Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

May 14, 2025

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under IFRS)

Company name:	Members Co., Ltd..
Listing:	Tokyo Stock Exchange
Stock Exchange Code:	2130
URL:	https://www.members.co.jp/
Representative:	Akihiko Takano, Representative Director and President
Inquiries:	Shinya Yonezawa, Executive Officer and General Manager of Business Platform Department
Telephone:	+81-3-5144-0660
Scheduled date of annual general meeting of shareholders:	June 19, 2025
Scheduled date to commence dividend payments:	June 20, 2025
Scheduled date of filing annual securities report:	June 18, 2025
Preparation of supplement to financial results:	Yes
Holding of financial results briefing:	Yes (for securities analysts and institutional investors)

(Amounts are rounded down to million yen.)

1. Non-consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit		Total comprehensive income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2025	22,329	9.1	493	–	472	246.1	349	176.5	244	(11.5)
March 31, 2024	20,467	15.9	41	(97.1)	136	(90.2)	126	(87.5)	276	(72.3)

	Basic earnings per share	Diluted earnings per share	Ratio of profit to total assets	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	27.40	27.38	6.0	4.1	2.2
March 31, 2024	9.71	9.71	2.1	1.2	0.2

Reference: Share of profit (loss) of investments accounted for using equity method
For the fiscal year ended March 31, 2025: ¥– million
For the fiscal year ended March 31, 2024: ¥– million

Note: 1 Year-on-year increase/decrease rate of operating profit for the fiscal year ended March 31, 2025 is shown as '–' as the percentage change from the previous year is more than 1,000%.

Note: 2 Following the acquisition of our wholly owned subsidiary, Members Energy Co., Ltd, effective November 1, 2024, Members has changed to a non-consolidated accounting. Therefore, the figures for the current period are the IFRS non-consolidated results after the reorganization and the comparative information is the previous IFRS consolidated results before the reorganization. The same applies to the following (2) Non-consolidated financial position, (3) Non-consolidated cash flows, 2. Cash dividends, and 3. Non-consolidated financial results forecasts for fiscal year ending March 2026 (April 1, 2025 - March 31, 2026).

(2) Non-consolidated financial position

	Total assets	Total equity	Ratio of equity	Total equity per share
As of	Million yen	Million yen	%	Yen
March 31, 2025	11,778	5,808	49.3	454.95
March 31, 2024	11.527	5,934	51.5	464.84

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2025	1,211	(49)	(923)	4,014
March 31, 2024	584	(100)	(1,187)	3,776

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio	Ratio of dividends to equity
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2024	–	0.00	–	31.00	31.00	395	319.3	6.5
Fiscal year ended March 31, 2025	–	0.00	–	32.00	32.00	408	116.8	7.0
Fiscal year ending March 31, 2026 (Forecast)	–	0.00	–	33.00	33.00		52.7	

3. Non-consolidated financial results forecasts for fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half(cumulative)	11,366	9.5	(50)	–	(60)	–	(40)	–	(3.13)
Full year	24,318	8.9	1,214	146.2	1,194	152.5	800	128.7	62.66

1. The above non-consolidated forecasts are calculated based on IFRS.
2. Basic earnings per share” is calculated based on 12,766,846 shares, the average number of shares in FY 3/2025.

*** Notes**

(1) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(2) Number of issued shares (common shares)

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

As of March 31, 2025	13,421,700 shares
As of March 31, 2024	13,421,700 shares

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

As of March 31, 2025	654,871 shares
As of March 31, 2024	654,512 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	12,766,846 shares
Fiscal year ended March 31, 2024	13,028,540 shares

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of financial results forecasts, and other special matters

(Note Regarding the description about the future, etc..)

Descriptions of future events in this document, including earnings forecasts, are based on information currently available to us and certain assumptions we consider reasonable, and are not intended to be a guarantee that they will be achieved. In addition, actual results may differ significantly due to a variety of factors. Please refer to "1. Summary of Business Results, (1) Summary of Business Results for the Current Period and (4) Future Outlook" in the attached document for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts.

(How to obtain supplementary financial results materials and the contents of the financial results briefing)

Supplementary materials for financial results will be updated on our website on Wednesday, May 14, 2025.

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1. Summary of Business Results

Following the acquisition of our wholly owned subsidiary, Members Energy Co., Ltd, effective November 1, 2024, Members has changed to a non-consolidated accounting. Therefore, the figures for the current period are the IFRS non-consolidated results after the reorganization and the comparative information is the previous IFRS consolidated results before the reorganization.

(1) Summary of Business Results for the Current Period

< Management's Explanation and Analysis of Business Results>

Regarding the climate change issue caused by global warming, the 28th session of the Conference of the Parties to the UNFCCC (COP28) showed the need to reduce greenhouse gas emissions such as carbon dioxide by 43% by 2030 and 60% by 2035 compared to 2019.

Japan has set a target of reducing greenhouse gas emissions by 60% by FY2035 and 73% by FY2040 compared to FY2013 in order to become carbon neutral and achieve the important global decarbonization targets of virtually zero greenhouse gas emissions by 2050. In February 2023, the "Basic Policy for the Realization of GX" was formulated, and GX (*1) initiatives are now underway in Japan to simultaneously achieve energy security of supply, economic growth, and decarbonization.
Furthermore, in February 2025, the "GX2040 Vision" was formulated to set the medium- to long-term direction of decarbonization and industrial policies against a backdrop of growing uncertainty, including the destabilization of the international situation and increasing demand for electricity. Companies must recognize the GX as an opportunity for growth, leverage digital to achieve sustainable value creation, and fundamentally transform their organizational structures and business models themselves to be decarbonized and solve social issues.

The domestic DX (Digital Transformation) market is expected to expand from 4,530.9 billion yen (actual) in FY2023 to 9,266.6 billion yen in FY2030, backed by brisk DX investment by companies (Fuji Chimera Research Institute, Inc. Market Edition, published on March 7, 2025).

On the other hand, it is difficult for companies to hire and train their own creators who are familiar with the Internet and digital technology. According to the DX Trends 2024, more than 80% of Japanese companies report that they lack the quality and quantity of human resources to promote DX. In particular, the percentage of respondents who answered that the quality or quantity of human resources is "significantly insufficient" increased compared to the previous year, indicating that the shortage of human resources is becoming more serious as the shift to DX continues (Information-technology Promotion Agency, Japan, DX Trends 2024, issued on June 27, 2024).
Under these circumstances, we aim to realize GX by providing on-site DX support to our clients and work with them to transform their management styles, marketing activities, services, and products into sustainable ones for the earth and society, with our mission of "MEMBERSHIP to create a mindful society",

< Outline of Business>

As of April 2024, each division and specialized company has been reorganized into four business areas: "Production/UIUX," "Digital Marketing," "Digital Service Development," and "Data Application Support" in order to meet the DX needs of client companies. In each business area, a team of three or more digital creators (hereinafter referred to as "DC") with a variety of specialized skills is dedicated to the client, and together with the client, they work on the site of the client's DX project to make improvements through hands-on experience, expanding the scale of transactions per client company.

In addition, since April 2024, we have been promoting our business based on the "Strategy for Medium-Term Growth," and have positioned the fiscal year ended March 31, 2025, as the first year to solidify the foundation and rebuild the business foundation to achieve high profitability and high growth rate by the fiscal year ending March 31, 2027.

