July 31, 2024

Consolidated Financial Results for the First Three Months of Fiscal Year Ending March 31, 2025 (Under IFRS)

Company name: Members Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 2130
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Scheduled date to commence dividend payments: —
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the first three months of fiscal year ending March 31, 2025 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	5,035	11.9	(492)	—	(486)	—	(337)	—
June 30, 2023	4,498	17.4	(562)	—	(548)	—	(389)	—

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Three months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
June 30, 2024	(337)	—	(316)	—	(26.45)	(26.45)
June 30, 2023	(389)	—	(389)	—	(29.71)	(29.71)

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2024	10,858	5,225	5,225	48.1
March 31, 2024	11,527	5,934	5,934	51.5

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	0.00	—	31.00	31.00
Fiscal year ending March 31, 2025	—				
Fiscal year ending March 31, 2025 (Forecast)		0.00	—	32.00	32.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecast for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half(cumulative)	10,950	13.9	(550)	—	(550)	—	(400)	—
Full year	23,230	13.5	200	379.4	180	31.7	150	18.6

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
First half(cumulative)	(400)	—	(30.70)
Full year	150	18.6	11.51

Note: Changes from the latest financial forecast: None
1. The above consolidated earnings forecast is based on IFRS.
2. “Basic earnings per share” was calculated based on the average number of shares in FY 3/2024 (13,028,540).

* Notes

(1) Significant changes in the scope of consolidation during the period: None

Newly included: —

Excluded: —

(2) 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

(3) Number of issued shares (ordinary shares)

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

As of June 30, 2024	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 June 30, 2024	654,512 shares
As of March 31, 2024	654,512 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024	12,767,188 shares
Three months ended June 30, 2023	13,110,372 shares

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

* Proper use of earnings forecasts, and other special matters

(Notes regarding the description, etc. related to the future)

The descriptions about the future, such as the business forecast, in this document are based on the information the company has obtained so far and certain assumptions that are considered reasonable, and our company does not guarantee that the results will be as forecasted. There is a possibility that actual business performance, etc. will be considerably different from the forecast due to various factors. For the assumptions for the earnings forecast, notes for the use of the forecast, etc., please refer to “1. Overview of Business Results, (3) Explanation Regarding the Future Forecast Information such as Consolidated Earnings Forecast” on the Appendix.

(How to obtain the material for supplementary explanations on financial results and the contents of the session for briefing financial results)

The English material for supplementary explanations on financial results will be uploaded to the website of our company on Wednesday, August 7, 2024.

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1. Overview of Business Results

(1) Overview of Business Results for the Current Quarter

Management's Explanation and Analysis of Business Results

Due to the climate change caused by global warming, severe natural disasters have been occurring frequently all over the world. The 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28) was held in Dubai, United Arab Emirates (UAE) from November 2023. The adopted decision document clearly states that greenhouse gases such as carbon dioxide, which are the main cause of global warming, need to be reduced by 43% by 2030 and 60% by 2035 compared to 2019 levels, in order to achieve the goal of limiting global warming to 1.5 degrees Celsius. An increasing number of countries and regions are declaring carbon neutrality, meaning that emissions of greenhouse gases are virtually zero. As it is believed that the success or failure of efforts toward GX (*1) is directly linked to the competitiveness of companies and, by extension, the nation, the Japanese government enacted the GX Promotion Act. The act aims to concurrently achieve three things: decarbonation, stable energy supply, and economic growth through such initiatives as switching to carbon-free power sources and making GX investments of 150 trillion yen in the public and private sectors. Companies are expected to make the most of digital technologies in order to accelerate corporate transformations for continuous value creation and to facilitate decarbonization and resolution of societal issues.

The Japanese domestic DX (digital transformation) market is predicted to expand from 3,483.8 billion yen in 2022 (actual) to 8,035 billion yen in 2030, backed by booming corporate digital investment (Market Edition of 2024 Future Prospects of the Digital Transformation Market published by Fuji Chimera Research Institute, Inc. on March 7, 2024). On the other hand, each company is having difficulty to recruit and internally train creative personnel who are versed on the Internet and digital technology, and such personnel shortage is now a huge hurdle to digitalization. According to the DX Trends 2024, more than 80% of Japanese companies answered that they lack both the quality and quantity of human resources to promote DX. In particular, the percentage of respondents who answered that there is a "significant shortage" in either the quality or quantity of human resources has increased compared to the previous year, indicating that the shortage of human resources is becoming more serious as DX initiatives are promoted (DX Trend 2024 issued by Information-technology Promotion Agency, Japan (IPA) on June 27, 2024).

