024 to March 31, 2025)	Current Consolidated Fiscal Year (From April 1, 2025 to March 31, 2026)
Freight and packing costs	14,223Million yen	14,087Million yen
Advertising expenses	25,493	22,829
Sales promotion expenses	3,120	2,611
Provision of allowance for doubtful accounts	952	1,083
Provision for loss on interest repayment	206	188
Salaries and allowances	22,365	23,922
Provision for bonuses	954	1,174
Provision for repairs	29	105
Retirement benefit expenses	215	238
Communication expenses	6,336	6,532
Commission fees	19,117	20,663

*4 Details of gain on sales of non-current assets are as follows.

	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)
Machinery and equipment	5 Million yen	0 Million yen
Tools, furniture and fixtures	5	4
Total	10	4

*5 Other extraordinary income

Previous fiscal year (from April 1, 2024 to March 31, 2025)
Not applicable.

Current fiscal year (from April 1, 2025 to March 31, 2026)

This represents 88 Million yen recorded as compensation received and reversal of liabilities, following the finalization of the compensation amount from the contractor related to the delay in Osechi delivery that occurred in December 2024.

*6 Details of loss on sales of non-current assets are as follows.

	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)
Buildings and structures	37 Million yen	- Million yen
Total	37	-

*7 Details of loss on retirement of non-current assets are as follows.

	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)
Buildings and structures	39 Million yen	15 Million yen
Machinery and equipment	0	0
Tools, furniture and fixtures	3	2
Intangible assets (other)	2	-
Total	45	18

*8 Impairment loss

Previous fiscal year (from April 1, 2024 to March 31, 2025)

Purpose	Type	Location
Assets for business use	"Buildings and structures", "Tools, furniture and fixtures", "Intangible assets (other)", "Investments and other assets (other)"	Ageo City, Saitama Prefecture, etc.
Assets for business use	"Buildings and structures", "Tools, furniture and fixtures"	Chuo-ku, Tokyo
Assets for business use	"Intangible assets (other)"	Osaka City, Osaka Prefecture
Assets for business use	"Buildings and structures", "Tools, furniture and fixtures", "Investments and other assets (other)"	Itabashi-ku, Tokyo, etc.

(Method of asset grouping)

The Group groups business assets based on management accounting classifications, while rental properties and idle assets are grouped individually.

(Circumstances leading to the recognition of impairment loss)

In the current fiscal year, as a result of the review for each of the above groupings, the recoverable amount of business assets was measured by their value in use. Since future cash flows are expected to be negative, an impairment loss has been recognized.

(Breakdown of impairment loss by type of non-current assets)

The breakdown of the impairment loss is 118 Million yen for buildings and structures, 4 Million yen for tools, furniture and fixtures, 35 Million yen for intangible assets (other), and 2 Million yen for investments and other assets (other).

(Method of calculating recoverable amount)

The recoverable amount of the assets is measured by their value in use. Since future cash flows are expected to be negative, the value in use is evaluated as zero.

Current fiscal year (from April 1, 2025 to March 31, 2026)

Purpose	Type	Location
Assets for business use	"Buildings and structures", "Tools, furniture and fixtures", "Goodwill", "Investments and other assets (other)"	Ageo City, Saitama Prefecture, etc.
Assets for business use	"Buildings and structures", "Tools, furniture and fixtures", "Investments and other assets (other)"	Nagoya City, Aichi Prefecture, etc.
Assets for business use	"Buildings and structures", "Tools, furniture and fixtures"	Nagoya City, Aichi Prefecture
Assets for business use	"Construction in progress"	Mogami-machi, Mogami-gun, Yamagata Prefecture

(Method of asset grouping)

The Group groups business assets based on management accounting classifications, while rental properties and idle assets are grouped individually.

(Reasons for recognition of impairment loss)

In the current consolidated fiscal year, as a result of the review for each of the above groupings, the recoverable amount of business assets was measured based on value in use. Since future cash flows are expected to be negative, an impairment loss has been recognized.

(Breakdown of impairment loss by type of fixed asset)

The breakdown of the impairment loss is 136 Million yen for buildings and structures, 2 Million yen for tools, furniture and fixtures, 333 Million yen for construction in progress, 224 Million yen for goodwill, and 1 Million yen for investments and other assets (other).

(Method of calculating recoverable amount)

The recoverable amount of the assets is measured based on value in use. Since future cash flows are expected to be negative, the value in use is evaluated as zero.

*9 Other extraordinary losses

Previous consolidated fiscal year (from April 1, 2024 to March 31, 2025)

This consists of a loss of 112 Million yen related to the delay in the delivery of Osechi (New Year's dishes) that occurred in December 2024, and a loss of 17 Million yen related to the withdrawal from the import business by our subsidiary, Marucho Co., Ltd.

Current consolidated fiscal year (from April 1, 2025 to March 31, 2026)

This consists of a loss of 349 Million yen related to the withdrawal from business by our subsidiary, Friendly Co., Ltd., and a loss of 148 Million yen related to the withdrawal from business by IC Net Co., Ltd.

(Notes to Consolidated Statement of Comprehensive Income)

*1 Reclassification adjustments and tax effects related to other comprehensive income

	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)
Valuation difference on available-for-sale securities		
Amount arising during the year	-938 Million yen	3,038 Million yen
Reclassification adjustments	-361	-1,158
Before tax effects	-1,299	1,880
Tax effects	407	-618
Valuation difference on available-for-sale securities	-891	1,262
Deferred gains or losses on hedges		
Amount arising during the year	-778	-525
Reclassification adjustments	290	116
Before tax effects	-488	-408
Tax effects	151	124
Deferred gains or losses on hedges	-336	-283
Foreign currency translation adjustment		
Amount arising during the year	1,147	300
Reclassification adjustments	-28	-
Foreign currency translation adjustment	1,118	300
Remeasurements of defined benefit plans		
Amount arising during the year	57	50
Reclassification adjustments	-1	-4
Before tax effects	55	46
Tax effects	-18	-13
Remeasurements of defined benefit plans	37	32
Total other comprehensive income	-72	1,312

(Notes to Consolidated Statement of Changes in Equity)

Previous consolidated fiscal year (from April 1, 2024 to March 31, 2025)

1. Matters concerning the class and total number of issued shares and the class and number of treasury shares

	Number of shares at the beginning of the current consolidated fiscal year (thousand shares)	Increase in shares during the current consolidated fiscal year (thousand shares)	Decrease in shares during the current consolidated fiscal year (thousand shares)	Number of shares at the end of the current consolidated fiscal year (thousand shares)
Issued shares				
Common stock	97,244	-	-	97,244
Total	97,244	-	-	97,244
Treasury shares				
Common stock (Note)	545	480	8	1,017
Total	545	480	8	1,017

(Note) The increase of 480 thousand shares in the number of treasury shares of common stock is due to an increase of 480 thousand shares from the acquisition of treasury shares based on a resolution of the Board of Directors and an increase of 0 thousand shares from the purchase of fractional shares.

The decrease of 8 thousand shares in the number of treasury shares of common stock is due to the disposal of treasury shares as restricted stock compensation.

2. Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Million yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 26, 2024	Common stock	991	10.25	March 31, 2024	June 27, 2024
Board of Directors meeting held on October 31, 2024	Common stock	1,395	14.50	September 30, 2024	December 2, 2024

(2) Dividends for which the record date is in the current fiscal year but the effective date is in the following fiscal year

Resolution	Class of shares	Total dividends (Million yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 26, 2025	Common stock	1,395	Retained earnings	14.50	March 31, 2025	June 27, 2025

Current fiscal year (from April 1, 2025 to March 31, 2026)

1. Matters concerning the type and total number of issued shares and the type and number of treasury shares

	Number of shares at the beginning of the current consolidated fiscal year (thousand shares)	Increase in shares during the current consolidated fiscal year (thousand shares)	Decrease in shares during the current consolidated fiscal year (thousand shares)	Number of shares at the end of the current consolidated fiscal year (thousand shares)
Issued shares				
Common stock	97,244	-	-	97,244
Total	97,244	-	-	97,244
Treasury shares				

Common stock (Note)	1,017	0	15	1,002
Total	1,017	0	15	1,002

(Note) The increase of 0 thousand shares in the number of treasury shares of common stock is due to the purchase of shares less than one unit.

The decrease of 15 thousand shares in the number of treasury shares of common stock is due to the disposal of treasury shares as restricted stock compensation.

2. Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Million yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 26, 2025	Common stock	1,395	14.50	March 31, 2025	June 27, 2025
Board of Directors meeting held on October 31, 2025	Common stock	1,443	15.00	September 30, 2025	December 2, 2025

(2) Dividends for which the record date is in the current fiscal year but the effective date is in the following fiscal year

Resolution	Class of shares	Total dividends (Million yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders scheduled for June 25, 2026	Common stock	2,213	Retained earnings	23.00	March 31, 2026	June 26, 2026

(Consolidated Statement of Cash Flows)

*1. Reconciliation of cash and cash equivalents at the end of the period to the amounts stated in the consolidated balance sheet

	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)
Cash and deposits	35,414 Million yen	34,531 Million yen
MMF, etc. included in securities	312	241
Deposits in securities accounts	485	1,786
Cash and cash equivalents	36,213	36,558

*2. Breakdown of assets and liabilities of companies newly consolidated through the acquisition of shares

Previous fiscal year (from April 1, 2024 to March 31, 2025)

The breakdown of assets and liabilities at the time of consolidation due to the new inclusion of Aging Beef Co., Ltd. in the scope of consolidation through the acquisition of shares is as follows.

Current assets	1,010 Million yen
Non-current assets	459
Goodwill	1,953
Current liabilities	-270
Non-current liabilities	-513
Acquisition cost of shares	2,640
Cash and cash equivalents	-833
Difference: Expenditures for acquisition	1,806

Current fiscal year (from April 1, 2025 to March 31, 2026)

Not applicable.

(Lease transactions)

1. Finance lease transactions

(Lessee side)

Finance lease transactions that transfer ownership

(1) Details of lease assets

Property, plant and equipment

Primarily equipment (machinery, equipment and vehicles) in the Apparel & Goods Business.

(2) Depreciation method for lease assets

As described in "4. Significant accounting policies (2) Depreciation method for significant depreciable assets" in the Notes to Consolidated Financial Statements.

Finance lease transactions that do not transfer ownership

(1) Details of lease assets

(a) Property, plant and equipment

Primarily equipment (machinery, equipment and vehicles; tools, furniture and fixtures) in the Property Business, Gourmet Business, and Apparel & Goods Business.

(b) Intangible assets

Software.

(2) Depreciation method for lease assets

As described in "4. Significant accounting policies (2) Depreciation method for significant depreciable assets" in the Notes to Consolidated Financial Statements.

2. Operating lease transactions

(As lessee)

Future lease payments under non-cancelable operating lease transactions

(Unit: Million yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Within 1 year	204	85
Over 1 year	85	-
Total	289	85

(Financial instruments)

1. Matters concerning the status of financial instruments

(1) Policy for financial instruments

The Group procures necessary funds mainly through bank borrowings in light of its business plan, and manages temporary surplus funds using highly safe financial assets. Derivative transactions are used primarily to hedge foreign exchange fluctuation risk associated with foreign currency-denominated operating liabilities, and it is our policy not to engage in speculative transactions.

(2) Details of Financial Instruments, Risks, and Risk Management System

Notes and accounts receivable-trade, which are operating receivables, and operating loans are exposed to credit risk of customers. Regarding this risk, we perform credit management based on our credit screening criteria, and also conduct due date management and balance management. In addition, securities and investment securities are exposed to market price fluctuation risk, but we monitor their fair values on a regular basis and report them to the President and Representative Director.

Notes and accounts payable-trade, electronically recorded obligations-operating, and accrued expenses, which are operating liabilities, are mostly due for payment within one year. Some of these are denominated in foreign currencies due to imports and are exposed to foreign exchange fluctuation risk, but we hedge a portion of this risk through derivative transactions. Borrowings are primarily for the purpose of procuring funds necessary for business plans. Borrowings are exposed to interest rate fluctuation risk.

Regarding derivative transactions, we engage in forward foreign exchange contracts and currency swap transactions for the purpose of hedging foreign exchange fluctuation risk. Derivative transactions are conducted in accordance with our internal regulations on derivative transaction management, which define transaction authority and limits, and we regularly monitor and confirm the status of transactions and balances.

(3) Supplementary Explanation on Matters Concerning Fair Value of Financial Instruments

In calculating the fair value of financial instruments, certain assumptions are incorporated, and therefore, the fair value may fluctuate if different assumptions are adopted.

2. Matters Concerning Fair Value of Financial Instruments

The consolidated balance sheet amounts, fair values, and the differences between them are as follows.

Previous Consolidated Fiscal Year (As of March 31, 2025)

	Amount on consolidated balance sheet (Million yen)	Fair value (Million yen)	Difference (Million yen)
(1) Operating loans	34,466		
Allowance for doubtful accounts (*4)	-656		
	33,810	34,524	713
(2) Securities and investment securities			
Other securities	10,583	10,583	-
Total assets	44,393	45,107	713
(1) Long-term borrowings	102,853	102,748	-105
(2) Bonds payable within one year	5	5	-
Total liabilities	102,858	102,753	-105
Derivative transactions (*5)	224	224	-

(*1) Notes are omitted for cash and deposits because they are cash and deposits are settled in a short period, so their fair value approximates their book value.

(*2) Notes are omitted for notes and accounts receivable-trade, notes and accounts payable-trade, electronically recorded obligations-operating, and short-term borrowings because they are settled in a short period, so their fair value approximates their book value.