< Summary of Financial Results>

For the fiscal year under review, revenue was 22,329 million yen (up 9.1% YoY), operating profit was 493 million yen (up 1,082.0% YoY), profit before tax was 472 million yen (up 246.1% YoY), and profit for the year was 349 million yen (up 176.5% YoY).

Sales revenue increased 9.1% YoY, and value-added sales (sales from internal resources, which are sales revenue minus subcontracts and purchases), a key indicator, amounted to 21,277 million yen (up 10.8% YoY), both reaching record highs. In the DX domain, where high value-added and high demand is expected, we have strategically strengthened our human resource development and sales structure with a focus on product and service development, specialized companies in data and other areas, and PMO (*2) services, and have shifted our business domain from the web operation domain to the DX domain. Consequently, the growth rate of value-added sales in the DX domain during the current fiscal year remained high, increasing 30.8% YoY, and the ratio of the DX domain to total companywide value-added sales steadily expanded to 41.5%, up 5.5 percentage points YoY.

The gross profit margin for the current fiscal year was 20.9% (down 0.1 point YoY) due to the payment of a year-end bonus of 60 million yen, while the personnel growth rate remained at a low level due to the restraint of hiring in comparison with the growth rate of value-added sales. Yet, the gross profit margin before bonuses was 21.2%, showing an improvement YoY. Due to thorough cost control measures, including the curbing of mid-career hiring, the ratio of selling, general and administrative expenses to revenue was 18.7% (down 2.1 points YoY), and operating profit exceeded the full-year forecast (400 million yen) at 493 million yen, a significant improvement in profitability. Therefore, we believe that we have paved the way for further recovery of profitability in the fiscal year ending March 31, 2026, and beyond.

The progress of major strategies and KPIs for the current fiscal year as stated in "Strategies for Medium-Term Growth" are as follows. The details of future efforts are described in "1. Business Results (4) Future Outlook".

1. Recovery of profitability and establishment of highly profitable business

Although 411 new graduates joined the company in April 2024, we will limit the number of new graduate hires to within the growth rate of value-added sales from 2025 onward to improve the percentage of new graduates in our human resources portfolio. At the same time, the Company will eliminate unutilized human resources by focusing on improving the utilization ratio of DCs, excluding first- and second-year new graduates, through strictly profit-oriented management, curbing mid-career hiring and optimizing personnel allocation until the utilization ratio is at an appropriate level. By improving the gross profit margin and restoring profitability through these efforts, we will gradually increase the operating profit margin to 5% and 10%.

KPI	Actual Value
・Occupancy rate of DCs excluding first and second year new graduates ・Gross profit margin ratio	・85.4%（-1.0 point YoY） ・20.9%（-0.1 point YoY）

The number of DCs at the end of the current fiscal year was 2,627, up 145 from the end of the previous fiscal year (an increase of 5.8%), and the number of DCs excluding first- and second-year new graduates was 1,728, up 263 (an increase of 18.0%). The DC occupancy rate, excluding first- and second-year new graduates, a KPI, was 85.4%, down from the same period last year but 3.3 percentage points better than the previous quarter.

While improvement in the utilization ratio is still in progress, the gross profit margin for the fiscal year under review was 20.9% (down 0.1 point YoY) as a result of efforts to increase unit sales prices through expansion of the DX area and other measures and thorough cost control. The gross profit margin is also improving, and the transition to a more muscular organizational structure is progressing well, taking into account the payment of bonuses to employees in consideration of the improved value-added sales growth rate and the prospect of exceeding the full-year earnings forecast due to cost containment.

During the current fiscal year, we consider that we have paved the way for profitability recovery by thoroughly implementing profit-oriented management, and we are making steady progress in restoring profitability toward our operating profit margin targets (5% in the fiscal year ending March 31, 2026, and 10% in the fiscal year ending March 31, 2027). We will continue to work on thorough cost control and improve the utilization ratio of DCs, excluding first and second year new graduates, as an important issue.

2. Establish high-growth businesses

In parallel with the above measures, we aim to raise the value-added sales growth rate to over 20% in the medium term by strongly promoting the following two points.

1) Drastic reinforcement of service strategy

In the four business domains of "production/UIUX," "digital marketing," "digital service development," and "data utilization support" as areas of DX support for client companies, we will clarify services that build on our strengths and at the same time evolve services for our main clients by cross-selling within business domains to expand transactions. For major clients, we will strengthen account management across business domains and strongly promote maximization of sales revenue per existing client company, thereby increasing the number of large clients with annual transaction value of 100 million yen or more as the standard.

KPI	Actual Value
・DGT Value-added sales per company ・Number of clients with annual sales revenue of 100 million yen or more	・31.5 million yen (-2.7% YoY) ・55 companies (+ 9 companies from the end of the previous fiscal year)

Based on the above policy, we focused on cross-selling DX domain services such as data utilization support, product development, and PMO to our top 50 DGT client companies, which were mainly in the web operation domain. As a result, the share of the DX domain in total companywide value-added sales steadily expanded to 41.5% (up 5.5 points YoY). Value-added sales per company for the top 50 DGTs in the fourth quarter of the current fiscal year were 71.58 million yen (up 1.8% YoY), and the number of companies with annual sales revenue of 100 million yen or more steadily expanded to 55 at the end of the current fiscal year, up 9 companies from the end of the previous fiscal year.

In addition, value-added sales of the specialized companies continued to grow strongly in the current fiscal year, totaling

7,083 million yen, up 36.6% from the same period of the previous year.
To further increase the scale of transactions per client company, we will strengthen account management and promote cross-selling, focusing on DX areas such as AI, data application support, and product development, for which client companies are expected to continue to invest.

2) Obtain a position to support the client's shift to in-house DX production.
While client companies have made great progress in their efforts to bring DX in-house, we have focused our services on the “execution and operation” phase. From here on, we will continue to leverage our strengths in supporting the improvement of digital business results through UIUX design and agile development, which we have cultivated over the years, to help clients maximize the effectiveness of their DX investments, we will focus more on the “execution planning and promotion” phase of our services, and the position will be shifted to a system in which the DC accompanies and supports the client company at each stage.

KPI	Actual Value
・Unit sales	・912,681 yen (+3.5% YoY)
・Number of PMO staff	・358 (+ 291 by the end of the previous period)

Unit sales increased 3.5% YoY due to an increase in the sales composition of the DX domain, which focuses on UIUX, product/service development, PMO services, etc., which have higher unit costs compared to the web operation domain. In particular, the unit sales price of DCs, excluding first and second year new graduates, has steadily improved, increasing 7.2% YoY.
In the focused PMO staff training, the number of PMO staff increased to 358 (up 291 from the end of the previous period), far exceeding the target of 120 for the end of the fiscal year ended March 31, 2025, and value-added sales of the PMO specialized company in the current fiscal year expanded steadily, up 56.0% YOY.
These approaches to repositioning have led to a significant improvement in our clients' NPS (*3), and we believe that our DX on-site support service position is gaining the approval of our clients. We will accelerate the shift to the DX domain by strengthening the development of DX human resources, such as UX designers and marketing DX human resources, who will provide on-site support to client companies. In the meantime, we will promote the utilization of PMO and DX human resources and increase unit sales by creating an environment in which DCs can continue to learn on their own initiative and by accumulating and utilizing know-how in on-site support for client companies.