Under such circumstances, we uphold our mission to "create a spiritually rich society through 'MEMBERSHIP'" and aim to convert our client companies' management style, marketing activities, services, and products into "Sustainable Ones for the Earth and Society" with the client companies through our support to clients' DX to realize GX.

<Business Overview>

From the current first quarter consolidated accounting period, our company has reorganized its headquarters and specialized companies into four business areas: "Production/UIUX," "Digital Marketing," "Digital Service Development," and "Data" in line with the DX needs of our client companies. In each business area, we have a model named "DGT (Digital Growth Team)" in which three or more digital creators with various specialized skills form a customer-dedicated team, and we work together with customers to improve their DX projects. We aim to expand the scale of transactions for each client company.

In addition, from the first quarter of the current consolidated accounting period, we have been promoting our business based on a "strategy for medium-term growth." The fiscal year ending March 2025 as the first year as a time to solidify the foundation and rebuild our business foundation in order to achieve high profits and a high growth rate by the fiscal year ending March 2027.

<Overview of Consolidated Financial Statements>

For the first quarter of the current consolidated term, revenue was 5,035 million yen (up11.9% from the same quarter of the previous fiscal year), operating loss was 492 million yen (operating loss of 562 million yen in the same quarter of the previous fiscal year), loss before income taxes was 486 million yen (loss before income taxes of 548 million yen in the same quarter of the previous fiscal year), and loss attributable to the owners of the parent was 337 million yen (loss attributable to the owners of the parent of 389 million yen in the same quarter of the previous fiscal year).

The scale of transactions with existing customers is expanding, and sales revenue increased by 11.9% compared to the same quarter of the previous year, and added-value sales, an important indicator (sales from internal resources after subtracting outsourcing and purchasing from sales revenue), were 4,814. million yen, an increase of 12.7% compared to the same quarter of the previous year, setting a new record high for the first quarter of the consolidated cumulative period.

The growth rate of added-value sales was lower than the rate of increase in personnel due to new graduate employees joining the company, and the gross profit margin decreased compared to the same quarter of the previous year. However, cost control measures such as curbing mid-career recruitment and streamlining investment in education were thoroughly implemented. As a result, the ratio of selling, general and administrative expenses to sales revenue has improved, resulting in operating loss of 492 million yen, an improvement of 69 million yen compared to the same quarter of the previous year.

The main strategies set forth in "Strategies for medium-term growth" and the related KPI trends at the end of the first quarter are as follows.

1. Recovery of profitability and establishment of highly profitable business

In April 2024, 411 new graduates joined the company, but from 2025 onwards, we will improve the ratio of new graduates in our human resources portfolio by keeping the number of new graduates hired within the growth rate of added-value sales. At the same time, we will strive to increase “operating rate of existing creators excluding first and second years new graduates” with the following measures: thoroughly implementing profit-oriented management across the group, curbing mid-career recruitment until utilization rates reach an appropriate level, and optimizing staffing. Through these efforts, we will decrease the number of underutilized digital creators to the minimum and thereby increase gross profit margin. By focusing on the KPIs, we aim to restore profitability and secure the ratio of operating profit to 5%, and 10% gradually.

KPI	Result on current first quarter
・Operating rate of existing creators excluding first and second years new graduates	80.0% (3.6 point down year on year)
・Gross profit margin (Consolidated)	13.8% (2.0 point down year on year)

As of the end of the first quarter, the number of digital creators was 2,851 (an increase of 369 from the end of the previous year), and the number of existing digital creators, excluding first and second year graduates, was 1,897, an increase of 244 from the same quarter of the previous year (an increase rate of 23.0%). The KPI, the operating rate of existing employees excluding first and second year new graduates, and the gross profit margin decreased compared to the same quarter of the previous year, but the gap between the rate of increase in personnel and the growth rate of added-value sales is decreasing as expected.

2. Establishment of high growth business

In parallel with the above measures, we will aim to raise the growth rate of added value sales to more than 20% by strongly promoting the following two points.

1) Drastically strengthen service strategy

We will clarify the services that will maximize our strengths as a group and evolve our services to our main customers through cross-selling within our business areas, leading to business expansion in the four business areas: "Production/UIUX," "Digital Marketing," "Digital Service Development," and "Data" based on the DX initiatives of our client companies. We will pursue business expansion by evolving our services to our main customers through cross-selling among the business areas. We will also strengthen account management across business areas for our major customers and strongly promote the maximization of sales revenue for each existing client. Through this initiative, we will increase the number of large-scale clients with an annual transaction amount of 100 million yen or more.