(*3) Stocks, etc. without market prices are not included in "(2) Securities and Investment Securities." The consolidated balance sheet amounts of these financial instruments are as follows.

Category	Previous consolidated fiscal year (Million yen)
Unlisted stocks	2,323
Unlisted bonds	-
Investments in investment partnerships	1,984

- Investments in investment business limited partnerships are not subject to fair value disclosure in accordance with Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

(*4) The allowance for doubtful accounts recorded for operating loans is deducted.

(*5) Net receivables and payables arising from derivative transactions are presented on a net basis, and items that are net liabilities in total are indicated by parentheses -.

As of the end of the current fiscal year (March 31, 2026)

	Carrying amount (Million yen)	Fair value (Million yen)	Difference (Million yen)
(1) Operating loans	37,755		
Allowance for doubtful accounts (*4)	-817		
	36,938	37,889	951
(2) Securities and investment securities			
Other securities	12,473	12,473	-
Total assets	49,411	50,362	951
(1) Long-term borrowings	127,178	126,399	-779
(2) Bonds payable due within one year	-	-	-
Total liabilities	127,178	126,399	-779
Derivative transactions (*5)	-129	-129	-

(*1) Notes on cash and deposits are omitted because they are cash and deposits that are settled in a short period of time, so their fair value approximates their book value.

(*2) Notes on notes receivable, accounts receivable, notes payable, accounts payable, electronically recorded obligations, and short-term borrowings are omitted because they are settled in a short period of time, so their fair value approximates their book value.

(*3) Stocks, etc. without market prices are not included in "(2) Securities and Investment Securities." The carrying amounts of these financial instruments on the consolidated balance sheet are as follows.

Category	Current fiscal year (Million yen)
Unlisted stocks	2,131
Unlisted bonds	-
Investments in investment partnerships	2,049

- Investments in investment business limited partnerships are not subject to fair value disclosure in accordance with Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

(*4) The allowance for doubtful accounts recorded for operating loans is deducted.

(*5) Net receivables and payables arising from derivative transactions are presented on a net basis, and items that are net liabilities in total are indicated by parentheses -.

(Note 1) Scheduled redemption amounts of monetary receivables and securities with maturities after the consolidated closing date

As of the end of the previous fiscal year (March 31, 2025)

	Within 1 year (Million yen)	Over 1 year and within 2 years (Million yen)	Over 2 years and within 3 years (Million yen)	Over 3 years and within 4 years (Million yen)	Over 4 years and within 5 years (Million yen)	Over 5 years (Million yen)
Deposits	35,414	-	-	-	-	-
Notes receivable	12	-	-	-	-	-
Accounts receivable	10,854	-	-	-	-	-
Operating loans	10,419	9,732	7,926	5,614	770	3
Securities and investment securities Other securities with maturities						
(1) Bonds	2	270	-	141	-	752
(2) Other	668	595	509	313	-	425
Total	57,372	10,599	8,436	6,069	770	1,181

As of the end of the current fiscal year (March 31, 2026)

	Within 1 year (Million yen)	Over 1 year and within 2 years (Million yen)	Over 2 years and within 3 years (Million yen)	Over 3 years and within 4 years (Million yen)	Over 4 years and within 5 years (Million yen)	Over 5 years (Million yen)
Deposits	34,531	-	-	-	-	-
Notes receivable	8	-	-	-	-	-
Accounts receivable	11,502	-	-	-	-	-
Operating loans	11,382	10,607	8,676	6,238	848	1
Securities and investment securities Other securities with maturities						
(1) Bonds	181	-	65	149	-	766
(2) Other	609	611	127	-	12	172
Total	59,497	11,219	8,869	6,387	860	940

(Note 2) Scheduled repayment amounts of bonds payable, long-term borrowings, lease obligations, and other interest-bearing debt after the closing date

(5) These are described in the "Schedule of Bonds Payable" and "Schedule of Borrowings" in the Consolidated Supplementary Schedules.

3. Matters concerning the breakdown of fair value of financial instruments by level, etc.

The fair value of financial instruments is classified into the following three levels based on the observability and significance of the inputs used to calculate the fair value.

Level 1 fair value: Fair value calculated using quoted prices for the assets or liabilities subject to fair value measurement that are formed in active markets among inputs observable for fair value measurement.

Level 2 fair value: Fair value calculated using inputs for fair value measurement other than Level 1 inputs among inputs observable for fair value measurement.

Level 3 fair value: Fair value calculated using inputs for fair value measurement that are unobservable

When multiple inputs that have a significant impact on fair value measurement are used, fair value is categorized into the lowest priority level among the levels to which each of those inputs belongs.

(1) Financial instruments recorded on the consolidated balance sheet at fair value

Previous fiscal year (as of March 31, 2025)

Category	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities				
Stocks	5,196	-	-	5,196
Bonds	-	1,172	-	1,172
Other	3,901	312	-	4,214
Total assets	9,098	1,484	-	10,583
Derivative transactions				
Currency-related	-	224	-	224
Total derivative transactions	-	224	-	224

Current fiscal year (as of March 31, 2026)

Category	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities				
Stocks	6,939	-	-	6,939
Bonds	-	1,167	-	1,167
Other	4,125	241	-	4,366
Total assets	11,064	1,408	-	12,473
Derivative transactions				
Currency-related	-	-129	-	-129
Total derivative transactions	-	-129	-	-129

(2) Financial instruments other than those recorded on the consolidated balance sheet at fair value

Previous fiscal year (as of March 31, 2025)

Category	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Operating loans	-	34,524	-	34,524
Total assets	-	34,524	-	34,524
Long-term borrowings	-	102,748	-	102,748
Current portion of bonds	-	5	-	5
Total liabilities	-	102,753	-	102,753

Current fiscal year (as of March 31, 2026)

Category	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Operating loans	-	37,899	-	37,899
Total assets	-	37,899	-	37,899
Long-term borrowings	-	126,399	-	126,399
Current portion of bonds	-	-	-	-
Total liabilities	-	126,399	-	126,399

(Note) Explanation of valuation techniques and inputs used for fair value measurement

Securities and investment securities

Among investment securities, stocks are valued using quoted prices and are categorized as Level 1 because they are traded in active markets.

Regarding investment trusts, listed investment trusts, etc., for which active markets exist, are categorized as Level 1. In addition, those for which no active market exists but which are traded over-the-counter at securities companies, etc., are valued using prices published by securities companies and are categorized as Level 2.

Derivative transactions

Derivative transactions are currency-related transactions and are calculated based on prices provided by the counterparty financial institutions. The main inputs used in the valuation techniques are exchange rates, volatility, etc. If unobservable inputs are not used or their impact is not significant, they are categorized as Level 2 fair value.

Operating loans

The fair value of operating loans is calculated based on future cash flows, government bond interest rates, and contract interest rates, categorized by certain periods and by credit risk classification for credit management purposes, and is categorized as Level 2 fair value.

Bonds payable due within one year

The fair value of bonds redeemable within one year is calculated using observable inputs from financial institutions and is classified as Level 2.

Long-term borrowings

The fair value of long-term borrowings is calculated based on the total amount of principal and interest, discounted by an interest rate that takes into account the remaining period and credit risk of the debt, and is classified as Level 2 fair value.

(Securities)

1. Other securities

Previous consolidated fiscal year (as of March 31, 2025)

	Type	Amount recorded on consolidated balance sheet (Million yen)	Acquisition cost (Million yen)	Difference (Million yen)
Those for which the carrying amount exceeds the acquisition cost	(1) Stocks	3,982	1,606	2,376
	(2) Bonds			
	(1) Corporate bonds	903	788	115
	(2) Other	-	-	-
	(3) Other	2,667	1,750	917
	Subtotal	7,554	4,144	3,409
Those for which the carrying amount does not exceed the acquisition cost	(1) Stocks	1,213	1,828	-614
	(2) Bonds			
	(1) Corporate bonds	141	151	-10
	(2) Other	127	127	-
	(3) Other	1,546	1,789	-243
	Subtotal	3,028	3,896	-868
Total		10,583	8,041	2,541

Current consolidated fiscal year (as of March 31, 2026)

	Category	Amount reported on the consolidated balance sheet (Million yen)	Acquisition cost (Million yen)	Difference (Million yen)
Securities for which the amount reported on the consolidated balance sheet exceeds the acquisition cost	(1) Stocks	5,916	1,840	4,076
	(2) Bonds			
	(1) Corporate bonds	488	438	50
	(2) Other	-	-	-
	(3) Other	2,674	1,601	1,072
	Subtotal	9,079	3,880	5,199
Securities for which the amount reported on the consolidated balance sheet does not exceed the acquisition cost	(1) Stocks	1,023	1,593	-570
	(2) Bonds			
	(1) Corporate bonds	678	742	-64
	(2) Other	-	-	-
	(3) Other	1,691	1,869	-177
	Subtotal	3,393	4,206	-812
Total		12,473	8,086	4,386

2. Other securities sold during the consolidated fiscal year

Previous consolidated fiscal year (from April 1, 2024 to March 31, 2025)

Category	Sales amount (Million yen)	Total gain on sales (Million yen)	Total loss on sales (Million yen)
(1) Stocks	338	129	15
(2) Bonds	-	-	-
(3) Other	100	247	-
Total	438	377	15

Current consolidated fiscal year (from April 1, 2025 to March 31, 2026)

Category	Sales amount (Million yen)	Total gain on sales (Million yen)	Total loss on sales (Million yen)
(1) Stocks	916	445	-
(2) Bonds	-	-	-
(3) Other	535	712	-
Total	1,452	1,158	-

3. Securities for which impairment loss was recognized

In the current consolidated fiscal year, the Company recognized an impairment loss of 30 Million yen on securities (30 Million yen for stocks of other securities).

(Derivative transactions)

1. Derivative transactions to which hedge accounting is not applied

Currency-related

Previous consolidated fiscal year (as of March 31, 2025)

Not applicable.

Current consolidated fiscal year (as of March 31, 2026)

Not applicable.

2. Derivative transactions to which hedge accounting is applied

Currency-related

Previous consolidated fiscal year (as of March 31, 2025)

Hedge accounting method	Type of derivative transaction	Major hedged items	Contract amount, etc. (Million yen)	Portion of contract amount, etc. due after one year (Million yen)	Fair value (Million yen)
Principle accounting method	Currency swap transactions				
	Buy				
	U.S. dollar	Accounts payable	4,678	2,596	102
	Euro	Accounts payable	5,672	3,282	-56
	Forward foreign exchange contracts				
	Buy				
U.S. dollar	Accounts payable	8	-	0	
Currency option transactions					
Buy call					
Euro	Accounts payable	1,285	514	178	
Total			11,644	6,393	224

Current consolidated fiscal year (as of March 31, 2026)

Hedge accounting method	Type of derivative transaction	Major hedged items	Contract amount, etc. (Million yen)	Portion of contract amount, etc. due after one year (Million yen)	Fair value (Million yen)	
Principle accounting method	Currency swap transactions Buy	Accounts payable	U.S. dollar	5,707	3,860	102
			Euro	4,753	2,973	-232
	Forward foreign exchange contracts Buy	Accounts payable	U.S. dollar	40	-	0
			Euro	12	-	0
	Currency option transactions Buy call	Accounts payable	Euro	-	-	-
	Total			10,514	6,834	-129

(Retirement benefits)

1. Overview of retirement benefit plans adopted

The Company and its consolidated subsidiaries have established defined benefit corporate pension plans and lump-sum retirement payment plans as defined benefit plans to provide for employees' retirement benefits.

For certain consolidated subsidiaries, liabilities and expenses for retirement benefits under defined benefit corporate pension plans and lump-sum retirement payment plans are calculated using the simplified method.

2. Defined benefit plans

(1) Reconciliation of opening and closing balances of retirement benefit obligations (excluding plans applying the simplified method)

	Previous fiscal year (From April 1, 2024 To March 31, 2025)	Current fiscal year (From April 1, 2025 To March 31, 2026)
Beginning balance of retirement benefit obligations	2,117 Million yen	2,035 Million yen
Service cost	122	112
Interest cost	24	34
Accrual of actuarial differences	-105	-84
Retirement benefits paid	-123	-99
Ending balance of retirement benefit obligations	2,035	1,999

(2) Reconciliation of opening and closing balances of pension assets (excluding plans applying the simplified method)

	Previous fiscal year (From April 1, 2024 To March 31, 2025)	Current fiscal year (From April 1, 2025 To March 31, 2026)
Beginning balance of plan assets	1,950 Million yen	1,988 Million yen
Expected return on plan assets	50	40
Accrual of actuarial differences	-40	-8
Contributions by the employer	121	126
Retirement benefits paid	-93	-76
Ending balance of plan assets	1,988	2,070

(3) Reconciliation of opening and closing balances of liabilities for retirement benefits for plans applying the simplified method

	Previous fiscal year (From April 1, 2024 To March 31, 2025)	Current fiscal year (From April 1, 2025 To March 31, 2026)
Beginning balance of liability for retirement benefits	163 Million yen	176 Million yen
Retirement benefit expenses	32	42
Retirement benefits paid	-	-14
Contributions to defined contribution plans	-17	-6
Increase due to change in scope of consolidation	-1	-
Other	-	-6
Ending balance of liability for retirement benefits	176	191

(4) Reconciliation of closing balances of retirement benefit obligations and pension assets with liabilities and assets for retirement benefits recorded in the consolidated balance sheet

	Previous fiscal year (From April 1, 2024 To March 31, 2025)	Current fiscal year (From April 1, 2025 To March 31, 2026)
Retirement benefit obligations for funded plans	2,106 Million yen	2,071 Million yen
Plan assets	-2,067	-2,152
	38	-80
Retirement benefit obligations for unfunded plans	184	201
Net amount of liabilities and assets recorded in the consolidated balance sheet	223	120
Liability for retirement benefits	239	130
Asset for retirement benefits	-16	-10
Net amount of liabilities and assets recorded in the consolidated balance sheet	223	120

(Note) Includes plans applying the simplified method.