3. Investment for the future
Toward further growth to realize our mission and vision, we will work to establish a decarbonization DX (*4) business and develop decarbonization DX human resources to help client companies establish a foundation for sustainable management.
In the current fiscal year, value-added sales of the decarbonized DX company expanded significantly, up 147.9% from the previous fiscal year. We expect the GX market to expand rapidly due to the effects of climate change and international conditions, and the need for decarbonized DX personnel with both GX literacy and digital skills will increase at an accelerating rate. We aim to train and produce 1,000 decarbonized DX human resources in the next three years.

As mentioned above, in the current fiscal year, we focused on profit-oriented management, including cost controls such as curbing the hiring of new graduates and mid-career workers, as well as on improving the unit sales price by shifting to the DX domain and raising the utilization ratio of DC excluding first- and second-year new graduates, the transition from the upfront investment phase to the monetization phase progressed better than initially planned.
The growth rate of value-added sales is improving due to the continued high growth of the DX domain, while the growth rate of the web operation domain is slowing down. In order to establish a highly profitable and high-growth business in the fiscal year ending March 31, 2027, we will further accelerate the shift to the DX domain by promoting DX human resource development and establishing a position to accompany and support our clients' in-house DX production in order to raise the growth rate in the fiscal year ending March 31, 2026.

Although there is a seasonality in sales and profit that increases in the second and fourth quarters due to the nature of the business, this seasonality has leveled off each quarter due to an increase in the proportion of human resource provision-type services to accompany and support the in-house production of client companies' DX projects.
In the current fiscal year, while the growth rate of value-added sales in the third quarter showed a recovery trend, the growth rate of value-added sales in the fourth quarter slowed down compared to the third quarter due to reduced seasonality. In the fiscal year ending March 31, 2026, and beyond, we expect sales and profit trends to be more moderate, as the trend of performance bias due to seasonal fluctuations continues to level out.

(Investments in Human Capital)
We expect that the further evolution of digital technologies, global efforts to decarbonize, and Japan's declining population will accelerate corporate digital investment, and at the same time, the shortage of IT and digital human resources will become even more serious. In this environment, we will continue to invest in human resources through the development of specialized skills to enhance the skills of our DCs, who are the source of value creation for our client

companies, as well as to improve employee engagement and expand our human capital, aiming to lead social change together with our client companies by providing on-site DX support to them.

(*1) GX (Green Transformation): Transformation to use as little fossil fuel as possible and to utilize clean energy, as well as activities to realize such transformation. The Ministry of Economy, Trade and Industry (METI) defines “carbon neutrality by 2050 and efforts to achieve national greenhouse gas emission reduction targets by 2030 as opportunities for economic growth, and reform of the entire economic and social system to achieve emission reductions and increase industrial competitiveness”.
(*2) PMO (Project Management Office): A department or system that oversees project management across departmental boundaries to ensure smooth project execution at a company or organization. The PMO supports the PM's project management by collecting information and coordinating with related parties to enable the PM to make decisions smoothly.
(*3) NPS (Net Promoter Score): An index of a customer's willingness to recommend a company's products or services to others. It is used as an indicator to measure the overall satisfaction and loyalty of a client company toward its services.
(*4) Decarbonized DX: Refers to the “decoupling model” in which economic growth continues while reducing GHG (Greenhouse Gas = carbon dioxide, methane, and other greenhouse gases) emissions, and is achieved through the power of digital technology.

(2) Summary of Financial Position for the Current Period

Total assets at the end of the current fiscal year were 11,778 million yen (up 251 million yen from the end of the previous fiscal year). This was mainly due to increases of 237 million yen in cash and cash equivalents, 218 million yen in right-of-use assets, and 149 million yen in deferred tax assets, despite decreases of 200 million yen in other financial assets and 106 million yen in other current assets.

Total debts amounted to 5,970 million yen (up 377 million yen from the end of the previous fiscal year). This was mainly due to increases of 223 million yen in lease liabilities, 131 million yen in income taxes payable, and 82 million yen in other current liabilities, despite a 96 million yen decrease in trade and other payables.

Total equity amounted to 5,808 million yen (down 126 million yen from the end of the previous fiscal year). This was mainly due to a 392 million yen decrease in retained earnings and a 103 million yen decrease in other components of equity, despite a 368 million yen increase in capital surplus.

(3) Summary of Cash Flows for the Current Period

Cash and cash equivalents (hereafter “funds”) at the end of the current fiscal year increased by 258 million yen from the end of the previous fiscal year (20 million yen increase due to merger, 238 million yen increase in other) to 4,014 million yen. The status of each cash flow and their factors during the current fiscal year are as follows.

(Cash flows from operating activities)

Cash provided by operating activities in the current fiscal year amounted to 1,211 million yen (584 million yen provided in the same period of the previous year). Major sources of income were depreciation and amortization of 590 million yen, profit before tax of 472 million yen, other of 118 million yen, and refund of income taxes of 114 million yen.

(Cash flows from investing activities)

Funds used in investing activities in the current fiscal year amounted to 49 million yen (100 million yen used in the same period last year). The main accounts of income were 50 million yen in proceeds from sales of investments, while the main accounts of expenditure were 61 million yen for the acquisition of tangible fixed assets and 44 million yen for the acquisition of investments.

(Cash flows from financing activities)

Cash used in financing activities amounted to 923 million yen in the current fiscal year (1,187 million yen used in the same period of the previous year). Major outflows included 529 million yen for repayment of lease liabilities and 396 million yen for dividend payments.

Trends in cash flow-related indicators are shown below.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Ratio of total equity (%)	53.4	56.7	56.3	51.5	49.3
Ratio of total equity based on market value (%)	371.9	404.4	152.0	99.7	122.2
Ratio of interest-bearing debt to cash flow (years)	0.21	0.36	0.47	1.22	0.78
Interest coverage ratio (times)	465.7	352.8	173.2	57.8	96.7

Total equity ratio: Total equity / Total assets
Ratio of total equity based on market value: Total market value of equity / Total assets
Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Cash flow
Interest coverage ratio: Cash flows/Interest payments
(Note) 1. Since the subsidiary will no longer have consolidated subsidiaries from the fiscal year ended March 31, 2025, and therefore, consolidated financial statements are not prepared, consolidated cash flow-related indicators are

presented until the fiscal year ended March 31, 2024, and non-consolidated cash flow-related indicators are presented from the fiscal year ended March 31, 2025.
2. Each indicator is calculated based on financial statement figures.
3. Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year by the number of shares outstanding (less treasury stock) at the end of the fiscal year.
4. Interest-bearing debt covers all liabilities reported in the statement of financial position for which interest is paid.
5. Cash flows and interest payments are based on “cash flows from operating activities” and “interest paid” as reported in the statement of cash flows.

(4) Future Outlook

We observe that digital investment will expand at an accelerating pace as society and companies advance DX, and that companies will be required to transform their organizations to establish services and business models with DX personnel who have highly specialized skills. Additionally, in response to the global trend toward solving climate change issues, we believe that all companies need to shift to CSV (*1) management, which simultaneously generates profits and solves social issues.

