

**Consolidated Financial Statements for the Third Quarter of  
the Fiscal Year Ending December 31, 2024  
[Japanese GAAP]**



November 12, 2024

Company name: **AUCNET INC.**

Stock exchange listing: Tokyo Stock Exchange

Code number: 3964

URL: <https://www.aucnet.co.jp/en/>

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Scheduled date of commencing dividend payments: —

Preparation of supplementary explanatory materials: Yes

Financial results meeting: None

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

**1. Consolidated Results for the Third Quarter of the Fiscal Year Ending December 31, 2024 (January 1, 2024 - September 30, 2024)**

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended September 30, 2024	40,443	25.4	5,610	3.4	5,700	3.3	3,594	2.3
September 30, 2023	32,242	5.8	5,423	1.9	5,521	(0.5)	3,512	1.3

(Note) Comprehensive income: Nine months ended September 30, 2024: ¥3,789 million [1.4%]

Nine months ended September 30, 2023: ¥3,738 million [3.7%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2024	151.19	150.74
September 30, 2023	139.05	138.40

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2024	44,437	25,115	56.0
As of December 31, 2023	37,664	22,310	58.8

(Reference) Equity: As of September 30, 2024: ¥24,881 million

As of December 31, 2023: ¥22,161 million

## 2. Cash Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Year ended December 31, 2023	Yen –	Yen 24.00	Yen –	Yen 29.00	Yen 53.00
Year ending December 31, 2024	–	28.00	–		
Year ending December 31, 2024 (Forecast)				29.00	57.00

(Note) Revision to the forecast for dividends announced most recently: None

## 3. Forecast of Consolidated Results for the Fiscal Year Ending December 31, 2024 (January 1, 2024 - December 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	58,000	33.9	7,000	5.1	7,090	5.0	4,508	3.2	189.76

(Note) Revision to the forecast of consolidated results announced most recently: None

### \* Notes:

- (1) Significant changes in the scope of consolidation during the period: Yes  
Newly included: 2 companies Defactostandard, Ltd., JOYLAB, inc.
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards and other regulations: None
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (4) Total number of issued and outstanding shares (common shares)
  - 1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

September 30, 2024:	24,763,200 shares
December 31, 2023:	24,763,200 shares
  - 2) Total number of treasury shares at the end of the period:

September 30, 2024:	877,333 shares
December 31, 2023:	1,107,316 shares
  - 3) Average number of shares during the period:

Nine months ended September 30, 2024:	23,775,205 shares
Nine months ended September 30, 2023:	25,258,678 shares

\* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

### \* Explanation of the proper use of performance forecast and other notes

The earnings forecast and other forward-looking statements herein are based on the information currently available and certain assumptions deemed reasonable by the Company, and the Company does not guarantee their achievement. In addition, actual results may differ significantly from these forecasts due to a wide range of factors. For cautionary notes on assumptions that form the basis of the performance forecast and the use of the performance forecast, please see “1.

Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information” on page 5 of the attachments.

## Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results .....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position .....	5
(3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information .....	5
2. Quarterly Consolidated Financial Statements and Primary Notes .....	6
(1) Quarterly Consolidated Balance Sheets .....	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	8
Quarterly Consolidated Statements of Income .....	8
Nine Months Ended September 30, 2023 and 2024 .....	8
Quarterly Consolidated Statements of Comprehensive Income .....	9
Nine Months Ended September 30, 2023 and 2024 .....	9
(3) Notes to Quarterly Consolidated Financial Statements .....	10
(Notes on going concern assumption) .....	10
(Notes in case of significant changes in amount of shareholders' equity) .....	10
(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements) .....	10
(Segment information, etc.) .....	11
(Notes to statements of cash flows) .....	13
(Significant subsequent events) .....	13

## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

Forward-looking statements in this document are based on the judgments of the Group (the Company and its consolidated subsidiaries) as of the end of the third quarter of the fiscal year under review.

The Group has undertaken the task of establishing a circular market in line with our sustainability policy, “Circulating valuable goods on a global scale ~ Circulation Engine.” As a company that contributes to a sustainable society by creating a system to efficiently circulate valuable goods in the market, the Group works to further improve its social and economic value.