KPI	Result on current first quarter
・Added-value sales per DGT client	27.56 million yen (6.4 point down year on year)
・Annual sales revenue per client (Number of client company with whom we transact 100 million yen or more)	46 companies (estimate) (same as the end of previous year)

Due to the increase in the number of new client companies in the previous fiscal year, added-value sales per DGT company decreased in the first quarter, but added-value sales per company of the top 50 DGT companies was 60.87 million yen (up 12.4% compared to the same quarter of the previous year), showing a steady growth. In the current consolidated fiscal year, we will focus on increasing sales revenue per company, and will further focus on building relationships with customers in order to increase the number of client companies with the sales over 100 million yen annually.

2) Acquisition of a position to support customer's DX in-house production

As our client companies' efforts to in-house DX are making great progress, we have been providing services focusing on the "execution and operation" phase. From now on, by leveraging the strengths we have cultivated in the phase of our supporting client companies’ business with our UI/UX design and agile development capabilities, we will focus more on services in the "execution planning and promotion" phase. By doing so, we will change our positioning in which our digital creators can work together with our clients closely at each phase in order to contribute to maximizing the effects of our customers' DX investments. In order to achieve these, we strengthen the development of specialized skills, including for PMO personnel (*2), who will be responsible for overall project management such as project progress, quality and budget management, and project team personnel coordination. In addition, we will strengthen the development of not only specialized technical skills but also business skills and competencies, with the aim of producing a large number of digital human resources who are the best in the industry and can accompany the improvement of customer companies' DX sites.

KPI	Result on current first quarter
・Sales price per digital creator	884,919 yen (2.8% more year on year)
・Number of PMO personnel	104 (37 more from the end of previous year)

Although added-value sales per creator decreased compared to the same quarter of the previous year due to an increase in the number of first- and second- year new graduates, unit sales prices rose due to expansion in high-price areas such as specialized companies. In addition, the training of PMO human resources, which we are focusing on, has increased by 37 people compared to the end of the previous fiscal year, and we are making steady progress toward our goal of 120 people at the end of March 2025 and 385 people at the end of March 2027.

3) Investment for future

In order to achieve further growth and realize our mission and vision, we are working to establish a decarbonized DX (*3) business and develop decarbonized DX human resources who can support the establishment of the foundation for sustainable management of client companies.

During the first quarter of the current consolidated cumulative period, the decarbonized DX Company's added-value sales increased compared to the same quarter of the previous year. The GX market is rapidly expanding due to the effects of rapid climate change and international situations, and we predict that the need for decarbonized DX human resources who have both GX literacy and digital skills will increase at an accelerating pace. We aim to further develop and produce decarbonized DX human resources over the next three years.

We will restrict new graduate and mid-career hiring, and at the same time focus our efforts on increasing operating rates and transition to a profit-making phase. Through this, we aim to achieve an operating profit margin of 5% in the fiscal year ending March 2026 and 10% in the fiscal year ending March 2027, establishing a highly profitable business.

In the medium-to-long term, we aim to further grow added-value sales by developing services in four businesses in the DX support field for client companies and establishing a position in supporting DX in-house production, with a high growth rate of over 20%.

By steadily implementing the above policies, we aim to achieve a value-added sales growth rate of 25% and an operating profit margin of 10% in the fiscal year ending March 2027.

We believe that digital investment by companies will accelerate further, and at the same time, the shortage of IT/digital human resources will further expand, against the backdrop of further evolution of digital technology, the global effort toward decarbonization, and decline in population in Japan. Under such environment, we will continue to work on expanding our human capital by heightening skills and work engagement of our digital creators, who are the source of value creation for customers. We aim to lead social change together with our clients through DX support for client companies.