In the fiscal year ending March 31, 2026, we will continue to focus on the three key strategies of human resource development, service/sales, and investment for the future based on the “Strategy for Medium-Term Growth,” aiming to establish highly profitable and high-growth businesses in the fiscal year ending March 31, 2027, by accelerating the shift to a DX field support position and establishing field-centered management with all employees participating. Our main strategies, KPIs, and future outlook are as follows:

1. Accelerate transformation to DX field support position

As our clients' efforts to internalize DX production are progressing significantly, we will focus more on services in the “execution planning and promotion” phase of the project. The following human resource development and service/sales strategies will be promoted to accelerate the shift to a system in which the DC accompanies and supports the in-house production of DX projects as a dedicated team for the client company.

1) Human Resources Development

We will strengthen PMO staff training, UX designers, marketing DX staff, and other DX staff to accompany and support our clients' DX projects. By promoting the “SINCA90” project, which aims to train more than 90% of the company's DX personnel in the fiscal year ending March 31, 2027, and by developing programs that not only strengthen the development of specialized skills but also focus on project implementation, we aim to produce the largest number of DX personnel in the industry who can accompany client companies in their on-site improvement efforts.

Further, we will pursue full-scale utilization of AI on a company-wide scale to radically improve efficiency and productivity of business processes, and strongly promote the strategic use of AI to establish a competitive advantage.

Through these measures, we aim to raise the ratio of DX personnel to 65% by the end of the fiscal year ending March 31, 2026, and to achieve an average utilization ratio of at least 85% for DCs, excluding first- and second-year new graduates.

KPI	・Occupancy rate of DCs excluding first and second year new graduates ・Gross profit margin ratio ・DX human resources ratio

2) Service/Sales

By designing a service portfolio aimed at each of the four business domains, cross-selling services in the DX domain centered on specialized companies, and evolving services to client companies that are mainly in the web operation domain, we will gain high support from client companies and expand the scale of transactions.

To expand the DX project area, provide PMO personnel trained in 1) above and expand PMO services.

For major clients, we will further accelerate the expansion of the DX domain by strengthening account management across business domains, maximize sales revenue per client company, and increase the number of major clients based on annual sales revenue of 100 million yen or more.

Through these efforts, we aim to achieve the ratio of DX domain in the company's total value-added sales of 55% by the end of the fiscal year ending March 31, 2026 (actual result at the end of the fiscal year ended March 31, 2025 was 41.5%), and to increase the sales per DC excluding first- and second-year new graduates by 10% year on year.

KPI	・Value-added sales per DGT ・Number of major clients based on annual sales revenue of at least 100 million or more ・DX sales ratio ・Unit sales

2. Investment for the future

To realize our mission and vision, we will assist our clients in establishing a foundation for sustainable management by developing multiple related services and building a business foundation around our decarbonized DX. To achieve this goal, we aim to train and produce 1,000 decarbonized DX human resources in the fiscal year ending March 31, 2027, and will promote the development of decarbonized DX human resources with both GX literacy and digital skills.

We will pursue a challenging culture and employee happiness by establishing a field-centered, all-participant management style in which account management and team operations are based on team vision and individual DC vision, as well as team management in DX field support for client companies. Along with supporting the diverse career development of DCs and aiming to raise their compensation, we will improve turnover and employee engagement by promoting the all-hands-on-deck approach to management that we advocate.

These actions are expected to improve the employee engagement score for the fiscal year ending March 31, 2026, by 0.1 point from the previous fiscal year and improve the client company NPS by 2 points from the previous fiscal year.

KPI	・Employee Engagement Score ・NPS

Steadily implement these policies and initiatives, for the fiscal year ending March 31, 2026, we forecast revenue of 24,318 million yen (up 8.9% YoY), operating profit of 1,214 million yen (up 146.2% YoY), profit before tax of 1,194 million yen (up 152.5% YoY), and profit of 800 million yen (up 128.7% YoY).

Furthermore, we aim to increase the growth rate of value-added sales and achieve our operating margin target of 10% in the fiscal year ending March 31, 2027.

(*1) CSV (Creating Shared Value): A management concept that creates value for both society and the company by simultaneously solving social issues and improving corporate profits and competitiveness. Professor Michael Porter of Harvard University, known as the world's leading authority on corporate competitive strategy, wrote an article in the January/February 2011 issue of the Harvard Business Review (the Japanese version is in the June 2011 issue of DIAMOND Harvard Business Review published by Diamond Inc.)

(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Periods

From the viewpoint of enhancing returns to shareholders and further increasing corporate value, our basic policy is to distribute results commensurate with growth in business performance and to continuously increase dividends, while retaining earnings to prepare for new business investment and expansion of operations for long-term profit growth, with a medium-term target of a dividend on equity ratio (DOE) of around 5%. For the fiscal year ended March 31, 2025, we plans to pay a year-end dividend of 32.00 yen per share (an increase of 1.00 yen from the previous year).

The year-end dividend for the fiscal year ending March 31, 2026, is planned to be 33.00 yen, taking into consideration DOE and dividend payout ratio.

(6) Business Risks

Matters concerning our business and accounting conditions that may have a material effect on investors' decisions are mainly as follows. Unless otherwise stated, forward-looking statements in this section are based on our judgment as of the date of the announcement of the financial results and may differ from actual results due to inherent uncertainties.

1) Environment Surrounding Our Business

Our strength is in providing high value-added services such as consulting, planning, and project management in web operations and digital business, and ancillary services in Internet advertising agency. However, because of the low barriers to entry in the DX and Internet-related industries and the rapid pace of technological progress, there is a possibility that our strengths will disappear as a result of new entrants or the emergence of new technologies and services in the future, resulting in a reduction in the scale of our core business or intensified price competition.

The advertising market tends to be influenced by economic trends. Although Internet advertising is a growing market compared to other forms of advertising, the growth rate may slow down due to economic trends. Therefore, economic fluctuations in the Japanese economy may affect our business performance.

2) Expansion of AI (Artificial Intelligence)

Progress in the use of AI (Artificial Intelligence) technology, including generative AI, in business continues to attract attention and expansion, and the introduction of new services utilizing new technologies is progressing in society at large. Although the use of AI (artificial intelligence) technology is likely to lead to the automation of simple tasks, mainly in the business domain, we believe that the demand for digital creators who not only introduce AI (artificial intelligence) technology but also utilize it in the operational domain to create results will continue to grow in the future.

In order to keep up with these technological innovations, we are working to improve our skills by monitoring technological trends, gathering information, educating digital creators, and acquiring new technologies. Nevertheless, if technological innovations related to AI (artificial intelligence) advance rapidly beyond our expectations, such as the emergence of innovative new or alternative technologies, the strength of our services may disappear, which may affect our business performance.

3) Changes in Business Performance due to New Businesses

Although we have been aggressively developing new businesses, not all new businesses have necessarily produced results as planned. We plan to continue to actively develop new businesses with a focus on the DX domain so that our business content will not become obsolete, but there is a possibility that new businesses may not meet the needs of society after they are launched. In such cases, it may be difficult to recover the investment amount, which may affect our business performance and financial position.