In the medium-term management plan, Blue Print 2025, formulated in May 2022, we established four key management indicators: EBITDA, ROE, payout ratio and the Company’s own unique indicator, “Gross Circulation Value.” Under Blue Print 2025 we will work to expand market share in existing businesses, collaborate with partners, and create new businesses, and will aim to further expand the membership-based network and diversify distribution forms.

As a result of promoting business in line with such plans, for the nine months ended September 30, 2024, the Group’s net sales were ¥40,443,269 thousand (up 25.4% from the same period of the previous fiscal year), operating profit was ¥5,610,485 thousand (up 3.4% from the same period of the previous fiscal year), ordinary profit was ¥5,700,775 thousand (up 3.3% from the same period of the previous fiscal year), and profit attributable to owners of parent was ¥3,594,503 thousand (up 2.3% from the same period of the previous fiscal year).

	For the nine months ended September 30, 2024	Year-on-year change
Net sales	¥40,443,269 thousand	+25.4%
Operating profit	¥5,610,485 thousand	+3.4%
Ordinary profit	¥5,700,775 thousand	+3.3%
Profit attributable to owners of parent	¥3,594,503 thousand	+2.3%

Performance results by business segment are as follows.

From the beginning of the first quarter of the fiscal year ending December 31, 2024, we have changed our business segments with the aim of reorganizing our portfolio to better match the Company’s business strategy. The previous “Digital Product Business” and “Fashion Resale Business” (previously “Consumer Product Business”) have been integrated into the “Lifestyle Product” segment. The previous “Automobile Business” and “Motorcycle Business” that was previously included in “Others” have also been integrated into the “Mobility & Energy” segment.

Furthermore, under the previous method, expenses that were common to multiple segments were recorded as adjustments. Using the opportunity of change to the reportable segments from the beginning of the first quarter of the fiscal year ending December 31, 2024, we have judged that more effective evaluation of business performance would be possible if we allocated the costs and expenses that contribute to business operations of each reportable segment using a certain rational basis. Therefore, we have changed the method to one in which we allocate the applicable common expenses to each reportable segment.

The figures for the same period of the previous fiscal year used in the year-on-year comparisons below have been reclassified to reflect the revised segment categories.

#### (Lifestyle Product segment)

The Lifestyle Product segment comprises the Digital Product Business and Fashion Resale Business.

##### (1) Digital Product Business

The Digital Product Business provides auctions for used digital products, including used smartphones and used PCs, and services pertaining to distribution, including those targeting consumers.

The number of units sold increased due to the increased transactions and strengthened coordination with domestic

suppliers. In addition, the transaction amount increased as a result of our improving convenience for members with the establishment of new auction systems as well as the increased average unit price of devices sold along with the effects of the weaker yen.

Furthermore, the number of members, mainly overseas members, increased due to strengthening functions of overseas bases.

	For the nine months ended September 30, 2024	Year-on-year change
Transaction amount (million yen)	37,482	+16.0%
Sales units (unit)	1,277,837	+5.3%
Number of members (member)	2,005	+19.8%

## (2) Fashion Resale Business

The Fashion Resale Business provides auctions primarily for pre-owned luxury brand items such as bags, watches, precious metals, and clothing, as well as services pertaining to distribution, including those targeting consumers. From the beginning of the second quarter of the period under review, Defactostandard, Ltd. and JOYLAB, inc. have been included in the Company's scope of consolidation, and the results of the two companies have been included in those of the Company's.

In the BtoB business, the number of members increased year on year due to our enhanced support to new members and the synergy with Defactostandard, Ltd. The transaction amount also increased year on year due to increases in the number of items listed and the number of items sold owing to the impact of the increased demand for cashing of inventory at member stores, despite weak market prices in the overall market.

In the business targeting consumers, while the transaction amount increased as the Company turned Defactostandard, Ltd. and JOYLAB, inc. into consolidated subsidiaries, transactions of some high-priced products decreased owing to a temporary decline in inbound demand.