(5) Retirement benefit expenses and their breakdown

	Previous Consolidated Fiscal Year (From April 1, 2024 To March 31, 2025)	Current Consolidated Fiscal Year (From April 1, 2025 To March 31, 2026)
Service cost	122 Million yen	112 Million yen
Interest cost	24	34
Expected return on plan assets	-50	-40
Amortization of actuarial differences	-9	-23
Retirement benefit expenses calculated by the simplified method	32	42
Retirement benefit expenses for defined benefit plans	119	126

(6) Adjustments for retirement benefits

The breakdown of items recorded in adjustments for retirement benefits (before tax effects and tax deductions) is as follows.

	Previous Consolidated Fiscal Year (From April 1, 2024 To March 31, 2025)	Current Consolidated Fiscal Year (From April 1, 2025 To March 31, 2026)
Actuarial differences	-15 Million yen	46 Million yen

(7) Accumulated adjustments for retirement benefits

The breakdown of items recorded in accumulated adjustments for retirement benefits (before tax effects and tax deductions) is as follows.

	Previous Consolidated Fiscal Year (As of March 31, 2025)	Current Consolidated Fiscal Year (As of March 31, 2026)
Unrecognized actuarial differences	55 Million yen	102 Million yen

(8) Matters concerning pension assets

(1) Main breakdown of pension assets

The breakdown of pension assets by major category as a percentage of total pension assets is as follows.

	Previous Consolidated Fiscal Year (As of March 31, 2025)	Current Consolidated Fiscal Year (As of March 31, 2026)
Bonds	37.0%	45.0%
Stocks	27.0	26.7
General account	15.1	14.8
Cash and deposits	5.3	1.1
Other	15.6	12.4
Total	100.0	100.0

(2) Method for determining the long-term expected rate of return

To determine the long-term expected rate of return on pension assets, we consider the current and expected allocation of pension assets and the current and expected long-term rates of return from the various assets that make up the pension assets.

(9) Matters concerning actuarial assumptions

Major actuarial assumptions

	Previous Consolidated Fiscal Year (From April 1, 2024 To March 31, 2025)	Current Consolidated Fiscal Year (From April 1, 2025 To March 31, 2026)
Discount rate	0.50~1.40%	0.50~3.04%
Long-term expected rate of return	2.00~2.74	2.00~2.07
Expected rate of salary increase	0.80~1.09	0.80~1.09

3. Defined contribution plans

The required contributions to defined contribution plans by consolidated subsidiaries were 96 Million yen for the previous fiscal year and 91 Million yen for the current fiscal year.

(Tax effect accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

	Previous Consolidated Fiscal Year (As of March 31, 2025)	Current Consolidated Fiscal Year (As of March 31, 2026)
Deferred tax assets		
Provision for bonuses	360 Million yen	402 Million yen
Allowance for doubtful accounts	280	280
Contract liabilities	172	107
Provision for loss on interest repayment	82	71
Provision for loss on store closing	21	5
Bad debt loss	132	146
Loss on valuation of investment securities	421	358
Liability for retirement benefits	102	102
Loss on valuation of real estate for sale	113	124
Impairment loss on fixed assets	522	491
Tax loss carryforwards (Note)	1,186	1,471
Other	1,560	1,674
Subtotal of deferred tax assets	4,958	5,222
Valuation allowance for tax loss carryforwards (Note)	-1,072	-1,461
Valuation allowance for total of future deductible temporary differences, etc.	-1,314	-575
Subtotal of valuation allowance	-2,387	-2,036
Total deferred tax assets	2,570	3,185
Deferred tax liabilities		
Valuation difference on available-for-sale securities	-978	-1,596
Asset retirement obligations	-127	-119
Valuation difference on land of consolidated subsidiaries	-403	-401
Other	-222	-147
Total deferred tax liabilities	-1,731	-2,265
Net deferred tax assets (liabilities)	839	920

(Note) Amounts of tax loss carryforwards and deferred tax assets by expiration date

Previous fiscal year (as of March 31, 2025)

	Within 1 year (Million yen)	Over 1 year within 2 years (Million yen)	Over 2 years within 3 years (Million yen)	Over 3 years within 4 years (Million yen)	Over 4 years within 5 years (Million yen)	Over 5 years (Million yen)	Total (Million yen)
Tax loss carryforwards (a)	271	206	105	54	13	533	1,186
Valuation allowance	-271	-206	-105	-54	-9	-424	-1,072
Deferred tax assets	-	-	-	-	4	108	(b) 113

(a) Tax loss carryforwards are the amounts multiplied by the statutory effective tax rate.

(b) Deferred tax assets of 113 Million yen have been recognized for tax loss carryforwards of 1,186 Million yen (amount multiplied by the statutory effective tax rate). The deferred tax assets of 113 Million yen were recognized for a portion of the tax loss carryforwards of 1,186 Million yen (amount multiplied by the statutory effective tax rate) at a consolidated subsidiary, and were judged to be recoverable based on the projected taxable income derived from future profitability.

Current fiscal year (as of March 31, 2026)

	Within 1 year (Million yen)	Over 1 year within 2 years (Million yen)	Over 2 years within 3 years (Million yen)	Over 3 years within 4 years (Million yen)	Over 4 years within 5 years (Million yen)	Over 5 years (Million yen)	Total (Million yen)
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Tax loss carryforwards (a)	265	460	265	40	109	329	1,471
Valuation allowance	-264	-460	-265	-37	-107	-325	-1,461
Deferred tax assets	1	-	-	3	2	3	(b) 10

(a) Tax loss carryforwards are the amounts multiplied by the statutory effective tax rate.

(b) Deferred tax assets of 10 Million yen have been recognized for tax loss carryforwards of 1,471 Million yen (amount multiplied by the statutory effective tax rate). The deferred tax assets of 10 Million yen were recognized for a portion of the tax loss carryforwards of 1,471 Million yen (amount multiplied by the statutory effective tax rate) at a consolidated subsidiary, and were judged to be recoverable based on the projected taxable income derived from future profitability.

2. Breakdown of major items causing significant differences between the statutory effective tax rate and the actual effective tax rate after the application of tax effect accounting

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Statutory effective tax rate	30.5%	-
(Adjustments)		
Entertainment expenses and other items permanently non-deductible	0.8	-
Dividends received and other items permanently non-taxable	-0.6	-
Inhabitant tax per capita levy	0.6	-
Difference in tax rates of subsidiaries	2.3	-
Changes in valuation allowance	-0.1	-
Adjustment of deferred tax assets and liabilities due to tax rate changes	-0.4	-
Corporate tax for prior years	0.3	-
Tax credits	-0.1	-
Other	-0.1	-
Actual effective tax rate after application of tax effect accounting	33.2	-

(Note) Notes are omitted for the current fiscal year because the difference between the statutory effective tax rate and the actual effective tax rate after the application of tax effect accounting is 5% or less of the statutory effective tax rate.

3. Accounting treatment for corporate tax and local corporate tax, or accounting treatment for tax effect accounting related to these

The Company and some of its domestic consolidated subsidiaries apply the Group Tax Sharing System. In addition, in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021), the Company performs accounting treatment and disclosure for corporate tax and local corporate tax, or tax effect accounting related to these.

(Asset Retirement Obligations)

Asset retirement obligations recognized in the consolidated balance sheet

(1) Overview of the asset retirement obligations

Some of the facilities of the Group have land lease agreements with landowners, and the Group recognizes asset retirement obligations regarding the obligation to restore the land to its original state. The Group also recognizes asset retirement obligations regarding the obligation to remove hazardous substances used in some buildings.

(2) Calculation method for the amount of the asset retirement obligations

The estimated useful life of the building facilities is 8 to 50 years, and the asset retirement obligations are calculated using a discount rate of 0.31% to 2.30%.

(3) Changes in the total amount of the asset retirement obligations

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Balance at beginning of period	1,085 Million yen	1,086 Million yen

Increase due to acquisition of property, plant and equipment	28	18
Adjustment due to passage of time	11	11
Decrease due to settlement of asset retirement obligations	-	-25
Other changes, net (decrease indicated by -)	-38	-
Balance at end of period	1,086	1,090

(Investment and Rental Property)

The Company and some of its consolidated subsidiaries own rental office buildings and rental commercial facilities in Tokyo and other regions for the purpose of earning rental income. Some of the rental office buildings are used by the Company, and are therefore classified as real estate including portions used as investment and rental property.

The carrying amounts in the consolidated balance sheet, changes during the current consolidated fiscal year, and fair values of these investment and rental properties and real estate including portions used as investment and rental property are as follows.

(Unit: Million yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Real estate for rent		
Consolidated balance sheet amount		
Balance at beginning of period	17,547	17,563
Changes during the period	16	-2,023
Balance at end of period	17,563	15,540
Market value at end of period	22,771	21,827
Real estate including portions used as real estate for rent		
Consolidated balance sheet amount		
Balance at beginning of period	10,901	10,484
Changes during the period	-416	-433
Balance at end of period	10,484	10,051
Market value at end of period	10,631	10,559

(Note)1. The carrying amount in the consolidated balance sheet is the acquisition cost less accumulated depreciation and accumulated impairment losses.

- Of the changes in investment and rental property during the period, the main increase in the previous consolidated fiscal year was the acquisition of rental properties (322 Million yen). The main decrease in investment and rental property was due to depreciation (259 Million yen). The main increase in investment and rental property in the current consolidated fiscal year was the acquisition of rental properties (80 Million yen). The main decreases in investment and rental property were due to a change in use from investment and rental property to real estate for sale (1,875 Million yen) and depreciation (240 Million yen).
- The amount recorded on the previous consolidated balance sheet includes asset retirement obligations (16 Million yen). In addition, the amount recorded on the current consolidated balance sheet includes asset retirement obligations (15 Million yen).
- The fair value at the end of the current fiscal year is based on real estate appraisal reports prepared by external real estate appraisers for major properties. However, if there have been no significant changes in certain valuation amounts or indicators considered to appropriately reflect market prices since the time of acquisition from third parties or the most recent valuation date, the amounts adjusted using such valuation amounts or indicators are used. For properties with low materiality, the fair value is based on certain valuation amounts or indicators considered to appropriately reflect market prices.

Profit and loss related to investment and rental properties, including properties that include portions used as investment and rental properties, are as follows.

(Million yen)

	Previous Consolidated Fiscal Year (From April 1, 2024 To March 31, 2025)	Current Consolidated Fiscal Year (From April 1, 2025 To March 31, 2026)
Real estate for rent		
Rental income	1,616	1,586
Rental expenses	644	686

Difference	971	899
Other (gain/loss on sale, etc.)	-37	-
Real estate including portions used as real estate for rent		
Rental income	232	291
Rental expenses	191	158
Difference	40	132

(Note)1. "Other" for investment and rental properties at the end of the previous consolidated fiscal year represents loss on sale of fixed assets (37 Million yen recorded as extraordinary loss).

2. Properties including portions used as investment and rental properties also include portions used by the Company for service provision and management, so rental income for such portions is not recorded. Expenses related to such properties (depreciation, repairs, taxes and dues, payment fees, etc.) are included in rental expenses.

(Revenue Recognition)

1. Information on disaggregation of revenue from contracts with customers

Information on disaggregation of revenue from contracts with customers is as described in "Notes (Segment Information, etc.)."

2. Information that serves as a basis for understanding revenue from contracts with customers

Information that serves as a basis for understanding revenue is as described in "(Significant Accounting Policies for Preparation of Consolidated Financial Statements) 4. Accounting Policies (7) Significant Revenue and Expense Recognition Standards."

3. Information on the relationship between the satisfaction of performance obligations based on contracts with customers and cash flows arising from such contracts, as well as the amount and timing of revenue expected to be recognized from contracts with customers existing at the end of the current fiscal year in the following fiscal year or later

(1) Balance of contract liabilities

Previous consolidated fiscal year (from April 1, 2024 to March 31, 2025)

The beginning and ending balances of contract liabilities arising from contracts with customers are as follows.

(Million yen)

	Current Consolidated Fiscal Year
Contract liabilities (beginning balance)	3,557
Contract liabilities (ending balance)	3,452

Current consolidated fiscal year (from April 1, 2025 to March 31, 2026)

The beginning and ending balances of contract liabilities arising from contracts with customers are as follows.

(Million yen)

	Current Consolidated Fiscal Year
Contract liabilities (beginning balance)	3,452
Contract liabilities (ending balance)	2,993

These are primarily advances received from customers before the satisfaction of performance obligations, mainly in the mail-order and kimono-related businesses, and are reversed upon the recognition of revenue resulting from the satisfaction of performance obligations. Since payment terms differ depending on individual contracts, there are no standard payment terms.

(2) Transaction price allocated to remaining performance obligations

The Group has omitted the disclosure of information regarding remaining performance obligations because there are no significant transactions with an initial expected contract term exceeding one year.

In addition, there are no significant amounts of consideration arising from contracts with customers that are not included in the transaction price.

(Segment information, etc.)

[Segment Information]

1. Overview of reportable segments

(1) Method of determining reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and which are subject to regular review by the Board of Directors for the purpose of making decisions about the allocation of management resources and evaluating performance.