(*1) GX (Green Transformation): This refers to the transformation for utilizing clean energy while avoiding the use of fossil fuels as much as possible and activities aimed at achieving this goal. The Ministry of Economy, Trade and Industry believes that efforts to achieve carbon neutrality by 2050 and the national greenhouse gas emission reduction target by 2030 are opportunities for economic growth and defines GX as the transformation of entire economic and social system toward the goal of reducing emissions and improving industrial competitiveness.
(*2) PMO (Project Management Office): Refers to a department or system that supervises project management across departmental boundaries in order to smoothly advance projects in companies and organizations. The PM (Project Manager) is in a position to oversee the project and make various decisions, and the PMO supports the PM in project management by collecting information and coordinating with related parties so that the PM can make decisions smoothly.
(*3) Decarbonization DX: Refers to the use of the power of digital technology to realize a "decoupling model" that continues economic growth while reducing GHG (Greenhouse Gas = greenhouse gases such as carbon dioxide and methane) emissions.

(2) Overview of Financial Standing for the Current Quarter

i)Status of Assets, Liabilities, and Shareholders' Equity

The total assets at the first quarter of the current consolidated term were 10,858 million yen (down 668 million yen from the end of the previous consolidated fiscal year). This is primarily due to an increase of 178 million yen in other current assets, 156 million yen in deferred tax assets, 115 million yen in rights to use as assets, and 30 million yen in inventory assets, along with a decrease of 853 million yen in trade receivables and other receivables, and 346 million yen in cash and cash equivalents.

Total liabilities stood at 5,633 million yen (up 40 million yen from the end of the previous consolidated fiscal year). This was primarily due to a decrease of 84 million yen in trade payables and other payables, and 54 million yen in income taxes payable, along with an increase of 136 million yen in lease liabilities, 17 million yen in other current liabilities, 14 million yen in contract liabilities, and 12 million yen in allowance.

Total equity was 5,225 million yen (down 709 million yen from the end of the previous consolidated fiscal year). This was primarily due to a decrease of 733 million yen in retained earnings.

ii)Status of Cash Flows

The cash and cash equivalent (hereinafter referred to as "funds") at the end of the first quarter of the current consolidated term was 3,430 million yen, down 346 million yen from the end of the previous consolidated fiscal year. The status of each cash flow for the first quarter and the factors behind them are as follows.

(Cash Flows from Operating Activities)

The funds acquired during the first quarter as a result of operating activities amounted to 169 million yen (117 million yen used during the same quarter of the previous year). The income was mainly from a decrease of 867 million yen in trade and other receivables, 166 million yen in depreciation and amortization while the expenditure was mainly from 486 million yen in loss before income taxes, 225 million yen in others, and a decrease of 105 million yen in trade and other payables.

(Cash Flows from Investing Activities)

The funds used during the first quarter as a result of investing activities amounted to 22 million yen (23 million yen used in the same quarter of the previous year). The expenditure was mainly from 15 million yen in purchase of property, plant and equipment.

(Cash Flows from Financing Activities)

The funds used during the first quarter as a result of financing activities amounted to 494 million yen (430 million yen used in the same quarter of the previous year). The expenditure was mainly from 374 million yen as dividends paid and 119 million yen in expenditure for the repayment of lease liabilities.

(3) Explanation Regarding the Future Forecast Information such as Consolidated Earnings Forecast

There are no changes in the consolidated earnings forecast for the cumulative second quarter of FY 3/2025 as well as the entire fiscal year, announced on May 10, 2024.

(Regarding the Dividend Forecast)

From the point of enhancing the return of profits to all of our shareholders and further increasing enterprise value, we will retain earnings in preparation for new business investment for long-term profit growth and the expansion in business activities, as well as set a fundamental policy of the distribution of profits according to the improvement of business results and a continuous increase in the dividend amount. Our medium-term target of an equity dividend ratio attributable to owners of the consolidated parent company is about 5%.

After comprehensively taking into account of the DOE and dividend payout ratio, the term-end dividend for FY 3/2025 is planned to be 32.00 yen.

2. Summary of Consolidated Financial Statements and Major Notes

(1) Summary of Quarterly Consolidated Balance Sheets

[unit: thousand yen]

	Previous consolidated accounting year (Mar. 31, 2024)	1st quarter of the current consolidated accounting year (Jun. 30, 2024)
Assets		
Current assets		
Cash and cash equivalents	3,776,990	3,430,507
Trade receivables and other receivables	3,847,649	2,994,510
Inventory assets	38,897	69,133
Other financial assets	2,496	2,496
Other current assets	299,828	478,514
Total current assets	7,965,861	6,975,162
Non-current assets		
Tangible fixed assets	325,710	343,543
Rights to use as assets	950,275	1,066,030
Goodwill	116,115	116,115
Intangible assets	7,681	10,256
Other financial assets	1,739,644	1,762,808
Deferred tax assets	419,105	576,029
Other non-current assets	2,692	8,784
Total non-current assets	3,561,225	3,883,568
Total assets	11,527,087	10,858,731