		For the nine months ended September 30, 2024	Year-on-year change
BtoB business	Transaction amount (million yen)	37,754	+15.4%
	Items listed (item)	914,490	+18.4%
	Items sold (item)	611,338	+15.5%
	Number of members (member)	5,590	+20.5%
Business targeting consumers	Transaction amount (million yen)	12,683	+44.9%

As a result, for the nine months ended September 30, 2024, net sales were ¥27,598,108 thousand (up 37.0% from the same period of the previous fiscal year) and operating profit was ¥4,382,737 thousand (up 1.4% from the same period of the previous fiscal year).

	For the nine months ended September 30, 2024	Year-on-year change
Net sales	¥27,598,108 thousand	+37.0%
Operating profit	¥4,382,737 thousand	+1.4%

## (Mobility & Energy segment)

The Mobility & Energy segment comprises the Automobile Business and Motorcycle Business.

### (1) Automobile Business

The Automobile Business provides used vehicle auctions (\*1), shared inventory market (\*2), live relay broadcast auctions (\*3), proxy bidding service (\*4), used vehicle inspection service (\*5), and other services.

In the Japanese automotive sector, which has close connections with our business, total new vehicle registrations (\*6) decreased 8.5% year on year to 3.29 million units in the nine months ended September 30, 2024. The total number of used vehicle registrations (\*7) increased 0.9% year on year to 4.90 million units, and the number of used vehicles listed at auctions around Japan (\*8) decreased 8.8% year on year to 5.51 million units. The total number of used vehicles sold at auctions (\*8) increased 1.1% year on year to 3.94 million units.

The transaction amount increased year on year due to the continued high demand for used vehicles. In addition, the increase was due to the increased number of auctions won per member, mainly in the proxy bidding service, owing to our strengthening customer success along with the effects of the weaker yen.

Also, demand for the inspection service for a used vehicle listing platform remained high, and the number of used vehicles inspected increased year on year.

	For the nine months ended September 30, 2024	Year-on-year change
Transaction amount (million yen)	379,355	+13.3%
Total vehicles sold/bought (unit)	397,462	+4.6%
Number of members (member)	15,377	+1.5%
Number of used vehicles inspected (*9) (unit)	1,026,551	+10.4%

## (2) Motorcycle Business

The Motorcycle Business provides used motorcycle auctions (\*1), shared inventory market (\*2), proxy bidding service (\*4), used vehicle inspection service (\*5), rental service, and subscription service targeting individuals.

The transaction amount increased year on year due to the continued favorable trend in the number of auctions won by exporter members as well as the rising average unit price of vehicles sold.

	For the nine months ended September 30, 2024	Year-on-year change
Transaction amount (million yen)	7,950	+19.7%
Total vehicles sold/bought (unit)	22,274	+12.0%
Number of members (member)	2,604	(1.6)%

As a result, for the nine months ended September 30, 2024, net sales were ¥10,881,083 thousand (up 8.8% from the same period of the previous fiscal year), and operating profit was ¥2,781,087 thousand (up 18.7% from the same period of the previous fiscal year).

	For the nine months ended September 30, 2024	Year-on-year change
Net sales	¥10,881,083 thousand	+8.8%
Operating profit	¥2,781,087 thousand	+18.7%

(\*1) The used vehicle and used motorcycle auctions are real-time, members-only online auctions run by the Company.

(\*2) The shared inventory market is a system that allows Aucnet Group member sellers to share inventory with other members online. The inventory remains at the seller's premises while other members access it via the online system.

(\*3) The live relay broadcast auctions use an online live-link system that enables real-time remote access to participate at physical auction sites, through partnerships between AUCNET and the physical auction sites.

(\*4) The proxy bidding service is an agency service provided by i-Auc, Inc. to buy, sell, settle payment for and arrange for transportation of used vehicles and used motorcycles at auctions on behalf of its members.

(\*5) The used vehicle inspection service and related inspection skills training services are provided by AIS INC.