The Group groups its eight segments into two categories: the "Growth Area," which is responsible for future growth and expansion of profitability, and the "Sustainable Area," which focuses on stable profitability, continuity, and social responsibility, and allocates management resources and develops business operations suitable for each. The Group has eight reportable segments: "Property Business," "Cosmetics & Health Food Business," "Gourmet Business," "Nurse-Related Business," "Kimono-Related Business," "Apparel & Goods Business," "Other Business," and "Database Utilization Business."

(2) Types of products and services belonging to each reportable segment

Growth area		
	(1) Property Business	Real estate business (leasing, development, and sale of office buildings, etc.), hotel business, solar power generation business, golf course operation business, restaurant business
	(2) Cosmetics & Health Food Business	Mail-order sales of cosmetics, mail-order sales of health foods
	(3) Gourmet Business	Mail-order sales of food, mail-order sales of Japanese sake, mail-order sales of wine
	(4) Nurse-Related Business	Mail-order sales for nurses, nurse recruitment services
Sustainability area		
	(5) Kimono-Related Business	Kimono stores, costume rental business for university students' graduation ceremonies, etc.
	(6) Apparel & Goods Business	Catalog and online mail-order sales mainly for middle-aged women, specialized online mail-order sales, apparel stores
	(7) Other Business	Wholesale business, travel agency business, etc.
	(8) Database Utilization Business	Enclosure and co-mailing service business, mail-order agency service, finance business for members, logistics 3PL business

2. Method of calculating the amounts of net sales, profit or loss, assets, liabilities, and other items for each reportable segment

The accounting methods for the reported business segments are generally the same as those described in the "Significant matters forming the basis for the preparation of consolidated financial statements."

Segment profit is based on operating profit (before amortization of goodwill).

Internal revenues and transfers between segments are based on market prices.

3. Information on net sales, profit or loss, assets, liabilities, and other items for each reportable segment and disaggregated revenue information

Previous fiscal year (from April 1, 2024 to March 31, 2025)

(Million yen)

	Growth area				Sustainability area			Database Utilization Business	Adjustments (Note 1)	Amounts on Consolidated Financial Statements (Note 2)
	Property Business	Cosmetics & Health Food Business	Gourmet Business	Nurse-Related Business	Kimono-Related Business	Apparel & Goods Business	Other Business			
Net sales										
Goods transferred at a point in time	33,334	13,845	31,652	12,623	22,824	74,662	2,770	11,646	-	203,360
Revenue from contracts with customers	33,334	13,845	31,652	12,623	22,824	74,662	2,770	11,646	-	203,360
Other revenue	2,060	-	-	-	-	-	-	5,435	-	7,495
Sales to external customers	35,395	13,845	31,652	12,623	22,824	74,662	2,770	17,081	-	210,856
Inter-segment internal net sales or transfers	546	1	420	0	73	173	57	37	-1,310	-
Total	35,941	13,847	32,073	12,623	22,897	74,836	2,827	17,118	-1,310	210,856
Segment profit (or segment loss (□))	5,256	719	1,252	405	1,250	-1,696	-399	5,161	-61	11,887
Segment assets	153,220	8,447	14,908	8,251	12,600	67,288	2,261	42,432	3,051	312,462
Other items										
Depreciation (Note 3)	3,188	71	432	98	181	1,914	30	150	-	6,067
Amortization of goodwill	-	-	-	-	-	-	-	-	354	354
Increase in property, plant and equipment and intangible assets (Note 3)	14,131	17	168	18	380	439	17	54	-	15,228

(Note) 1. Adjustments are as follows.

- (1) The adjustment for segment profit (or loss) is an inter-segment elimination of 292 Million yen and amortization of goodwill of -354 Million yen.
- (2) The adjustment for segment assets is 368 Million yen for the Company's welfare facilities and 2,682 Million yen for the ending balance of goodwill.
2. Segment profit (or loss) is adjusted with operating profit in the consolidated financial statements.
3. Depreciation and the increase in property, plant and equipment and intangible assets include long-term prepaid expenses and the amortization thereof.

Current Consolidated Fiscal Year (from April 1, 2025 to March 31, 2026)

(Million yen)

	Growth area				Sustainability area			Database Utilization	Adjustments (Note 1)	Consolidated financial statements (Note 2)
	Property	Cosmetics & Health Food	Gourmet	Nurse-Related	Kimono-Related	Apparel & Goods	Other			
Net sales										
Goods transferred at a point in time	47,004	11,438	33,295	12,304	22,467	68,804	2,791	11,880	-	209,986
Revenue from contracts with customers	47,004	11,438	33,295	12,304	22,467	68,804	2,791	11,880	-	8,111
Other revenue	2,102	-	-	-	-	-	-	6,009	-	218,098
Sales to customers	49,106	11,438	33,295	12,304	22,467	68,804	2,791	17,890	-	218,098
Internal sales or transfers to/from segments	594	1	440	0	95	106	48	59	-1,334	-
Total	49,701	11,439	33,736	12,304	22,562	68,910	2,839	17,949	-1,334	218,098
Segment profit (or loss)	8,553	735	1,316	651	1,375	-408	-189	4,514	-70	16,478
Segment assets	177,686	7,073	13,432	7,722	12,941	71,793	1,356	45,701	2,429	340,137
Other items										
Depreciation (Note 3)	4,819	49	406	78	206	1,714	22	110	-	7,410

Amortization of goodwill	-	-	-	-	-	-	-	-	412	412
Increase in property, plant and equipment and intangible assets (Note 3)	34,883	21	53	46	207	440	5	213	-	35,871

(Note) 1. The adjustments are as follows.

- (1) The adjustment for segment profit (or loss) is an inter-segment elimination of 342 Million yen and amortization of goodwill of -412 Million yen.
- (2) The adjustment for segment assets is 365 Million yen for the Company's welfare facilities and 2,064 Million yen for the ending balance of goodwill.
2. Segment profit (or loss) is adjusted with operating profit in the consolidated financial statements.
3. Depreciation and the increase in property, plant and equipment and intangible assets include long-term prepaid expenses and the amortization thereof.

[Related Information]

Previous Consolidated Fiscal Year (from April 1, 2024 to March 31, 2025)

1. Information by product and service

Information is omitted because similar information is disclosed in the segment information.

2. Information by geographic area

(1) Net sales

Information is omitted because net sales to external customers in Japan exceed 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

(Million yen)

Japan	Other	Total
131,360	14,593	145,954

3. Information by major customer

There is no information to report because there are no external customers that account for 10% or more of net sales in the consolidated statement of income.

Current consolidated fiscal year (from April 1, 2025 to March 31, 2026)

1. Information by product and service

Information is omitted because similar information is disclosed in the segment information.

2. Information by region

(1) Net sales

Information is omitted because net sales to external customers in Japan exceed 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

Information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information by major customer

There is no information to report because there are no external customers that account for 10% or more of net sales on the consolidated statement of income.

[Information regarding impairment loss on fixed assets by reportable segment]

Previous consolidated fiscal year (from April 1, 2024 to March 31, 2025)

(Million yen)

	Growth area				Sustainability area			Database Utilization	Corporate/ Eliminations	Total
	Property	Cosmetics & Health Food	Gourmet	Nurse-Related	Kimono-Related	Apparel & Goods	Other			
Impairment loss	67	-	-	6	9	77	-	-	-	160

Current consolidated fiscal year (from April 1, 2025 to March 31, 2026)

(Million yen)

	Growth area				Sustainability area			Database Utilization	Corporate/ Eliminations	Total
	Property	Cosmetics & Health Food	Gourmet	Nurse-Related	Kimono-Related	Apparel & Goods	Other			
Impairment loss	333	-	-	-	13	126	-	-	224	698

(Note) The amount of "Corporate/Eliminations" is impairment loss on goodwill.

[Information regarding amortization of goodwill and unamortized balance by reportable segment]

Previous consolidated fiscal year (from April 1, 2024 to March 31, 2025)

(Million yen)

	Growth area				Sustainability area			Database Utilization	Corporate/ Eliminations	Total
	Property	Cosmetics & Health Food	Gourmet	Nurse-Related	Kimono-Related	Apparel & Goods	Other			
Amortization for the period	-	-	-	-	-	-	-	-	354	354
Balance at the end of the period	-	-	-	-	-	-	-	-	2,682	2,682

Current consolidated fiscal year (from April 1, 2025 to March 31, 2026)

(Million yen)

	Growth area				Sustainability area			Database Utilization	Corporate/ Eliminations	Total
	Property	Cosmetics & Health Food	Gourmet	Nurse-Related	Kimono-Related	Apparel & Goods	Other			
Amortization for the period	-	-	-	-	-	-	-	-	412	412
Balance at the end of the period	-	-	-	-	-	-	-	-	2,064	2,064

[Information regarding gain on bargain purchase by reportable segment]

Previous consolidated fiscal year (from April 1, 2024 to March 31, 2025)

Not applicable.

Current consolidated fiscal year (from April 1, 2025 to March 31, 2026)

Not applicable.

[Related party information]

Transactions with related parties

(1) Transactions between the company submitting the consolidated financial statements and related parties

Parent company and major shareholders (limited to companies, etc.) of the company submitting the consolidated financial statements

Previous consolidated fiscal year (from April 1, 2024 to March 31, 2025)

Type	Name of company, etc.	Location	Capital or investment (Million yen)	Business description or occupation	Percentage of voting rights, etc. held (or owned) (%)	Relationship with related parties	Description of transaction	Transaction amount (Million yen)	Account item	Balance at the end of the period (Million yen)
Other affiliated company (including parent company of such other affiliated company)	Friend Stage Co., Ltd. (Note 1)	Ageo-shi, Saitama	50	Seal sales, etc.	(Owned) Indirect 42.8	Concurrent holding of positions by officers	Provision of services (Note 2)	59	Other current assets	7
							Insurance brokerage (Note 3)	69	Other current assets	26

(Note) 1. This is also a company in which officers and their close relatives own a majority of the voting rights.

2. Transaction terms and policies for determining transaction terms, etc.

Regarding the provision of services, terms are determined through mutual consultation, taking into account the nature of the business.

3. Transaction terms and policies for determining transaction terms, etc.

Regarding the payment of insurance premiums, the terms are equivalent to those of general insurance premiums.

Current consolidated fiscal year (from April 1, 2025 to March 31, 2026)

Category	Name of company, etc.	Location	Capital or investment (Million yen)	Business description or occupation	Percentage of voting rights held (or owned) (%)	Relationship with related parties	Description of transaction	Transaction amount (Million yen)	Account item	Ending balance (Million yen)
Companies, etc. in which officers and their close relatives hold a majority of voting rights	Friend Stage Co., Ltd. (Note 1)	Ageo, Saitama	50	Seal sales, etc.	(Owned) Direct 43.0	Concurrent holding of positions by officers	Provision of services (Note 2)	65	Other current assets	11
							Insurance brokerage (Note 3)	108	Other current assets	66

(Note) 1. This is also a company in which officers and their close relatives own a majority of the voting rights.

2. Transaction terms and policies for determining transaction terms, etc.

Regarding the provision of services, terms are determined through mutual consultation, taking into account the nature of the business.

3. Transaction terms and policies for determining transaction terms, etc.

Regarding the payment of insurance premiums, the terms are equivalent to those of general insurance premiums.

(2) Transactions between consolidated subsidiaries of the company submitting the consolidated financial statements and related parties

(a) Parent company and major shareholders (limited to companies, etc.) of the company submitting the consolidated financial statements

Previous consolidated fiscal year (from April 1, 2024 to March 31, 2025)

Category	Name of company, etc.	Location	Capital or investment (Million yen)	Business description or occupation	Percentage of voting rights held (or owned) (%)	Relationship with related parties	Description of transaction	Transaction amount (Million yen)	Account item	Ending balance (Million yen)
Other affiliated companies (including parent companies of such other affiliated companies)	Friend Stage Co., Ltd. (Note 1)	Ageo, Saitama	50	Seal sales, etc.	(Owned) Indirect 42.8	Concurrent holding of positions by officers	Hotel facility security deposit (Note 2)	-	Investments and other assets	1,772
							Hotel facility rent (Note 3)	1,104	-	-
							Restaurant rent	38	-	-

(Note) 1. This is also a company in which officers and their close relatives own a majority of the voting rights.

2. Transaction terms and policy for determining transaction terms
Guarantee deposits for hotel facilities are determined by taking into account market prices and other factors.
3. Transaction terms and policy for determining transaction terms
Rent for hotel facilities is determined by referring to the appraised value provided by a real estate appraiser.
4. Transaction terms and policy for determining transaction terms
Rent for restaurant facilities is determined by taking into account market prices and other factors.

Current consolidated fiscal year (from April 1, 2025 to March 31, 2026)

Category	Name of company, etc.	Location	Capital or investment (Million yen)	Business description or occupation	Percentage of voting rights held (or owned) (%)	Relationship with related parties	Description of transaction	Transaction amount (Million yen)	Account item	Ending balance (Million yen)
Companies, etc. in which officers and their close relatives hold a majority of voting rights	Friend Stage Co., Ltd. (Note 1)	Ageo, Saitama	50	Seal sales, etc.	(Owned) Direct 43.0	Concurrent holding of positions by officers	Hotel facility security deposit (Note 2)	286	Investments and other assets	2,059
							Hotel facility rent (Note 3)	1,262	-	-
							Restaurant rent	-	-	-

(Note) 1. This is also a company in which officers and their close relatives own a majority of the voting rights.

2. Transaction terms and policy for determining transaction terms
Guarantee deposits for hotel facilities are determined by taking into account market prices and other factors.
3. Transaction terms and policy for determining transaction terms
Rent for hotel facilities is determined by referring to the appraised value provided by a real estate appraiser.
4. Transaction terms and policy for determining transaction terms
Rent for restaurant facilities is determined by taking into account market prices and other factors.