4) Seasonality of Sales and Profit Recognition

Despite this trend toward improvement due to changes in the sales composition ratio, such as the expansion of the DX domain, sales revenue tends to increase due to the concentration of deliveries at the end of the second quarter and in September and March, the end of the fiscal year, as a result of order-based operations, such as website production and advertising agency work commissioned by client companies. Moreover, we are systematically hiring and training a large number of new graduates in order to secure talented digital creators, and SG&A expenses tend to increase ahead of other expenses at the beginning of the fiscal year. The amount of profit tends to increase toward the end of the fiscal year due to the business structure in which the amount of orders received increases toward the end of the fiscal year, along with an increase in the utilization ratio due to the improved skills and productivity of newly graduated employees.

The changes in business results for the previous period and the current period are as follows.

	Previous period (April 1, 2023 to March 31, 2024)	
	Six Months Ended September 30, 2023	April 1, 2023 to March 31, 2024
Sales revenue (thousand yen) (Composition ratio)	9,616,516 (47.0%)	20,467,084 (100%)
Operating profit(() Losses) (thousand yen) (Composition ratio)	(551,106) (—)	41,722 (100%)
Profit(() Losses) (thousand yen) (Composition ratio)	(398,640) (—)	126,515 (100%)

	Current Period (April 1, 2024 to March 31, 2025)	
	Six Months Ended September 30, 2024	April 1, 2024 to March 31, 2025
Sales revenue (thousand yen) (Composition ratio)	10,384,424 (46.5%)	22,329,565 (100%)
Operating profit(() Losses) (thousand yen) (Composition ratio)	(479,686) (—)	493,142 (100%)
Profit(() Losses) (thousand yen) (Composition ratio)	(321,809) (—)	349,824 (100%)

(Note) We have shifted to non-consolidated financial results effective November 1, 2024, following the merger of our wholly owned subsidiary, Members Energy Co, Ltd. Therefore, the figures for the current fiscal year (full year) are based on IFRS non-consolidated financial results after the reorganization, while the figures for the previous consolidated fiscal year and the current fiscal year (cumulative second quarter) are based on the previous IFRS consolidated financial results before the reorganization.

5) Business Practices in the Advertising Industry

The practice in the advertising industry is for advertising companies to conduct transactions with media companies and others in their own name and on their own responsibility, and this is no different in the Internet advertising industry. Therefore, even if an advertiser becomes unable to pay advertising fees due to bankruptcy or other reasons, we are still obligated to pay advertising fees to media companies, etc., and thus bear the credit risk of the advertiser.

In order to minimize this credit risk, we usually do business with qualified companies with a certain level of creditworthiness, but this risk still remains.

In addition, as is customary in the advertising industry, contracts and other written documents are generally not exchanged for advertising transactions, including Internet advertising. This is because in advertising transactions, there is a high need to respond quickly and flexibly to the conclusion and modification of contracts based on the relationship of trust between the parties to the transaction. On the other hand, however, there is a risk that discrepancies may arise between the parties to the transaction on matters agreed upon, which could lead to problems. To avoid this risk as much as possible, we make efforts to keep the details of the contract in writing, for example, by requesting our clients to submit a purchase order when entering into an advertising transaction. Consequently, problems related to the formation or content of contracts for advertising transactions that are not documented may occur, which may affect our business performance.

6) Use of Outsourcing

We select specific partner companies for each specialized business area and provide services in cooperation with each other. When such partner firms experience unforeseen circumstances or the cost of placing orders with partner firms rises due to tight markets, our business and operating results may be affected.

In determining our partners, we carefully select them based on their business performance, reputation in the industry, and previous business relationship with us. In those cases, we also strictly supervise their business operations, inspect and accept their deliverables, and evaluate their quality level after we have selected them. However, there is no guarantee that there is no hidden defect in the deliverables provided by partner companies, and if our client companies suffer damages due to such defects, our business performance may be affected by claims for damages, pursuit of other liabilities, or loss of public trust in our company.

7) System Trouble

Since our business relies on computer systems and we do business with client companies via the Internet, almost all of our servers are located in data centers, and we take measures such as placing emphasis on system maintenance and preservation when selecting office space. Nevertheless, there is a risk that our business operations may be disrupted in the event of a computer system shutdown or Internet connection failure due to unforeseen system failures, natural disasters, cyber-attacks, terrorist attacks, or other causes, if such risks materialize, our business performance may be affected by loss of opportunity, refund of payment, payment of damages, loss of social credibility, etc.

8) Information Security and Personal Information Protection

By preventing system failures caused by system defects, computer viruses, unauthorized access, and other risks such as information leakage, leakage, and falsification, and by ensuring information security, we are committed to appropriately protecting the confidential and personal information of our clients, we consider this to be the most important management issue, as it forms the basis of our clients' trust in our company. For this reason, we have acquired the Privacy Mark and ISO/IEC27001 (JISQ27001) information security management system certification granted by the Japan Information Processing Development Corporation (JIPDEC), we build and operate an information security system by continuously implementing appropriate management of information based on these management methods. Even though these measures are taken, however, the information security system is not perfect, and if these problems occur due to any factor, there may be room for leakage, falsification, or unauthorized use of confidential or personal information of the client company, in these cases, our business performance may be affected by claims for damages and other liability pursuit against us, loss of our social credibility, and so on.

9) Legal Regulations

i. Regulations on Internet Advertising

Currently, there are no direct legal restrictions or Internet advertising industry self-imposed restrictions that would hinder our business. Meanwhile, however, as Internet transactions become more prevalent, the laws and regulations pertaining to the Internet advertising business, etc., or the self-regulation of the Internet advertising industry may be strengthened if the social situation changes significantly, such as the frequent occurrence of crimes that abuse Internet advertising. Although it is difficult to predict the content of the regulations at this time, depending on their content, there is a possibility that they may have a significant impact on our business development.

Laws regulating advertisers include the Act Against Unjustifiable Premiums and Misleading Representations and the Act on Specified Commercial Transactions. An advertiser's violation of these laws does not immediately make the advertising transactions of the advertising agency illegal, but there is a risk that our company, as an advertising agency, may be subject to compensation for damages or that our company's reputation may be damaged as a result of our facilitating the advertiser's illegal activities. Our basic policy is to conduct advertising transactions only with advertisers who have a certain degree of creditworthiness and not to engage in advertising transactions related to adult entertainment businesses, and we have taken preventive measures to avoid involvement in illegal advertisements, but there is no room for the above risks to materialize.

As mentioned above, we mutually cooperate with subcontractors in providing services, but when we select a small business as a subcontractor for a transaction, if we abuse our relatively superior position and delay payment of subcontract proceeds, we risk being recommended by the Fair Trade Commission to correct the situation or be required to restore the situation to its original state as a violation of the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors. There have been no cases in which such risks have materialized in our company to this time, and although we manage contracts to prevent such risks from materializing, such risks cannot be said to be completely eliminated.

ii. Regulations on Temporary Staffing Services

The temporary staffing business we provide is licensed by the Minister of Health, Labor and Welfare as a general worker dispatching undertaking under the "Act for Securing Proper Operation of Worker Dispatching Undertakings and Protection of Dispatched Workers" (Worker Dispatching Act).

The Worker Dispatching Act stipulates that, in order to ensure the proper operation of the worker dispatching undertaking, the Minister of Health, Labor and Welfare may cancel the business license or order the suspension of business operations if the Company falls under the grounds for disqualification as a general worker dispatching undertaking (Article 6 of the Worker Dispatching Act) or grounds for cancellation of the relevant business license (Article 14 of the same Act). The Minister of Health, Labor and Welfare may revoke the business license or order the suspension of business operations.