- (\*6) Based on statistics compiled by Japan Automobile Dealers Association
- (\*7) Based on statistics compiled by Japan Automobile Dealers Association and Japan Light Motor Vehicle and Motorcycle Association
- (\*8) Based on the 2024 U-Car Full Data Book and Export Quotation Book
- (\*9) Total number of used vehicles and used motorcycles inspected

(Others)

The Others segment comprises auctions for flowers, circular commerce businesses and overseas businesses.

For the nine months ended September 30, 2024, net sales (including inter-segment net sales) were ¥2,212,431 thousand (down 4.7% from the same period of the previous fiscal year) and operating loss was ¥312,306 thousand (the operating loss for the corresponding period of the previous fiscal year was ¥252,523 thousand).

	For the nine months ended September 30, 2024	Year-on-year change
Net sales	¥2,212,431 thousand	(4.7)%
Operating loss	¥(312,306) thousand	–

## (2) Explanation of Financial Position

Total assets as of the end of the third quarter of the fiscal year under review amounted to ¥44,437,642 thousand, an increase of ¥6,773,491 thousand from the end of the previous fiscal year. This is mainly attributable to a ¥2,283,761 thousand increase in due from auction members, a ¥1,834,443 thousand increase in inventories, a ¥1,533,705 thousand increase in investments and other assets, a ¥1,208,601 thousand increase in goodwill, a ¥777,442 thousand increase in other intangible assets, and a ¥643,317 thousand increase in other current assets, despite a ¥2,295,989 thousand decrease in cash and deposits.

Total liabilities amounted to ¥19,322,249 thousand, an increase of ¥3,969,091 thousand from the end of the previous fiscal year. This is mainly attributable to a ¥3,573,849 thousand increase in due to auction members, a ¥929,310 thousand increase in other current liabilities, and a ¥226,948 thousand increase in other non-current liabilities, despite a ¥674,422 thousand decrease in income taxes payable and a ¥125,036 thousand decrease in provision for share-based remuneration.

Total net assets amounted to ¥25,115,393 thousand, an increase of ¥2,804,399 thousand from the end of the previous fiscal year. This is mainly attributable to a ¥2,287,540 thousand increase in retained earnings and a ¥290,328 thousand increase in capital surplus.

## (3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information

There is no change to the performance forecast announced on August 8, 2024.



## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of December 31, 2023	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	19,572,910	17,276,920
Notes and accounts receivable - trade, and contract assets	1,165,240	1,664,000
Inventories	3,024,493	4,858,936
Due from auction members	3,892,813	6,176,574
Other	3,345,514	3,988,831
Allowance for doubtful accounts	(47,858)	(76,620)
Total current assets	30,953,112	33,888,643
Non-current assets		
Property, plant and equipment	1,601,433	1,919,643
Intangible assets		
Goodwill	430,491	1,639,093
Other	928,494	1,705,937
Total intangible assets	1,358,985	3,345,030
Investments and other assets	3,750,619	5,284,325
Total non-current assets	6,711,038	10,548,999
Total assets	37,664,151	44,437,642

(Thousand yen)

	As of December 31, 2023	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	917,276	899,242
Due to auction members	7,631,569	11,205,419
Income taxes payable	1,563,174	888,752
Other provisions	296,274	320,867
Other	1,710,881	2,640,191
Total current liabilities	12,119,177	15,954,472
Non-current liabilities		
Retirement benefit liability	1,884,548	1,899,509
Provision for share-based remuneration	283,362	158,325
Other provisions	–	16,924
Other	1,066,068	1,293,016
Total non-current liabilities	3,233,979	3,367,776
Total liabilities	15,353,157	19,322,249
Net assets		
Shareholders' equity		
Share capital	1,807,303	1,807,303
Capital surplus	4,205,415	4,495,744
Retained earnings	17,340,325	19,627,866
Treasury shares	(1,628,338)	(1,596,147)
Total shareholders' equity	21,724,705	24,334,765
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	257,603	373,815
Foreign currency translation adjustment	155,104	156,986
Remeasurements of defined benefit plans	23,822	15,542
Total accumulated other comprehensive income	436,530	546,344
Non-controlling interests	149,758	234,283
Total net assets	22,310,994	25,115,393
Total liabilities and net assets	37,664,151	44,437,642

## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

### Quarterly Consolidated Statements of Income

Nine Months Ended September 30, 2023 and 2024

(Thousand yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Net sales	32,242,084	40,443,269
Cost of sales	18,503,406	23,511,103
Gross profit	13,738,677	16,932,165
Selling, general and administrative expenses	8,315,200	11,321,680
Operating profit	5,423,477	5,610,485
Non-operating income		
Interest income	4,219	4,768
Dividend income	57,389	56,316
Share of profit of entities accounted for using equity method	–	22,122
Foreign exchange gains	65,377	–
Subsidy income	1,151	11,823
Other	17,505	22,404
Total non-operating income	145,644	117,435
Non-operating expenses		
Interest expenses	107	1,582
Foreign exchange losses	–	13,270
Share of loss of entities accounted for using equity method	17,766	–
Fee expenses	25,220	–
Loss on tax purpose reduction entry of non-current assets	1,062	7,638
Other	3,761	4,654
Total non-operating expenses	47,919	27,145
Ordinary profit	5,521,202	5,700,775
Extraordinary income		
Gain on liquidation of subsidiaries and associates	4,539	–
Gain on sale of non-current assets	117	18,897
Total extraordinary income	4,657	18,897
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	8,052	–
Loss on retirement of non-current assets	1,805	2,888
Other	1,308	–
Total extraordinary losses	11,166	2,888
Profit before income taxes	5,514,693	5,716,784
Income taxes	1,933,682	2,037,471
Profit	3,581,010	3,679,312
Profit attributable to non-controlling interests	68,829	84,809
Profit attributable to owners of parent	3,512,181	3,594,503

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended September 30, 2023 and 2024

(Thousand yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Profit	3,581,010	3,679,312
Other comprehensive income		
Valuation difference on available-for-sale securities	84,619	116,211
Foreign currency translation adjustment	87,727	1,881
Remeasurements of defined benefit plans, net of tax	(15,001)	(8,279)
Total other comprehensive income	157,345	109,813
Comprehensive income	3,738,356	3,789,126
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,669,526	3,704,317
Comprehensive income attributable to non-controlling interests	68,829	84,809

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in amount of shareholders' equity)

Not applicable.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

Tax expenses are calculated by making a reasonable estimate of the effective tax rate after application of tax-effect accounting to profit before income taxes for the fiscal year (consolidated) including the first three quarters of the fiscal year under review, with quarterly profit before income taxes then multiplied by the estimated effective tax rate.

However, in the event that this tax expense calculation using estimated effective tax rate results in a significantly improbable figure, a method using the statutory effective tax rate may be adopted.

(Segment information, etc.)

[Segment information]

For the nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023)

1. Information on net sales and income (loss) and information on disaggregation of revenue by reportable segment  
(Thousand yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Lifestyle Product	Mobility & Energy	Total				
Net sales							
Auction related revenue	6,953,160	6,680,721	13,633,881	897,119	14,531,000	–	14,531,000
Product sales related revenue	13,082,639	351,106	13,433,745	512,353	13,946,099	–	13,946,099
Other	112,092	2,970,640	3,082,733	682,251	3,764,984	–	3,764,984
Revenue from contracts with customers	20,147,892	10,002,468	30,150,360	2,091,724	32,242,084	–	32,242,084
Other revenue	–	–	–	–	–	–	–
Net sales to outside customers	20,147,892	10,002,468	30,150,360	2,091,724	32,242,084	–	32,242,084
Inter-segment net sales or transfers	–	–	–	230,781	230,781	(230,781)	–
Total	20,147,892	10,002,468	30,150,360	2,322,505	32,472,865	(230,781)	32,242,084
Segment income (loss)	4,322,930	2,342,913	6,665,843	(252,523)	6,413,320	(989,843)	5,423,477

(Notes) 1. “Others” is the segment which is not included in reportable segments, including such businesses as auctions for flowers, circular commerce businesses, and overseas businesses.

2. Adjustment of segment income (loss) of negative ¥989,843 thousand is corporate expenses not allocated to specific reportable segments, which chiefly comprise general and administrative expenses not allocated to specific reportable segments.