(a) Officers and major shareholders (limited to individuals) of the company submitting the consolidated financial statements, etc.

Previous consolidated fiscal year (from April 1, 2024 to March 31, 2025)

Category	Name of company or individual	Location	Capital or investment (Million yen)	Business description or occupation	Percentage of voting rights held (or owned) (%)	Relationship with related parties	Description of transaction	Transaction amount (Million yen)	Account item	Ending balance (Million yen)
Companies, etc. where officers and their close relatives hold a majority of voting rights	Rivoire Co., Ltd.	Minato-ku, Tokyo	38	Real estate leasing, etc.	-	Concurrent holding of positions by officers	Security deposit for hotel facilities (Note 1)	-	Investments and other assets	628
							Rent for hotel facilities (Note 2)	394	-	-
							Provision of construction cooperation money (Note 3)	-	Long-term loans receivable	491
Officer	Kiyoshi Yasuno	-	-	President and Representative Director of the Company	(Owned) Direct 3.0	Leasing of hotel facilities	Rent for hotel facilities (Note 2)	79	-	-

(Note) 1. Transaction terms and policy for determining transaction terms

- Guarantee deposits for hotel facilities are determined by taking into account market prices and other factors.
2. Transaction terms and policy for determining transaction terms
Hotel facility rent is determined by referring to the appraisal value provided by a real estate appraiser.
 3. Transaction terms and policy for determining transaction terms
Construction cooperation money is determined through negotiation based on the price calculated from the acquisition cost.

Current Consolidated Fiscal Year (from April 1, 2025 to March 31, 2026)

Category	Name of company or individual	Location	Capital or investment (Million yen)	Business description or occupation	Percentage of voting rights held (or owned) (%)	Relationship with related parties	Description of transaction	Transaction amount (Million yen)	Account item	Ending balance (Million yen)
Companies, etc. where officers and their close relatives hold a majority of voting rights	Rivoire Co., Ltd.	Minato-ku, Tokyo	38	Real estate leasing, etc.	-	Concurrent holding of positions by officers	Security deposit for hotel facilities (Note 1)	-	Investments and other assets	514
							Rent for hotel facilities (Note 2)	394	-	-
							Provision of construction cooperation money (Note 3)	7	Long-term loans receivable	498
Officer	Kiyoshi Yasuno	-	-	President and Representative Director of the Company	(Owned) Direct 3.0	Leasing of hotel facilities	Rent for hotel facilities (Note 2)	79	-	-

(Note) 1. Transaction terms and policy for determining transaction terms

Hotel facility security deposits are determined by taking into account market prices and other factors.

2. Transaction terms and policy for determining transaction terms

Hotel facility rent is determined by referring to the appraisal value provided by a real estate appraiser.

3. Transaction terms and policy for determining transaction terms

Construction cooperation money is determined through negotiation based on the price calculated from the acquisition cost.

(c) Companies, etc. that have the same parent company as the company submitting the consolidated financial statements, and subsidiaries, etc. of other affiliated companies of the company submitting the consolidated financial statements

Previous Consolidated Fiscal Year (from April 1, 2024 to March 31, 2025)

Type	Name of company or individual	Location	Capital or investment (Million yen)	Business description or occupation	Percentage of voting rights held (or owned) (%)	Relationship with related parties	Description of transaction	Transaction amount (Million yen)	Account item	Year-end balance (Million yen)
Subsidiary of other affiliated company	FSY101 Co., Ltd. (Note 1)	Shibuya-ku, Tokyo	8	Real estate leasing, etc.	-	-	Security deposits for hotel facilities (Note 2)	-	Investments and other assets	15
							Rent for hotel facilities (Note 3)	18	-	-

(Note) 1. It is also a subsidiary of a company in which officers and their close relatives own a majority of the voting rights.

2. Transaction terms and policy for determining transaction terms

Hotel facility security deposits are determined by taking into account market prices and other factors.

3. Transaction terms and policy for determining transaction terms

Hotel facility rent is determined by referring to the appraisal value provided by a real estate appraiser.

Current Consolidated Fiscal Year (from April 1, 2025 to March 31, 2026)

Type	Name of company or individual	Location	Capital or investment (Million yen)	Business description or occupation	Percentage of voting rights held (or owned) (%)	Relationship with related parties	Description of transaction	Transaction amount (Million yen)	Account item	Year-end balance (Million yen)
Subsidiary of other affiliated company	FSY101 Co., Ltd. (Note 1)	Shibuya-ku, Tokyo	8	Real estate leasing, etc.	-	-	Security deposits for hotel facilities (Note 2)	-	Investments and other assets	15
							Rent for hotel facilities (Note 3)	18	-	-

(Note) 1. It is also a subsidiary of a company in which officers and their close relatives own a majority of the voting rights.

2. Transaction terms and policy for determining transaction terms

Hotel facility security deposits are determined by taking into account market conditions and other factors.

3. Transaction terms and policy for determining transaction terms

Hotel facility rent is determined by referring to the appraised value provided by a real estate appraiser.

(Per share information)

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Net assets per share	1,468.54 yen	1,572.51 yen
Basic earnings per share	91.25 yen	119.94 yen
Diluted earnings per share	- yen	- yen

(Note) 1. Diluted net profit per share is not presented because there are no potential shares.

2. The basis for calculating net profit per share is as follows.

Item	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	8,797	11,542
Amount not attributable to common shareholders (Million yen)	-	-
Profit attributable to owners of parent related to common stock (Million yen)	8,797	11,542
Average number of shares during the period (thousand shares)	96,410	96,236

(5) [Consolidated Supplementary Schedules]

[Schedule of Bonds]

Company Name	Issue	Issuance Date	Balance at Beginning of Period (Million yen)	Balance at End of Period (Million yen)	Interest Rate (%)	Collateral	Maturity Date
Label Co., Ltd.	2nd Unsecured Bonds (with guarantee from The Chiba Bank, Ltd. and limited to qualified institutional investors)	April 30, 2020	5	-	0.23	None	April 30, 2025
Total	-	-	5	-	-	-	-

[Schedule of Borrowings, etc.]

Category	Balance at Beginning of Period (Million yen)	Balance at End of Period (Million yen)	Average Interest Rate (%)	Repayment Deadline
Short-term loans payable	5,000	6,040	0.77	-
Current portion of long-term loans payable	19,849	12,615	0.97	-
Current portion of lease obligations	472	539	2.55	-

Long-term loans payable (excluding current portion)	102,853	127,178	0.97	2027–2050
Lease obligations (excluding current portion)	2,079	3,664	2.55	2027–2041
Total	130,254	150,037	-	-

(Note) 1. The average interest rate represents the weighted average interest rate during the period.

2. The scheduled repayment amounts of long-term borrowings and lease obligations (excluding those due within one year) within five years after the consolidated balance sheet date are as follows.

Category	Over 1 year to 2 years (Million yen)	Over 2 years to 3 years (Million yen)	Over 3 years to 4 years (Million yen)	Over 4 years to 5 years (Million yen)
Long-term loans payable	13,364	11,274	14,457	10,366
Lease obligations	518	460	384	345

[Schedule of Asset Retirement Obligations]

Since the amount of asset retirement obligations at the beginning and end of the current consolidated fiscal year is 1/100 or less of the total liabilities and net assets at the beginning and end of the current consolidated fiscal year, the disclosure is omitted pursuant to the provisions of Article 92-2 of the Regulation on Consolidated Financial Statements.

(2) [Other]

(1) Semiannual information, etc. for the current consolidated fiscal year

(Cumulative Period)		First Half	Full Fiscal Year
Net sales	(Million yen)	97,992	218,098
Profit before income taxes	(Million yen)	5,199	16,671
Profit attributable to owners of parent	(Million yen)	3,326	11,542
Net profit per share	(yen)	34.57	119.94

(2) Significant events after the reporting period

There are no significant items to report.

2 [Financial Statements, etc.]

(1) [Financial Statements]

(1) [Balance Sheet]

(Unit: Million yen)

	Previous Fiscal Year (March 31, 2025)	Current Fiscal Year (March 31, 2026)
Assets		
Current assets		
Cash and deposits	8,989	7,723
Accounts receivable - trade	6,289	6,241
Short-term loans receivable	70,265	66,123
Securities	314	422
Merchandise	15,435	15,006
Supplies	671	631
Real estate for sale	862	843
Prepaid expenses	1,283	1,340
Accounts receivable - other	7,662	6,973
Other	1,553	2,124
Allowance for doubtful accounts	-1,858	-1,492
Total current assets	111,467	105,939
Non-current assets		
Property, plant and equipment		
Buildings	*2, *3 62,798	*2, *3 75,675
Structures	734	865
Machinery and equipment	*3 1,790	*3 1,509
Vehicles	4	5
Tools, furniture and fixtures	*2 1,059	*2 897
Land	*3 20,494	*3 29,831
Leased assets	1,748	3,409
Construction in progress	1,058	6,439
Total property, plant and equipment	89,690	118,634
Intangible assets		
Software	1,549	1,083
Leased assets	556	446
Other	265	*3 263
Total intangible assets	2,371	1,793
Investments and other assets		
Investment securities	11,456	13,197
Shares of subsidiaries and associates	53,417	52,772
Deferred tax assets	186	-
Other	1,157	1,125
Allowance for doubtful accounts	-18	-18
Total investments and other assets	66,199	67,077
Total non-current assets	158,261	187,504
Total assets	269,729	293,443

(Million yen)

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Liabilities		
Current liabilities		
Accounts payable - trade	4,503	4,421
Electronically recorded obligations - operating	2,272	2,195
Short-term borrowings	*4 34,261	*4 38,601
Current portion of long-term borrowings	*3, *4, *5 19,623	*3, *4, *5 12,492
Lease obligations	441	510
Accounts payable - other	260	768
Accrued expenses	9,506	8,437
Income taxes payable	807	910
Contract liabilities	614	403
Deposits received	100	92
Provision for bonuses	423	429
Other	181	220
Total current liabilities	72,994	69,482
Non-current liabilities		
Long-term borrowings	*3, *4, *5 101,149	*3, *4, *5 125,436
Lease obligations	2,044	3,628
Provision for retirement benefits for directors (and other officers)	249	248
Asset retirement obligations	60	61
Other	882	1,247
Total non-current liabilities	104,386	130,622
Total liabilities	177,380	200,105
Net assets		
Shareholders' equity		
Share capital	10,612	10,612
Capital surplus		
Other capital surplus	11,004	11,007
Total capital surplus	11,004	11,007
Retained earnings		
Legal capital surplus	1,217	1,501
Other retained earnings		
General reserve	27,183	27,183
Retained earnings brought forward	40,953	40,733
Total retained earnings	69,354	69,418
Treasury shares	-794	-782
Total shareholders' equity	90,176	90,255
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,959	3,173
Deferred gains or losses on hedges	212	-89
Total valuation and translation adjustments	2,171	3,083
Total net assets	92,348	93,338
Total liabilities and net assets	269,729	293,443

(2) [Statement of Income]

(Unit: Million yen)

	Previous Fiscal Year (From April 1, 2024 To March 31, 2025)	Current Fiscal Year (From April 1, 2025 To March 31, 2026)
Net sales	113,263	112,703
Cost of sales	52,477	52,752
Gross profit	60,785	59,951
Selling, general and administrative expenses	*2 58,890	*2 56,998
Operating profit	1,894	2,952
Non-operating income		
Foreign exchange gains	711	912
Interest on securities	61	97
Interest and dividend income	1,710	2,010
Reversal of allowance for doubtful accounts	510	344
Gain on investments in investment partnerships	387	-
Other	392	480
Total non-operating income	3,773	3,844
Non-operating expenses		
Interest expenses	1,029	1,751
Interest on bonds	17	-
Commission expenses	97	954
Depreciation	64	93
Provision of allowance for doubtful accounts	43	74
Other	153	162
Total non-operating expenses	1,406	3,036
Ordinary profit	4,262	3,760
Extraordinary income		
Gain on sales of investment securities	361	1,158
Gain on redemption of investment securities	0	-
Other	-	*3 88
Total extraordinary income	362	1,246
Extraordinary losses		
Loss on sales of non-current assets	*4 37	-
Loss on retirement of non-current assets	*5 29	*5 1
Loss on valuation of investment securities	-	135
Impairment losses	77	126
Loss on valuation of shares of subsidiaries and associates	665	766
Other	*6 112	-
Total extraordinary losses	922	1,029
Profit before income taxes	3,702	3,977
Income taxes - current	1,158	1,250
Income taxes - deferred	32	-175
Total income taxes	1,190	1,074
Profit	2,511	2,902

[Statement of Cost of Real Estate Sales]

Category	Notes	Previous Fiscal Year (From April 1, 2024 To March 31, 2025)		Current Fiscal Year (From April 1, 2025 To March 31, 2026)	
		Amount (Million yen)	Percentage (%)	Amount (Million yen)	Percentage (%)
Real estate sales					
Book value at time of sale		-	-	-	-
Expenses		39	1.3	41	1.0
Subtotal		39	1.3	41	1.0
Real estate leasing					
Depreciation		1,582	53.6	3,035	70.3
Expenses		1,329	45.0	1,240	28.7
Subtotal		2,911	98.7	4,275	99.0
Total		2,950	100.0	4,317	100.0

(Note) 1. The cost accounting method is the specific cost accounting method.