As far as we are aware at this time, there is no fact that the Company falls under any of the disqualifications or grounds for revocation stipulated in these laws and regulations. However, in the future, if for some reason a license is cancelled or otherwise withdrawn, this could significantly impede the operation of our services and have a significant impact on our business performance and financial position.

10) Intellectual Property

Although we conduct system development, website development, and other operations in a manner that does not infringe on the patents, copyrights, or other intellectual property rights of third parties, we do not infringe on the intellectual property rights of third parties, it is impossible for us to strictly check all of our developments and productions for infringement of patent rights, etc., and there is no guarantee that such developments and productions will not infringe on the intellectual property rights of third parties. In the unlikely event that we infringe on the intellectual property rights of a third party, our business performance may be affected by demands for an injunction against the use of the relevant development or production, claims for damages, or demands for payment of license fees.

11) New accounting systems and tax changes

In accordance with our tax policy, we calculate tax amounts and pay taxes in an appropriate manner in accordance with the accounting system and tax laws of Japan.

Unexpected new or changed accounting standards or taxation systems, however, could affect our business performance and financial position. Also, revisions to the tax system and differences in views with tax authorities on tax reporting may result in a greater tax burden than expected for us.

12) Risk of Goodwill Impairment Loss

In order to accelerate the growth of our business, we also conduct mergers and acquisitions as necessary. Thus, we have goodwill.

Goodwill is tested for impairment at least annually, or more frequently if indications of impairment exist. If, because of such testing, these assets do not generate sufficient future cash flows, an impairment loss will need to be recognized. Recognition of a significant impairment loss could have a significant impact on our financial position and results of operations.

13) Securing and Training Employees and Labor

To continue and expand the provision of high-value-added services in the DX and Internet industries, where barriers to entry are low and technological progress is rapid, our most important task is to secure and train personnel with a high level of expertise and capabilities. Nonetheless, the DX domain and the Internet industry are relatively new and rapidly growing industries, and as a result, the base of human resources is narrow. In addition, the recent increase in demand for engineers, especially in the DX domain, has made it difficult to hire excellent human resources.

We are working to recruit and train new graduates, hire talented mid-career workers, and control employee turnover, while also hiring at regional offices and recruiting globally, difficulties in securing human resources due to Japan's declining population and further acceleration of the aging of society with fewer children, delays in securing mid-career hires and turning new graduate hires into competitive forces relative to the speed of business expansion, or a high turnover rate of hired and trained employees could affect our business performance.

We have also established internal control systems and training programs as appropriate, including the establishment and operation of various rules and regulations. Regarding the development and operation of appropriate internal control systems, we are working to prevent illegal activities and ensure compliance by establishing an internal reporting system and a Risk Compliance Committee, among other measures. Despite any defects on our part or those of our officers and employees, however, unforeseen problems may occur between officers and employees, which may affect our business performance.

14) Development of Management Personnel for Expansion of Human Capital

Since our business model is primarily labor-intensive professional services provided by digital talent, we have hired a large number of people and expanded our human capital, which is our growth driver.

For further enhancement of corporate value and organizational strength, we recognize that in addition to the development of hired personnel, the development of management personnel is an important issue. If the development of management personnel does not progress smoothly, or if there is an excessive outflow of existing management personnel, this could have a significant impact on our business operations and affect our business performance.

To increase the value of human capital, it is essential to maximize not only human capital but also the environment in which human resources are placed, i.e., organizational capital. Based on the human capital story disclosed in our annual report, we strive to develop, recruit, and retain management personnel.

15) Dividend Policy

From the viewpoint of enhancing returns to shareholders and further increasing corporate value, our basic policy is to distribute results commensurate with growth in business performance and to continuously increase dividends, while retaining earnings to prepare for new business investment and expansion of operations for long-term profit growth, with a medium-term target of a dividend on equity ratio (DOE) of around 5%.Nevertheless, depending on future business performance, financial condition, and other factors, it may become difficult to return profits to shareholders through dividends and other means.

16) Stock Acquisition Rights

Our company issues stock acquisition rights in order to raise the morale of directors, officers, employees, etc. for the long-term improvement of corporate value. If the stock acquisition rights currently issued or to be issued in the future are exercised, the total number of outstanding shares may increase and the value per share may be diluted, and this dilution of share value may affect the formation of the share price.

17) Natural Disasters and Other Matters

As mentioned above, we have disaster and accident countermeasures in place for server data center installation and office selection, even in the event of a global epidemic (pandemic) of contagious or infectious diseases, large-scale disasters such as earthquakes and floods, criminal acts such as terrorism, or information system malfunctions that would impede the execution of business, to minimize the impact, we are expanding telework and telecommuting programs and developing a business continuity plan (BCP).

However, in the event of a natural disaster that exceeds our expectations, we may incur tremendous losses, including damage to offices, facilities, and personnel, and all or part of our business may be temporarily suspended for a medium to long period of time, which may affect our business performance.

In the event of power outages due to disasters, power restrictions, planned power outages, or other factors that prevent us from obtaining sufficient power supply, our business activities and services may be suspended, which may have a significant impact on our business performance and other factors.

Even if we are not directly affected by a disaster, a slowdown in the global economy due to a natural disaster, damage to client companies or partner companies, a drop in consumer spending due to a disaster, or voluntary restraint by companies on advertising may cause companies to reduce their advertising and sales promotion expenses, this may have an impact on our operating results.

18) Risks Related to Climate Change

We have focused on the social issue of “environmental changes caused by global warming and climate change,” which can be said to have been brought about by conventional marketing activities and have declared that we will work to resolve this issue. In April 2021, we endorsed the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium. In line with TCFD recommendations, we are conducting scenario analysis to identify risks and opportunities to our business due to climate change, and are working to identify and analyze risks, strengthen management, and disclose appropriate information about them.

The risks that we have identified as having the potential to cause moderate to significant damage to our business conduct and financial position and results of operations due to climate change because of our qualitative assessment through scenario analysis are as follows.

<New Regulatory Risks> Increased response costs due to tighter energy conservation policies.
<Market Risk> (1) Uncertainty in power procurement / (2) Rising prices of environmental value certificates for power Increased cost of procuring power and certificates.
<Physical Risk of Urgency> Increased operational execution and costs due to the increased severity and frequency of extreme weather events such as typhoons and floods.
<Chronic Physical Risk> Increased air-conditioning and other costs due to the increased demand for electricity

resulting from the increase in extremely hot days, and the impact of rising sea levels on business operations.
<Other Risks> Impact of economic downturn due to competition for water, food, and energy resources, geopolitical conflicts, and other factors.