3. Adjustments are made to reconcile segment income (loss) with operating profit reported on the quarterly consolidated statements of income.

2. Reporting segment-specific information on impairment loss on non-current assets and details of goodwill, etc.  
Not applicable.

For the nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

1. Information on net sales and income (loss) and information on disaggregation of revenue by reportable segment  
(Thousand yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Lifestyle Product	Mobility & Energy	Total				
Net sales							
Auction related revenue	7,967,219	7,138,030	15,105,249	894,602	15,999,852	–	15,999,852
Product sales related revenue	19,529,916	376,211	19,906,127	492,709	20,398,836	–	20,398,836
Other	100,971	3,366,841	3,467,813	576,766	4,044,580	–	4,044,580
Revenue from contracts with customers	27,598,108	10,881,083	38,479,191	1,964,078	40,443,269	–	40,443,269
Other revenue	–	–	–	–	–	–	–
Net sales to outside customers	27,598,108	10,881,083	38,479,191	1,964,078	40,443,269	–	40,443,269
Inter-segment net sales or transfers	–	–	–	248,352	248,352	(248,352)	–
Total	27,598,108	10,881,083	38,479,191	2,212,431	40,691,622	(248,352)	40,443,269
Segment income (loss)	4,382,737	2,781,087	7,163,824	(312,306)	6,851,518	(1,241,033)	5,610,485

- (Notes) 1. “Others” is the segment which is not included in reportable segments, including such businesses as auctions for flowers, circular commerce businesses, and overseas businesses.
2. Adjustment of segment income (loss) of negative ¥1,241,033 thousand is corporate expenses not allocated to specific reportable segments, which chiefly comprise general and administrative expenses not allocated to specific reportable segments.
3. Adjustments are made to reconcile segment income (loss) with operating profit reported on the quarterly consolidated statements of income.

2. Reporting segment-specific information on assets

(Significant increase in assets due to acquisition of subsidiaries)

The total assets of the Lifestyle Product segment increased by ¥4,990 million from the end of the previous fiscal year as the Company acquired all shares of Defactostandard, Ltd. and JOYLAB, inc. and included them in the scope of consolidation during the six months ended June 30, 2024.

3. Reporting segment-specific information on impairment loss on non-current assets and details of goodwill, etc.

(Significant change in the amount of goodwill)

The Company included Defactostandard, Ltd. and JOYLAB, inc. in the scope of consolidation from the six months ended June 30, 2024 as the Company made them subsidiaries of the Lifestyle Product segment. This resulted in an increase of ¥1,344 million in goodwill.

We note that the amount of goodwill is presented in a tentative figure as some of the payment for the acquisition is yet to be settled as of the end of the nine months ended September 30, 2024.

4. Change to reportable segments, etc.

From the first quarter of the period under review, we have changed our business segments with the aim of reorganizing our portfolio to better match the Company’s business strategy. The previous “Digital Product Business” and “Fashion Resale Business” (previously “Consumer Product Business”) have been integrated

into the “Lifestyle Product” segment. The previous “Automobile Business” and “Motorcycle Business” that was previously included in “Others” have also been integrated into the “Mobility & Energy” segment.

Furthermore, under the previous method, expenses that were common to multiple segments were recorded as adjustments. Using the opportunity of change to the reportable segments from the beginning of the first quarter of the period under review, we have judged that more effective evaluation of business performance would be possible if we allocated the costs and expenses that contribute to business operations of each reportable segment using a certain rational basis. Therefore, we have changed the method to one in which we allocate the applicable common expenses to each reportable segment.

Segment information for the nine months ended September 30, 2024 has been prepared and disclosed based on the revised methods of classification and allocation.

(Notes to statements of cash flows)

Quarterly consolidated statements of cash flows were not prepared for the nine months ended September 30, 2024.

Depreciation for the nine months ended September 30, 2024 (including the amortization of intangible assets excluding goodwill) and amortization of goodwill are as follows.

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Depreciation	¥469,984 thousand	¥451,315 thousand
Amortization of goodwill	¥89,964 thousand	¥135,887 thousand

(Significant subsequent events)

Not applicable.