2. Reconciliation table between cost of real estate sales and cost of sales for the current fiscal year

Category	Previous Fiscal Year (Million yen)	Current Fiscal Year (Million yen)
Cost of real estate sales	2,950	4,317
Beginning inventory of merchandise	15,276	15,435
Merchandise purchases for the period	49,685	48,006
Total	64,962	63,441
Ending inventory of merchandise	15,435	15,006
Cost of merchandise sales	49,527	48,435
Cost of sales	52,477	52,752

(3) [Statement of Changes in Equity]

Previous Fiscal Year (from April 1, 2024 to March 31, 2025)

(Unit: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus		Retained earnings	
		Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings
				General reserve	
Balance at beginning of period	10,612	11,004	11,004	979	27,183
Changes during period					
Provision of legal retained earnings			-	238	
Dividends of surplus			-		
Profit attributable to owners of parent			-		
Purchase of treasury shares			-		
Disposal of treasury shares		-0	-0		
Changes in items other than shareholders' equity (net)			-		
Total changes during period	-	-0	-0	238	-
Balance at end of period	10,612	11,004	11,004	1,217	27,183

	Shareholders' equity				Valuation and translation adjustments			Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Other retained earnings	Total retained earnings						
	Retained earnings brought forward							
Balance at beginning of period	41,066	69,229	-455	90,390	2,672	499	3,171	93,561
Changes during period								
Provision of legal retained earnings	-238	-		-			-	-
Dividends of surplus	-2,386	-2,386		-2,386			-	-2,386
Profit attributable to owners of parent	2,511	2,511		2,511			-	2,511
Purchase of treasury shares		-	-345	-345			-	-345
Disposal of treasury shares		-	6	6			-	6
Changes in items other than shareholders' equity (net)		-		-	-712	-287	-999	-999
Total changes during period	-113	125	-338	-213	-712	-287	-999	-1,213
Balance at end of period	40,953	69,354	-794	90,176	1,959	212	2,171	92,348

Current Fiscal Year (from April 1, 2025 to March 31, 2026)

(Unit: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus		Retained earnings	
		Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings
				General reserve	
Balance at beginning of period	10,612	11,004	11,004	1,217	27,183
Changes of items during period					
Provision of legal retained earnings			-	283	
Dividends of surplus			-		
Profit			-		
Purchase of treasury shares			-		
Disposal of treasury shares		2	2		
Net changes of items other than shareholders' equity			-		
Total changes of items during period	-	2	2	283	-
Balance at end of period	10,612	11,007	11,007	1,501	27,183

	Shareholders' equity				Valuation and translation adjustments			Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Other retained earnings	Total retained earnings						
	Retained earnings brought forward							
Balance at beginning of period	40,953	69,354	-794	90,176	1,959	212	2,171	92,348
Changes of items during period								
Provision of legal retained earnings	-283	-		-			-	-
Dividends of surplus	-2,838	-2,838		-2,838			-	-2,838
Profit	2,902	2,902		2,902			-	2,902
Purchase of treasury shares		-	-0	-0			-	-0
Disposal of treasury shares		-	11	14			-	14
Net changes of items other than shareholders' equity		-		-	1,213	-301	911	911
Total changes of items during period	-219	63	11	78	1,213	-301	911	990
Balance at end of period	40,733	69,418	-782	90,255	3,173	-89	3,083	93,338

[Notes]

(Significant Accounting Policies)

1. Valuation basis and valuation method for securities

(1) Held-to-maturity debt securities

Amortized cost method (straight-line method)

(2) Shares of subsidiaries and associates

Cost method based on the moving-average method

(3) Available-for-sale securities

Securities other than shares, etc. without market prices

Market value method (valuation differences are processed by the direct net asset method, and the cost of sales is calculated by the moving-average method)

Shares, etc. without market prices

Cost method based on the moving-average method

For investments in investment business limited liability partnerships and similar partnerships (which are considered securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), the Company uses the method of incorporating the amount of profit or loss corresponding to its equity interest, based on the most recent financial statements available as of the financial reporting date stipulated in the partnership agreement.

2. Valuation basis and valuation method for derivatives, etc.

Derivatives

Market value method

3. Valuation basis and valuation method for inventories

(1) Merchandise

Cost method based on the moving-average method (for balance sheet value, the method of writing down the book value based on a decline in profitability is used)

(2) Supplies

Cost method based on the last-in cost method

(3) Real estate for sale

Cost method based on the specific identification method (for balance sheet value, the method of writing down the book value based on a decline in profitability is used)

4. Depreciation method for fixed assets

(1) Property, plant and equipment (excluding leased assets)

The declining-balance method is adopted.

However, the straight-line method is adopted for buildings (excluding building improvements) acquired on or after April 1, 1998, and for building improvements and structures acquired on or after April 1, 2016.

(2) Intangible assets (excluding leased assets)

The straight-line method is adopted.

For software for internal use, the straight-line method based on the internal useful life (5 years) is used.

(3) Leased assets

Finance leases that transfer ownership

The same depreciation method as that applied to property, plant and equipment owned by the Company is adopted.

Finance leases other than those that transfer ownership

The straight-line method is adopted, with the lease period as the useful life and the residual value as zero.

5. Basis for recording provisions

(1) Allowance for doubtful accounts

To provide for losses from bad debts, the Company records an amount calculated based on the historical bad debt ratio for general receivables, and for specific receivables such as doubtful accounts, it records the estimated uncollectible amount based on an individual assessment of collectibility.

(2) Provision for bonuses

To provide for the payment of bonuses to employees, the Company records the amount expected to be paid that is attributable to the current fiscal year.

(3) Provision for retirement benefits

To provide for employee retirement benefits, the Company records an amount based on the estimated retirement benefit obligations and pension assets at the end of the current fiscal year.

The accounting methods for the provision for retirement benefits and retirement benefit expenses are as follows:

(1) Method of attributing expected retirement benefits to periods

In calculating retirement benefit obligations, the Company uses the benefit formula basis to attribute the expected retirement benefits to the period up to the end of the current fiscal year.

(2) Method of expensing actuarial gains and losses

Actuarial gains and losses are amortized using the straight-line method over a certain number of years (5 years) within the average remaining service period of employees at the time of occurrence, and are expensed from the fiscal year in which they arise.

(4) Provision for directors' retirement benefits

To provide for the payment of retirement benefits to directors, the Company records the amount required to be paid at the end of the period based on internal regulations.

6. Basis for recording revenue and expenses

(1) Property Business

The Company is primarily engaged in the leasing and redevelopment of real estate and power generation businesses. Revenue from real estate leasing is recognized based on the lease period stipulated in the contract, while revenue from the redevelopment business is recognized at the time of transfer of ownership of the property. In the power generation business, the performance obligation is satisfied over a certain period. We determine that the performance obligation is satisfied when the supply of generated electricity to the power company is completed, and we recognize a fixed amount of revenue over the period.

(2) Mail-order business (Gourmet business, Apparel & Goods business)

Primarily, in the Gourmet business, we sell food products, sake, and wine, and in the Apparel & Goods business, we sell daily necessities such as clothing, household goods, and furniture, through mail-order sales using catalogs, the internet, newspaper advertisements, and television as media. In the sale of these products, we determine that control of the products is transferred to the customer upon delivery. However, since the period from shipment to delivery is a normal period, we apply an alternative treatment regarding materiality, etc., and recognize revenue at the time of shipment.

(3) Database Utilization business

We primarily provide catalog enclosure and product bundling services for flyers, etc., and mail-order agency services (order fulfillment, logistics, and catalog shipping agency) to external business operators. For services provided to external business operators, we recognize revenue at the time the services stipulated in the contract are completed.

7. Significant hedge accounting methods

(1) Hedge accounting method

In principle, deferred hedge accounting is applied.

(2) Hedging instruments and hedged items

Hedging instruments and hedged items to which hedge accounting is applied are as follows.

Hedging instrument: Forward exchange contracts

Hedged item: Foreign currency-denominated forecasted transactions

(3) Hedging policy

Based on internal regulations, we conduct hedging transactions within the scope of actual demand to mitigate foreign exchange risk.

(4) Method of evaluating hedge effectiveness

Since forward exchange contracts in the same currency are attached to the forecasted transactions, the correlation due to subsequent fluctuations in exchange rates is completely ensured, and therefore the evaluation of effectiveness is omitted.

8. Other significant matters for the preparation of financial statements

Accounting treatment for retirement benefits

The method of accounting for unrecognized actuarial gains and losses related to retirement benefits differs from the method used in the consolidated financial statements.

(Significant Accounting Estimates)

1. Estimates related to impairment of fixed assets

(1) Amount recorded in the financial statements for the current fiscal year

(Unit: Million yen)

Account	Previous fiscal year	Current fiscal year
Impairment losses	77	126
Property, plant and equipment	89,690	118,634
Intangible assets	2,371	1,793

(2) Information regarding the content of significant accounting estimates for identified items

The calculation method for the amount in (1) is the same as the content described in "Notes to Consolidated Financial Statements (Significant Accounting Estimates) 1. Estimates related to impairment of fixed assets."

2. Valuation of investments and loans to subsidiaries and associates

(1) Amount recorded in the financial statements for the current fiscal year

(Unit: Million yen)

Account	Previous fiscal year	Current fiscal year
Shares of subsidiaries and associates	53,417	52,772
Loss on valuation of shares of subsidiaries and associates	665	766
Short-term loans receivable from subsidiaries and associates	70,265	66,123
Provision of allowance for doubtful accounts	43	74
Reversal of allowance for doubtful accounts	510	344

(2) Information regarding the content of significant accounting estimates for identified items

For shares of subsidiaries and associates, the Company determines whether to record an impairment loss by comparing the acquisition cost with the net asset value per share, which is based on the financial position of the issuing company, or the net asset value per share reflecting the excess earning power recognized at the time of acquisition as the actual value. In addition, for short-term loans to subsidiaries and associates, the Company calculates the estimated uncollectible amount by considering the collectibility of each subsidiary or associate individually and records this amount as an allowance for doubtful accounts.

For shares of subsidiaries and associates, the calculation of actual value and the determination of recoverability are primarily influenced by management's judgment regarding the rationality of the business plans of the investees, which involve future uncertainties, and may affect the financial position and operating results of the following fiscal year. Furthermore, for short-term loans to subsidiaries and associates, if the actual results deviate from the major assumptions and the profit or loss of each subsidiary or associate deteriorates in the following fiscal year, it may affect the profit or loss in the financial statements for the following fiscal year.

(Notes to Balance Sheet)

1. Assets and liabilities related to subsidiaries and associates

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Short-term monetary receivables	73,678 Million yen	70,008 Million yen
Short-term monetary payables	30,891	34,191

*2. Amount of tax-purpose reduction entry

The amount of tax-purpose reduction entry deducted from the acquisition cost of property, plant and equipment due to national subsidies, etc., and its breakdown are as follows.

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Amount of tax-purpose reduction entry	672 Million yen	672 Million yen
(of which, buildings)	671	671
(of which, tools, furniture and fixtures)	0	0

*3. Pledged assets and secured liabilities

Assets pledged as collateral and secured liabilities are as follows.

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Buildings	35,324 Million yen	48,463 Million yen
Land	7,490	14,642
Machinery and equipment	1,389	1,157
Intangible fixed assets (land leasehold rights)	-	0
Total	44,205	64,264

The liabilities related to the above are as follows.

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Current portion of long-term borrowings	11,626 Million yen	3,641 Million yen
Long-term borrowings	39,170	65,829
Total	50,797	69,471

*4 The Company has entered into overdraft agreements and commitment line agreements with its banks to ensure efficient procurement of working capital. The unused balances of these credit facilities at the end of the fiscal year are as follows.

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Total amount of overdraft limits and lending commitments	16,500 Million yen	20,020 Million yen
Outstanding borrowings	5,000	6,432
Unused balance	11,500	13,587

*5 Financial Covenants

Among the outstanding borrowings, loan agreements totaling 105,669 Million yen include financial covenants, such as maintaining at least 75% of the net assets (consolidated) as of the end of the previous fiscal year.

6 Guarantee Obligations

The Company provides the following guarantees for liabilities.

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Nurse Stage Co., Ltd.	4 Million yen	1 Million yen

7 Joint and Several Guarantee Obligations

The Company provides the following joint and several guarantees.

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Shurei Co., Ltd. (Note)	9 Million yen	- Million yen

(Note) The Company provides joint and several guarantees for borrowings from financial institutions.

(Notes to Statement of Income)

1 Transactions with related parties

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Net sales	2,713 Million yen	4,340 Million yen
Cost of sales	2,460	2,132
Selling, general and administrative expenses	8,032	8,846
Transactions other than operating transactions	1,652	1,705

*2 The major items and amounts of selling, general and administrative expenses are as follows.

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Freight and packing costs	8,409 Million yen	8,001 Million yen
Advertising expenses	15,097	13,821
Provision for allowance for doubtful accounts	113	71
Salaries and allowances	4,171	4,073
Provision for bonuses	406	397
Communication expenses	5,034	5,257
Depreciation	2,338	2,129
Commission fees	16,976	17,422
Approximate ratio		
Selling expenses	82.8%	82.3%
General and administrative expenses	17.2	17.7

*3 Other extraordinary income

Previous fiscal year (from April 1, 2024 to March 31, 2025)

Not applicable.

Current fiscal year (from April 1, 2025 to March 31, 2026)

This represents 88 Million yen recorded as compensation received and the reversal of liabilities following the finalization of the compensation amount from a contractor related to the delay in the delivery of Osechi (traditional Japanese New Year dishes) that occurred in December 2024.

*4 The details of loss on sale of non-current assets are as follows.