We are working to identify and assess risks and enhance information disclosure as described above, and we are making efforts to respond to such risks, in the event of stricter-than-anticipated policies, laws, and regulations in countries related to climate change, etc., or if climate change progresses further than anticipated, our financial position and operating results may be further affected.
*For information disclosure under the TCFD, details are provided separately on the following website.
＜https://www.members.co.jp/sustainability/tcfd/＞

19) Risks Associated with Large Projects
Sometimes we receive requests for large-scale system development projects from our clients, and we recognize that high project management skills and their enhancement are indispensable for such large-scale projects. Unfortunately, there is a shortage of project managers in the market in general who can handle large-scale projects, deviation from the initial estimate, including a gap in perception regarding man-hours and specifications with the client company, the delivery date may change due to various factors, such as additional costs caused by the difference, unforeseen problems, or changes in specifications, as well as having a greater impact on sales and profits over the period compared to small and medium sized projects, significant opportunity losses due to additional personnel, etc., could result, which could affect our financial position and operating results.
To counter such risks, we are taking measures such as multiple audits in the estimation stage before receiving orders, checking man-hours and other information in a specialized audit department, shifting to agile development, and strengthening checking functions by refraining from receiving orders for projects with long delivery times and setting short delivery times.
Upon receiving orders for certain large-scale projects that are highly likely to affect our business performance and financial position, we strive to mitigate risks by monitoring them at the Group Management Committee.

20) Fluctuation Risk of Major Clients
Although we have large customers in each of our businesses, none of them currently account for more than 10% of our sales revenue. Still, if for some reason, such as changes in economic conditions or other factors, or changes in the business policies or digital investment plans of our business partners, we terminate or significantly reduce transactions with our major business partners, our financial position and operating results may be affected.
In order to maintain relationships with our major clients, we strive to improve the value we provide by understanding client needs, keeping a close eye on technological trends, gathering information, training digital personnel, and acquiring new technologies.
At the same time, the Company strives to maintain relationships of trust with client companies through periodic customer satisfaction surveys and to expand its customer base by cultivating new customers.

2. Basic Policy on Selection of Accounting Standards

From the fiscal year ended March 31, 2018, we have adopted IFRS to improve the international comparability of our financial information in the capital markets.

3. Financial Statements and Main Notes in accordance with International Financial Reporting Standards

(1) Statements of Financial Position

(Unit: thousand yen)

	Previous consolidated fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Assets		
Current assets		
Cash and cash equivalents	3,776,990	4,014,913
Trade and other receivables	3,847,649	3,790,760
Inventories	38,897	35,187
Other financial assets	2,496	-
Other current assets	299,828	193,283
Total current assets	7,965,861	8,034,144
Non-current assets		
Property, plant and equipment	325,710	334,564
Right-of-use assets	950,275	1,168,626
Goodwill	116,115	116,115
Intangible assets	7,681	13,878
Other financial assets	1,739,644	1,541,511
Deferred tax asset	419,105	568,628
Other non-current assets	2,692	880
Total non-current assets	3,561,225	3,744,205
Total assets	11,527,087	11,778,350

(Unit: thousand yen)

	Previous consolidated fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Liabilities and Equity		
Liabilities		
Current liabilities		
Lease liabilities	439,620	541,115
Trade and other liabilities	1,119,772	1,023,006
Income taxes payable	96,825	228,774
Contract liabilities	4,816	19,555
Other current labilities	3,427,062	3,509,634
Total current liabilities	5,088,097	5,322,087
Non-current liabilities		
Lease liabilities	276,211	398,639
Reserves	228,069	249,306
Total non-current liabilities	504,280	647,946
Total liabilities	5,592,377	5,970,033
Equity		
Equity stock	1,057,867	1,057,867
Equity surplus	393,069	761,913
Treasury stock	(698,155)	(698,155)
Other components of equity	160,985	57,802
Retained earnings	5,020,941	4,628,888
Total equity	5,934,709	5,808,317
Total liabilities and equity	11,527,087	11,778,350

(2) Statements of Profit or Loss and Comprehensive Income
(Statements of Profit or Loss)

(Unit: thousand yen)

	Previous consolidated fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Sales revenue	20,467,084	22,329,565
Cost of sales	16,175,012	17,657,769
Gross profit	4,292,071	4,671,796
Selling, general and administrative expense	4,263,688	4,168,652
Other revenues	29,137	10,028
Other costs	15,798	20,029
Operating profit	41,722	493,142
Financial revenue	109,539	18,247
Finance cost	14,620	38,499
Profit before tax	136,641	472,891
Income tax expense	10,125	123,066
Profit	126,515	349,824
Earnings per share		
Basic earnings per share (yen)	9.71	27.40
Diluted earnings per share (yen)	9.71	27.38

(Loss and Comprehensive Income)

(Unit: thousand yen)

	Previous consolidated fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Profit	126,515	349,824
Other total comprehensive income		
Items not reclassified to profit or loss		
Financial assets at fair value through other comprehensive income	149,671	(105,503)
Total items not reclassified to profit or loss	149,671	(105,503)
Other comprehensive income after tax	149,671	(105,503)
Including total benefits for the period	276,186	244,321

(3) Statement of Changes in Equity

Previous Consolidated Fiscal Year (April 1, 2023, to March 31, 2024)

(Unit: thousand yen)

	Equity stock	Equity surplus	Treasury stock	Other components of equity	Retained earnings	Total equity
As of April 1, 2023	1,017,504	342,670	(300,140)	30,845	5,275,424	6,366,305
Profit	—	—	—	—	126,515	126,515
Other total comprehensive income	—	—	—	149,671	—	149,671
Including total benefits for the period	—	—	—	149,671	126,515	276,186
Exercise of stock acquisition rights	40,363	40,363	—	(8,140)	—	72,586
Stock compensation transactions	—	9,119	—	—	—	9,119
Issuance of stock acquisition rights	—	—	—	195	—	195
Expiration of stock acquisition rights	—	—	—	(11,587)	11,587	—
Acquisition of treasury stock	—	—	(399,985)	—	—	(399,985)
Disposal of treasury stock	—	917	1,970	—	—	2,887
Dividend	—	—	—	—	(392,585)	(392,585)
Total amount of transactions with owners	40,363	50,399	(398,014)	(19,531)	(380,998)	(707,781)
As of March 31, 2024	1,057,867	393,069	(698,155)	160,985	5,020,941	5,934,709

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

(Unit: thousand yen)

	Equity stock	Equity surplus	Treasury stock	Other components of equity	Retained earnings	Total equity
As of April 1, 2024	1,057,867	749,626	(698,155)	160,985	4,674,806	5,945,130
Profit	-	-	-	-	349,824	349,824
Other total comprehensive income	-	-	-	(105,503)	-	(105,503)
Including total benefits for the period	-	-	-	(105,503)	349,824	244,321
Stock compensation transactions	-	12,287	-	-	-	12,287
Issuance of stock acquisition rights	-	-	-	2,359	-	2,359
Dividend	-	-	-	-	(395,782)	(395,782)
Transfer to retained earnings	-	-	-	(39)	39	-
Total amount of transactions with owners	-	12,287	-	2,319	(395,742)	(381,135)
As of March 31, 2025	1,057,867	761,913	(698,155)	57,802	4,628,888	5,808,317

(4) Statements of Cash Flows

(Unit: thousand yen)

	Previous consolidated fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Cash flow from operating activities		
Tax-induced benefits	136,641	472,891
Depreciation and amortization	522,982	590,870
Impairment loss	5,228	-
Financial revenue	(109,539)	(18,247)
Finance cost	14,620	38,499
Increase/decrease in inventories	29,650	3,710
Decrease (increase) in trade and other receivables	(521,855)	71,664
Increase (decrease) in trade and other payables	(81,285)	(85,696)
Other	945,533	118,273
Subtotal	941,975	1,191,964
Interest and dividends received	37	1,633
Amount of grants received	-	638
Amount of insurance proceeds received	3,091	-
Compensation received	-	1,400
Interest payments	(10,113)	(12,521)
Income taxes paid	(350,054)	(86,445)
Corporate income tax refund	36	114,683
Cash flow from operating activities	584,972	1,211,351
Cash flow from investing activities		
Purchases of property, plant and equipment	(23,668)	(61,143)
Payments for acquisition of intangible assets	-	(8,918)
Payments for acquisition of investments	(22,514)	(44,585)
Proceeds from sale of investments	26,271	50,348
Payment for lease and guarantee deposits	(87,119)	(12,519)
Proceeds from collection of lease and guarantee deposits	7,000	30,293
Other	-	(3,139)
Cash flow from investing activities	(100,030)	(49,664)
Cash flows from financing activities		
Repayment of lease liabilities	(467,015)	(529,413)
Proceeds from issuance of stock acquisition rights	195	2,359
Proceeds from exercise of stock acquisition rights	72,585	-
Payments for purchase of treasury stock	(401,826)	-
Dividends paid	(391,858)	(396,567)
Cash flows from financing activities	(1,187,918)	(923,620)
Net increase (decrease) in cash and cash equivalents	(702,976)	238,066
Cash and cash equivalents at beginning of year	4,479,967	3,756,620
Increase in cash and cash equivalents due to merger	-	20,225
Cash and cash equivalents at end of year	3,776,990	4,014,913

(5) Notes to Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Segment Information)

Segment information is omitted because we are engaged in a single segment of online business support business.

(Per share information)

The basis for calculating basic earnings per share and diluted earnings per share is as follows.

	Previous consolidated fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Profit (Thousands of yen)	126,515	349,824
Current benefit adjustments (Thousands of yen)	—	—
Profit for the period used to compute diluted earnings per share (Thousands of yen)	126,515	349,824
Aggravated average common strain (shares)	13,028,540	12,766,846
Increase in common stock		
Stock acquisition rights (shares)	1,569	8,935
Diluted weighted average number of common shares (shares)	13,030,109	12,775,781
Basic earnings per share (yen)	9.71	27.40
Diluted earnings per share (yen)	9.71	27.38
Summary of potential shares not included in the calculation due to no dilutive effect	The 16th series of stock acquisition rights (57,300 common shares) The 17th series of stock acquisition rights (59,200 common shares) The 19th series of stock acquisition rights (195,950 common shares)	The 17th series of stock acquisition rights (58,800 common shares) The 19th series of stock acquisition rights (195,950 common shares)

(Significant subsequent events)

Not applicable.

4. Appendix

(1) Balance Sheet (Japanese GAAP)

(Unit: thousand yen)

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Assets		
Current assets		
Cash on hand and in banks	3,756,620	4,010,666
Bills receivable	6,686	3,709
Accounts receivable	3,841,175	3,787,457
Work in progress	38,897	35,187
Prepaid expense	222,649	196,377
Other	122,733	41,376
Allowance for loan losses	(442)	(406)
Total current assets	7,988,322	8,074,369
Fixed assets		
Property, plant and equipment		
Buildings (net)	283,169	299,191
Machinery and equipment (net)	―	17,538
Tools, equipment and supplies（net）	23,263	17,177
Leased assets（net）	139,108	166,776
Other（net）	186,917	198,832
Total Property, plant and equipment	632,458	699,517
Intangible fixed assets		
Software	3,643	10,417
Trademark	2,422	1,893
Facility usage rights	―	1,041
Other	525	525
Total intangible fixed assets	6,590	13,878
Investments and other assets		
Investments in securities	1,025,936	1,065,060
Shares of subsidiaries and affiliates	50,000	―
Capital	107,954	100,713
Long-term prepaid expenses	7,239	1,160
Deferred tax asset	401,329	459,387
Lease and guarantee deposits	393,511	375,737
Investments and other assets	1,985,971	2,002,059
Total fixed assets	2,625,020	2,715,455
Total assets	10,613,342	10,789,824

(Unit: thousand yen)

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Liabilities		
Current liabilities		
Accounts payable	804,638	756,677
Lease obligations	38,738	55,147
Arrears	1,788,495	1,688,663
Accrued income taxes	96,628	228,774
Accrued consumption taxes	451,302	475,122
Advance received	4,816	19,555
Deposit (received)	226,558	100,915
Allowance for bonuses	1,009,331	1,171,115
Asset retirement obligations	3,138	—
Other	5,206	4,933
Total current liabilities	4,428,856	4,500,906
Fixed liabilities		
Lease obligations	94,175	116,155
Asset retirement obligations	224,930	249,306
Total fixed liabilities	319,105	365,462
Total liabilities	4,747,961	4,866,369
Total net assets		
Shareholders' equity		
Capital stock	1,077,285	1,077,285
Capital surplus		
Capital reserve	707,748	707,748
Other capital surplus	78,131	78,131
Total capital surplus	785,879	785,879
Retained earnings		
Other retained earnings		
Retained earnings brought forward	4,599,879	4,625,094
Total retained earnings	4,599,879	4,625,094
Treasury stock	(698,155)	(698,155)
Total shareholders' equity	5,764,889	5,790,104
Valuation and translation adjustments		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	69,110	99,594
Total valuation and translation adjustments	69,110	99,594
Stock acquisition rights	31,380	33,755
Total net assets	5,865,381	5,923,455
Total liabilities and net assets	10,613,342	10,789,824

(2) Statement of Profit or Loss (Japanese GAAP)

(Unit: thousand yen)

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Revenue	20,464,261	22,329,565
Cost of Sales	16,144,042	17,595,463
Gross profit	4,320,219	4,734,102
Selling, general and administrative expenses		
Salary and allowances	1,726,016	1,786,684
Provision for allowance for doubtful accounts	19	(36)
Provision for bonuses	147,539	225,567
Fees and commissions	309,677	336,344
Depreciation and amortization	11,331	13,398
Other	2,052,162	1,782,028
Total selling, general and administrative expenses	4,246,746	4,143,987
Operating profit	73,472	590,115
Non-operating income		
Interest and dividend income	37	1,633
Gain on sales of investment securities	3,112	16,614
Commission received	1,145	—
Insurance income	3,091	—
Penalty revenue	1,560	—
Other	975	3,903
Total non-operating income	9,922	22,151
Non-operating costs		
Interest expense	4,899	6,203
Loss on investment partnership management	4,082	3,778
Miscellaneous losses	6,769	2,213
Other	3,682	1,584
Total non-operating costs	19,433	13,779
Ordinary income	63,961	598,487
Extraordinary income		
Gain on reversal of subscription rights to shares	41,922	—
Gain on sales of investment securities	—	39
Total extraordinary income	41,922	39
Extraordinary loss		
Loss on disposal of fixed assets	—	476
Loss on extinguishment of tie-in shares	—	10,421
Other	—	1,202
Total extraordinary loss	—	12,099
Current net profit before tax	105,884	586,428
Corporate, inhabitant and enterprise taxes	108,699	218,975
Adjustments to corporate tax, etc.	(94,914)	(53,545)
Total corporate tax, etc.	13,784	165,430
Current net profit	92,100	420,997