	Previous fiscal year (From April 1, 2024 To March 31, 2025)	Current fiscal year (From April 1, 2025 To March 31, 2026)
Buildings	37 Million yen	- Million yen
Total	37	-

*5 The details of loss on retirement of non-current assets are as follows.

	Previous fiscal year (From April 1, 2024 To March 31, 2025)	Current fiscal year (From April 1, 2025 To March 31, 2026)
Buildings	25 Million yen	- Million yen
Machinery and equipment	-	0
Vehicles	-	0
Tools, furniture and fixtures	0	1
Software	2	-
Total	29	1

*6 Other extraordinary losses

Previous fiscal year (from April 1, 2024 to March 31, 2025)

This is a loss of 112 Million yen associated with the delay in the delivery of Osechi (traditional Japanese New Year dishes) that occurred in December 2024.

Current fiscal year (from April 1, 2025 to March 31, 2026)

Not applicable.

(Securities)

Previous fiscal year (as of March 31, 2025)

Market values of shares of subsidiaries and associates are not stated because they do not have market prices.

The carrying amounts of shares of subsidiaries and associates without market prices on the balance sheet are as follows.

Category	Previous fiscal year (Million yen)
Shares of subsidiaries	53,417

Current fiscal year (as of March 31, 2026)

Market values of shares of subsidiaries and associates are not stated because they do not have market prices.

The carrying amounts of shares of subsidiaries and associates without market prices on the balance sheet are as follows.

Category	Current fiscal year (Million yen)
Shares of subsidiaries	52,772

(Tax effect accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

	Previous fiscal year (As of March 31, 2025)	Current fiscal year (As of March 31, 2026)
Deferred tax assets		
Provision for bonuses	149 Million yen	156 Million yen
Contract liabilities	154	88
Bad debt loss	25	25
Loss on valuation of investment securities	314	347
Loss on transfer of receivables	250	250
Allowance for doubtful accounts	587	473
Loss on valuation of shares of subsidiaries and associates	519	759
Loss on valuation of real estate for sale	63	68
Impairment loss on fixed assets	129	159
Shares of subsidiaries due to company split	459	459
Deferred gains or losses on hedges	-	40
Other	335	359
Subtotal of deferred tax assets	2,991	3,190
Valuation allowance	-1,841	-1,807
Total deferred tax assets	1,149	1,382
Deferred tax liabilities		
Valuation difference on available-for-sale securities	-856	-1,449
Deferred gains or losses on hedges	-92	-
Refund liabilities	-10	-8
Other	-3	-20
Total deferred tax liabilities	-962	-1,478
Net deferred tax assets (liabilities)	186	-96

2. Breakdown by major items of the causes of significant differences between the statutory effective tax rate and the burden rate of corporate and other taxes after the application of tax effect accounting

	Previous fiscal year (As of March 31, 2025)	Current fiscal year (As of March 31, 2026)
Statutory effective tax rate	30.5%	30.5%
(Adjustments)		
Entertainment expenses and other items permanently non-deductible	1.4	1.2
Dividends received and other items permanently non-taxable	-2.1	-3.9
Inhabitant tax on per capita basis	0.3	0.2
Changes in valuation allowance	1.9	-0.8
Adjustment of deferred tax assets and liabilities due to tax rate change	-0.6	-0.4
Corporate tax, etc. for prior years	0.6	0.3
Tax credits	0.1	-
Other	0.0	0.0
Actual effective tax rate after application of tax effect accounting	32.2	27.0

3. Accounting treatment for corporate and local corporate taxes or tax effect accounting related to these taxes

The Company applies the group tax sharing system. In addition, the Company performs accounting treatment and disclosure for corporate and local corporate taxes or tax effect accounting related to these taxes in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021).

(Revenue recognition)

Information that serves as a basis for understanding revenue arising from contracts with customers is omitted from the notes, as the same information is provided in the notes to the consolidated financial statements (Revenue Recognition).

(4) [Supplementary Schedules]

[Schedule of Property, Plant and Equipment, etc.]

(Million yen)

Type of assets	Balance at beginning of current period	Increase during current period	Decrease during current period	Balance at end of current period	Accumulated depreciation or accumulated amortization at end of current period	Depreciation or amortization during current period	Net balance at end of current period
Property, plant and equipment							
Buildings	83,147	16,201	245 (113)	99,103	23,427	3,204	75,675
Structures	1,647	209	19 (10)	1,837	971	68	865
Machinery and equipment	3,841	34	0	3,875	2,365	315	1,509
Vehicles	124	4	1	127	121	3	5
Tools, furniture and fixtures	2,486	337	64 (1)	2,759	1,862	462	897
Land	20,494	9,336	-	29,831	-	-	29,831
Leased assets	2,563	2,046	-	4,609	1,200	386	3,409
Construction in progress	1,058	5,743	362	6,439	-	-	6,439
Total property, plant and equipment	115,364	33,913	694 (125)	148,583	29,949	4,440	118,634
Intangible assets							
Software	7,241	106	23	7,324	6,241	569	1,083
Leased assets	1,907	89	-	1,997	1,550	199	446
Other	321	0	-	322	58	2	263
Total intangible assets	9,470	197	23	9,643	7,850	771	1,793

(Note) 1. The "Balance at beginning of current period" and "Balance at end of current period" columns are stated at acquisition cost.

2. The "Accumulated depreciation or accumulated amortization at end of current period" column includes accumulated impairment losses.

3. The figures in parentheses in the "Decrease during current period" column represent the amount of impairment losses recognized.

4. The main reasons for the increase during the current period are as follows.

Buildings	...	Sendai City, Miyagi Prefecture	Leased	11,699	Million yen
		Osaka City, Osaka Prefecture	Leased	2,483	
		Kyoto City, Kyoto Prefecture	Leased	572	
		Sapporo City, Hokkaido Prefecture	Leased	677	
		Sobetsu-cho, Usu-gun, Hokkaido Prefecture	Leased	213	
		Each location	Store	89	
Tools, furniture and fixtures	...	Sapporo City, Hokkaido Prefecture	Leased	130	
		Otaru City, Hokkaido Prefecture	Leased	102	
Land	...	Sendai City, Miyagi Prefecture	Leased	2,369	
		Toshima-ku, Tokyo Metropolis	Leased	2,167	
		Sapporo City, Hokkaido Prefecture	Leased	1,813	
		Osaka City, Osaka Prefecture	Leased	1,674	

		Sobetsu-cho, Usu-gun, Hokkaido Prefecture	Leased	824
		Kyoto City, Kyoto Prefecture	Leased	409
Construction in progress	...	Sobetsu-cho, Usu-gun, Hokkaido Prefecture	Leased	2,896
		Minato-ku, Tokyo Metropolis	Leased	2,624
		Teshikaga-cho, Kawakami-gun, Hokkaido Prefecture	Leased	160
Software	...	Ageo City, Saitama Prefecture	System software	29
Leased assets (Intangible assets)	...	Ageo City, Saitama Prefecture	System software	89

5. The main reasons for the decrease during the current period are as follows.

Buildings	...	Retirement	130 Million yen
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[Schedule of Provisions]

(Million yen)

Classification	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period
Allowance for doubtful accounts	1,877	148	515	1,510
Provision for bonuses	423	429	423	429
Provision for retirement benefits for directors (and other officers)	249	-	0	248

(2) [Details of Major Assets and Liabilities]

Information is omitted as consolidated financial statements are prepared.

(3) [Other]

Events after the reporting period

There are no significant events to report.

Section 6 [Overview of Share Handling of the Filing Company]

Fiscal year	From April 1 to March 31		
Ordinary General Meeting of Shareholders	In June		
Record date	March 31		
Record date for dividends of surplus	September 30 and March 31		
Number of shares per unit	100 shares		
Purchase of fractional shares			
Handling office	(Special account) Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd., 1-3-3 Marunouchi, Chiyoda-ku, Tokyo		
Shareholder register administrator	(Special account) Mizuho Trust & Banking Co., Ltd., 1-3-3 Marunouchi, Chiyoda-ku, Tokyo		
Intermediary office	_____		
Purchase fee	An amount separately determined as the equivalent of the commission for the consignment of stock trading		
Method of public notice	Public notice shall be made by electronic public notice. However, if electronic public notice cannot be made due to accidents or other unavoidable circumstances, it shall be published in the Nihon Keizai Shimbun. URL for public notice: https://www.belluna.co.jp/		
Shareholder benefits	1. Eligible shareholders: Shareholders who hold 100 shares (one unit) or more as of March 31 and September 30 of each year.		
	2. Details of shareholder benefits: Two types of benefits are presented twice a year. (1) Choice of preferential discount coupons, preferential points, or products handled by the Company (i) Preferential discount coupons that can be used for mail-order sales operated by the Company (ii) Preferential points that can be used at Belluna Net (iii) Products handled by the Company: (1) Food (2) Confectionery (3) Wine (4) Sake (2) Preferential discount coupons that can be used at facilities operated by or affiliated with the Company		
	(Note) 1. Mail-order preferential discount coupons can be used for mail-order sales of clothing, household goods, furniture, etc. 2. For products handled by the Company (1) Food (2) Confectionery (3) Wine (4) Sake, the Company will send products selected by the Company. Products cannot be selected from a catalog.		
		Details of benefits	
	Number of shares held	(1) Choice of preferential discount coupons, preferential points, or products handled by the Company	(2) Preferential discount coupons that can be used at facilities operated by or affiliated with the Company Group
	100 shares or more but less than 500 shares	(i) 1,000 yen mail-order preferential discount coupon (ii) 1,000 yen net-only preferential points (iii) Choice of one of the following products handled by the Company equivalent to 1,000 yen: (1) Food (2) Confectionery (3) Wine (4) Sake	Two 1,000 yen discount coupons
500 shares or more but less than 1,000 shares	(i) 3,000 yen mail-order preferential discount coupon (ii) 3,000 yen net-only preferential points (iii) Choice of one of the following products handled by the Company equivalent to 3,000 yen: (1) Food (2) Confectionery (3) Wine (4) Sake	Six 1,000 yen discount coupons	
1,000 shares or more	(i) 5,000 yen mail-order preferential discount coupon (ii) 5,000 yen net-only preferential points (iii) Choice of one of the following products handled by the Company equivalent to 5,000 yen: (1) Food (2) Confectionery (3) Wine (4) Sake	Ten 1,000 yen discount coupons	
(Note) 1. Mail-order discount coupons can be used at mail-order retailers that sell clothing, household goods, furniture, and other items. 2. For the following items handled by our company: ① food, ② snacks, ③ wine, and ④ sake, we will send you products selected by us. You cannot choose products from a catalog.			

(Note) Pursuant to the Articles of Incorporation of the Company, shareholders holding less than one unit of shares do not have any rights other than the rights listed in each item of Article 189, Paragraph 2 of the Companies Act, the right to receive an allotment of offered shares and offered share acquisition rights in proportion to the number of shares held by the shareholders, and the right to request the sale of shares less than one unit.

Section 7 [Reference Information of the Filing Company]

1 [Information on Parent Company, etc. of the Filing Company]

The Company has no parent company, etc., as stipulated in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2 [Other Reference Information]

The Company has filed the following documents between the beginning of the current fiscal year and the filing date of the Annual Securities Report.

(1) Annual Securities Report and its attachments, and Confirmation Letter

Fiscal Year (49th Term) (from April 1, 2024 to March 31, 2025) Filed with the Director of the Kanto Local Finance Bureau on June 27, 2025

(2) Internal Control Report and its attachments

Filed with the Director of the Kanto Local Finance Bureau on June 27, 2025

(3) Semiannual Securities Report and Confirmation Letter

(50th Term) (from April 1, 2025 to September 30, 2025) Filed with the Director of the Kanto Local Finance Bureau on November 14, 2025

(4) Extraordinary Report

Extraordinary Report based on Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. (Results of Exercise of Voting Rights at the General Meeting of Shareholders)

Filed with the Director of the Kanto Local Finance Bureau on June 30, 2025

Extraordinary Report based on Article 19, Paragraph 2, Item 3 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. (Change in Specified Subsidiaries)

Filed with the Director of the Kanto Local Finance Bureau on March 16, 2026

Extraordinary Report based on Article 19, Paragraph 2, Item 4 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. (Change in Major Shareholders)

Filed with the Director of the Kanto Local Finance Bureau on April 2, 2026

Part II [Information on Guarantor Company, etc. of the Filing Company]

Not applicable.

Independent Auditor's Report and Internal Control Audit Report

June 24, 2026

Belluna Co., Ltd.

To the Board of Directors of Belluna Co., Ltd.

Audit Corporation Nihonbashi Office

Chuo-ku, Tokyo

Designated
Engagement Partner Certified Public Accountant Yoshiaki Yanagi

Designated
Engagement Partner Certified Public Accountant Kotaro Yamamura

Designated
Engagement Partner Certified Public Accountant Takahiro Aoki

<Audit of Consolidated Financial Statements>

Audit Opinion

We have audited the accompanying consolidated financial statements of Belluna Co., Ltd. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as of March 31, 2026, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the fiscal year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and other explanatory information, in accordance with Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of March 31, 2026, and its financial performance and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan (including provisions applicable to audits of financial statements of entities with high social impact), and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Determination of whether to recognize impairment loss on fixed assets related to the Property Business	
Description of Key Audit Matters and Reasons for Determination	Audit Response
<p>As described in the [Notes] (Segment Information, etc.) to the consolidated financial statements, assets of 177,686 Million yen (approximately 52% of total consolidated assets) held as the Property Business are recorded, and an impairment loss of 333 Million yen related to this business has been recorded in the current consolidated fiscal year. Information related to the [Notes] (Significant Accounting Estimates) "Estimates related to impairment of fixed assets" in the consolidated financial statements is also provided.</p> <p>The Company performs grouping by individual property, such as each rental property and each hotel property, as the smallest unit that generates cash flows. If there is an indication of impairment in the fixed assets related to an asset group, it is necessary to determine whether to recognize an impairment loss by comparing the total undiscounted future cash flows obtained from the asset group with the book value.</p> <p>In the current consolidated fiscal year, a determination was made as to whether to recognize an impairment loss, and it was judged that recognition of an impairment loss was unnecessary for properties where the estimated total undiscounted future cash flows exceeded the book value of the assets, or where the net selling price exceeded the book value.</p> <p>The calculation of undiscounted future cash flows is based on internal company information such as profit and loss reports for internal management purposes and business plans, as well as information regarding external factors such as the business environment and market prices of assets. However, this information involves uncertainty, and the degree of subjective judgment by management is significant. The calculation of the net selling price is primarily estimated based on real estate appraisal values by real estate appraisers, but real estate appraisals involve professional judgment.</p> <p>Based on the above, we determined that this matter corresponds to a Key Audit Matter.</p>	<p>In evaluating the appropriateness of the recognition of impairment loss on assets held as the Property Business, we mainly performed the following procedures:</p> <p>(1) Evaluation of Internal Controls</p> <p>We evaluated the effectiveness of the design and operation of internal controls related to impairment loss on Property Business properties.</p> <p>(2) Verification of Completeness of Target Assets</p> <p>We obtained the impairment review materials prepared by the Company and verified the completeness of the target assets through inquiries and inspection of relevant evidence.</p> <p>(3) Evaluation of the Rationality of Future Cash Flow Estimates</p> <p>To evaluate the rationality of the assumptions adopted by management included in the business plans that form the basis for future cash flow estimates, we performed the following procedures:</p> <ul style="list-style-type: none"> - Regarding the business plans for major rental properties, hotel properties, and overseas development projects, we made inquiries to management to understand the basis for their formulation. For rental properties and hotel properties, we examined the occupancy rates, rental income, and real estate market outlooks included in the business plans. For overseas development projects, we examined the development schedules, total investment amounts, assumed rents, and local real estate market outlooks by comparing them with available external data and examining their consistency with past performance. - To evaluate the rationality of real estate appraisals, we evaluated the competence, capabilities, and objectivity of the experts used by management, and also reviewed the real estate appraisal reports to examine the valuation methods adopted and the calculation results based on them.

Other Information

Other information comprises the information included in the Annual Securities Report, other than the consolidated financial statements, the non-consolidated financial statements, and our auditor's reports thereon. Management is responsible for the preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' performance of their duties with regard to the design and operation of the reporting process for the other information.

Our audit opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion on the other information.

Our responsibility in connection with the audit of the consolidated financial statements is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

There are no matters to be reported by our audit firm regarding the other information.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the design and operation of internal control that management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on the basis of the going concern assumption, and for disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' performance of their duties in the design and operation of the financial reporting process.

Responsibilities of the Auditor for the Audit of the Consolidated Financial Statements

The auditor's responsibility is to express an opinion on the consolidated financial statements from an independent standpoint in the auditor's report, based on the audit conducted by the auditor, by obtaining reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, the auditor exercises professional judgment and maintains professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error. The auditor also designs and performs audit procedures responsive to those risks of material misstatement. The selection and application of audit procedures depend on the auditor's judgment. Furthermore, the auditor obtains sufficient and appropriate audit evidence to provide a basis for the opinion.
- Although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of internal control, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances when performing risk assessments.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists regarding the going concern assumption, the auditor is required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements, or if such disclosures are inadequate, to express a qualified opinion on the consolidated financial statements. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report; however, future events or conditions may cause the entity to cease

to continue as a going concern.

- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as evaluate the overall presentation, structure, and content of the consolidated financial statements, including the related disclosures, and whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.

In order to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries, which serves as the basis for the opinion on the consolidated financial statements, the auditor plans and performs the audit of the consolidated financial statements. The auditor is responsible for the direction, supervision, and performance of the audit of the consolidated financial statements. The auditor is solely responsible for the audit opinion.

The auditor reports to the Audit and Supervisory Committee regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control identified during the audit process, and other matters required by auditing standards.

The auditor reports to the Audit and Supervisory Committee that the auditor has complied with relevant ethical requirements in Japan regarding independence, and reports all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards to eliminate threats or measures taken to reduce threats to an acceptable level.

From the matters communicated with the Audit and Supervisory Committee, the auditor determines those matters that were of most significance in the audit of the consolidated financial statements of the current fiscal year and are therefore the key audit matters, and describes these in the auditor's report. However, the auditor does not describe such matters in the auditor's report if public disclosure is prohibited by law or regulation or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Internal Control Audit>

Audit Opinion

We have audited the internal control report of Belluna Co., Ltd. as of March 31, 2026, to express an audit opinion based on the provisions of Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act.

In our opinion, the internal control report referred to above, in which Belluna Co., Ltd. states that internal control over financial reporting as of March 31, 2026, is effective, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with the standards for assessment of internal control over financial reporting generally accepted in Japan.

Basis for Audit Opinion

We conducted our internal control audit in accordance with the standards for internal control audit generally accepted in Japan. Our responsibilities under the standards for internal control audit are described in the "Auditor's Responsibilities for Internal Control Audit" section. We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of professional ethics in Japan (including provisions applicable to audits of financial statements of entities with high social impact), and we have fulfilled our other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Internal Control Report

Management is responsible for designing and operating internal control over financial reporting and for preparing and fairly presenting the internal control report in accordance with the standards for assessment of internal control over financial reporting generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring and verifying the design and operation of internal control over financial reporting.

There is a possibility that internal control over financial reporting may not completely prevent or detect misstatements in financial reporting.

Auditor's Responsibility for Internal Control Audit

The auditor's responsibility is to express an opinion on the Internal Control Report from an independent standpoint in the Internal Control Audit Report, based on the internal control audit conducted by the auditor, by obtaining reasonable assurance about whether the Internal Control Report is free from material misstatement.

The auditor performs the following in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, through the audit process, by exercising professional judgment and maintaining professional skepticism.

- Perform audit procedures to obtain audit evidence regarding the evaluation results of internal control over financial reporting in the Internal Control Report. The audit procedures for an internal control audit are selected and applied at the auditor's discretion based on the significance of the impact on the reliability of financial reporting.
- Evaluate the overall presentation of the Internal Control Report, including the descriptions made by management regarding the scope, procedures, and results of the evaluation of internal control over financial reporting.
- Plan and perform the audit of internal control to obtain sufficient and appropriate audit evidence regarding the evaluation results of internal control over financial reporting in the Internal Control Report. The auditor is responsible for the direction, supervision, and performance of the audit of the Internal Control Report. The auditor is solely responsible for the audit opinion.

The auditor reports to the Audit and Supervisory Committee regarding the planned scope and timing of the internal control audit, the results of the internal control audit, any material weaknesses in internal control identified and their remediation results, and other matters required by the auditing standards for internal control.

The auditor reports to the Audit and Supervisory Committee that the auditor has complied with the provisions regarding professional ethics in Japan concerning independence, as well as matters reasonably considered to affect the auditor's independence, and the content of any measures taken to eliminate obstacles or safeguards applied to reduce obstacles to an acceptable level.

<Remuneration-related Information>

The amounts of remuneration for audit certification services and non-audit services provided by the audit firm and entities belonging to the same network as the audit firm to the Company and its subsidiaries are described in "(3) Audit Status" under "Corporate Governance, etc." included in the "Status of the Filing Company."

Conflicts of Interest

There are no conflicts of interest between the Company and its consolidated subsidiaries and the audit firm or its engagement partners that should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

End

(Note 1) The original of the above audit report is kept by the Company (a company that submits securities reports), separately.

(Note 2) XBRL data are not within the scope of audits.

Independent Auditor's Report

June 24, 2026

Belluna Co., Ltd.

To the Board of Directors

Nihonbashi Office, Audit Corporation

Chuo-ku, Tokyo

Designated
Engagement Partner Certified Public Accountant Yoshiaki Yanagi

Designated
Engagement Partner Certified Public Accountant Kotaro Yamamura

Designated
Engagement Partner Certified Public Accountant Takahiro Aoki

<Audit of Financial Statements>

Audit Opinion

We have audited the financial statements of Belluna Co., Ltd., which comprise the balance sheet, the statement of income, the statement of changes in net assets, the significant accounting policies, other notes, and the supplementary schedules for the 50th fiscal year from April 1, 2025, to March 31, 2026, as listed in the "Accounting Status" section, in order to provide an audit certification based on the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Belluna Co., Ltd. as of March 31, 2026, and the results of its operations for the fiscal year then ended, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan (including provisions applicable to audits of financial statements of entities with high social impact), and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current fiscal year. Key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of loans to affiliated companies and shares of affiliated companies related to the Property Business	
Description of Key Audit Matters and Reasons for Determination	Audit Response
<p>As described in the [Notes] "(Significant Accounting Estimates) Valuation of investments in affiliated companies," short-term loans of 66,123 Million yen and shares of affiliated companies of 52,772 Million yen are recorded in the balance sheet for the current fiscal year (totaling 40% of total assets). Of these, the amounts of loans to affiliated companies and shares of affiliated companies related to the Property Business account for a significant proportion.</p> <p>Regarding these loans to affiliated companies, for claims in bankruptcy, reorganization, or similar proceedings, the recoverability of the claims is considered individually for each affiliated company, the estimated unrecoverable amount is calculated, and this estimated unrecoverable amount is recorded as an allowance for doubtful accounts. Regarding shares of affiliated companies, the necessity of recording an impairment loss is determined by comparing the actual value with the acquisition cost, where the actual value is the net asset value per share based on the financial condition of the issuing company of the shares, or the net asset value per share reflecting the excess earning power recognized at the time of acquisition.</p> <p>In examining the recoverability of loans to affiliated companies related to the Property Business and the recoverability of shares of affiliated companies when the actual value has significantly declined due to deterioration in financial condition, it is necessary to comprehensively judge the feasibility of business plans, the outlook for earnings and cash flows based on such plans, the status of the business, the status of assets held, and the Company's support status, taking into account the financial condition and operating results of the affiliated companies. Of these, the necessity of recognizing impairment losses on fixed assets held by affiliated companies is particularly important, but these involve uncertainties such as changes in the business environment, and the degree of subjective judgment by management is significant.</p> <p>Based on the above, we determined that this matter corresponds to a Key Audit Matter.</p>	<p>In examining the valuation of loans to affiliated companies and shares of affiliated companies related to the Property Business, we mainly performed the following procedures:</p> <p>(1) We performed the audit response described in the Key Audit Matter "Determination of whether to recognize impairment loss on fixed assets related to the Property Business" in the audit report on the consolidated financial statements.</p> <p>(2) In light of the valuation of fixed assets held by the Property Business, we examined the adequacy of the allowance for doubtful accounts for loans to affiliated companies related to the Property Business and the necessity of impairment processing for shares of affiliated companies.</p>

Other Information

Other information consists of the information included in the Annual Securities Report, other than the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and disclosure of the other information. In addition, the Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties in the development and operation of the reporting process for the other information.

Our audit opinion on the financial statements does not cover the other information, and we do not express an opinion on the other information.

Our responsibility in connection with the audit of the financial statements is to read the other information and, in doing so, consider

whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

There are no matters to report regarding the other information.

Responsibilities of Management and the Audit and Supervisory Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan. This responsibility includes designing and operating internal control that management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing whether it is appropriate to prepare the financial statements in accordance with the going concern assumption, and for disclosing, as necessary, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties in the design and operation of the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

The auditor's responsibility is to express an opinion on the financial statements from an independent standpoint in the audit report, based on the audit conducted by the auditor, by obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Misstatements can arise from fraud or error and are considered material if they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements, either individually or in the aggregate.

In accordance with auditing standards generally accepted in Japan, the auditor exercises professional judgment and maintains professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error. In addition, the auditor designs and performs audit procedures responsive to those risks of material misstatement. The selection and application of audit procedures are at the auditor's judgment. Furthermore, the auditor obtains sufficient and appropriate audit evidence to provide a basis for the opinion.

- Although the purpose of the audit of financial statements is not to express an opinion on the effectiveness of internal control, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances when performing risk assessments.

- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and the adequacy of related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists regarding the going concern assumption, the auditor is required to draw attention in the audit report to the related disclosures in the financial statements, or if the disclosures in the financial statements regarding material uncertainty are inadequate, to express a qualified opinion on the financial statements. The auditor's conclusions are based on the audit evidence obtained up to the date of the audit report; however, future events or conditions may cause an entity to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure, and content of the financial statements, including the related disclosures, and whether the financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.

The auditor reports to the Audit and Supervisory Committee regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control identified during the audit process, and other matters required by auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding compliance with professional ethics in Japan concerning independence, as well as matters that are reasonably considered to affect the auditor's independence, and any measures taken to eliminate obstacles or safeguards applied to reduce obstacles to an acceptable level.

The auditor determines the key audit matters that are judged to be of most significance in the audit of the financial statements for the current fiscal year from among the matters communicated with the Audit and Supervisory Committee, and describes them in the auditor's

report. However, such matters are not described in the auditor's report if law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Remuneration-related information>

Remuneration-related information is described in the auditor's report on the consolidated financial statements.

Conflicts of interest

There are no conflicts of interest between the Company and the audit firm or the engagement partners that should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

End

(Note 1) The original of the above audit report is kept by the Company (a company that submits securities reports), separately.

(Note 2) XBRL data are not within the scope of audits.