[unit: thousand yen]

	Previous consolidated accounting year (Mar. 31, 2024)	1st quarter of the current consolidated accounting year (Jun. 30, 2024)
Liabilities and shareholders' equity		
Liabilities		
Current liabilities		
Lease liabilities	439,620	480,157
Trade payables and other payables	1,119,772	1,034,899
Income taxes payable	96,825	42,016
Contract liabilities	4,816	19,270
Other current liabilities	3,427,062	3,444,313
Total current liabilities	5,088,097	5,020,658
Non-current liabilities		
Lease liabilities	276,211	372,045
Allowance	228,069	240,462
Total non-current liabilities	504,280	612,508
Total liabilities	5,592,377	5,633,166
Shareholders' equity		
Capital stock	1,057,867	1,057,867
Capital surplus	393,069	396,141
Treasury shares	(698,155)	(698,155)
Other components of equity	160,985	182,300
Retained earnings	5,020,941	4,287,410
Total equity attributable to owners of the parent	5,934,709	5,225,565
Total shareholders' equity	5,934,709	5,225,565
Total liabilities and equity	11,527,087	10,858,731

(2) Summary of Quarterly Consolidated Statements of Income

[unit: thousand yen]

	1Q FY2024 (Apr. 1, 2023 to Jun. 30, 2023)	1Q FY2025 (Apr. 1, 2024 to Jun. 30, 2024)
Revenue	4,498,469	5,035,233
Cost of sales	3,786,278	4,338,752
Gross profit	712,191	696,481
Selling, general and administrative expenses	1,275,150	1,188,348
Other income	2,240	1,840
Other expenses	1,956	2,860
Operating profit (loss)	(562,674)	(492,887)
Finance income	18,343	10,905
Finance costs	3,771	4,282
Profit (loss) before income taxes	(548,102)	(486,264)
Income taxes	(158,606)	(148,516)
Profit (loss) for the period	(389,496)	(337,748)
Profit (loss) attributable to		
Owners of parent	(389,496)	(337,748)
Net profit (loss)	(389,496)	(337,748)
Earnings per share		
Basic earnings (loss) per share (yen)	(29.71)	(26.45)
Diluted earnings (loss) per share (yen)	(29.71)	(26.45)

(3) Summary of Quarterly Consolidated Statements of Comprehensive Income

[unit: thousand yen]

	1Q FY2024 (Apr. 1, 2023 to Jun. 30, 2023)	1Q FY2025 (Apr. 1, 2024 to Jun. 30, 2024)
Profit (loss) for the period	(389,496)	(337,748)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	180	21,314
Total items that will not be reclassified to profit or loss	180	21,314
Other comprehensive income after tax	180	21,314
Comprehensive income total	(389,316)	(316,433)
Comprehensive income attributable to		
Owners of parent	(389,316)	(316,433)
Comprehensive income	(389,316)	(316,433)

(4) Summary of Quarterly Consolidated Statements of Changes in Equity

Consolidated first quarter of the prior fiscal year ended March 2024 (Apr. 1, 2023 to Jun. 30, 2023)

[unit: thousand yen]

	Equity attributable to owners of parent						Total Equity
	Capital stock	Capital surplus	Treasury shares	Other components of equity	Retained earnings	Total	
Balance on April 1, 2023	1,017,504	342,670	(300,140)	30,845	5,275,424	6,366,305	6,366,305
Profit (loss) for the period	—	—	—	—	(389,496)	(389,496)	(389,496)
Other comprehensive income	—	—	—	180	—	180	180
Total comprehensive income	—	—	—	180	(389,496)	(389,316)	(389,316)
Exercise of share acquisition rights	40,197	40,197	—	(8,102)	—	72,293	72,293
Share-based compensation transactions	—	2,831	—	—	—	2,831	2,831
Issuance of share acquisition rights	—	—	—	195	—	195	195
Expiration of share acquisition rights	—	—	—	(700)	700	—	—
Dividends	—	—	—	—	(392,585)	(392,585)	(392,585)
Total transactions with owners	40,197	43,028	—	(8,606)	(391,885)	(317,265)	(317,265)
Balance on June 30, 2023	1,057,702	385,699	(300,140)	22,420	4,494,042	5,659,723	5,659,723

Consolidated first quarter of the current fiscal year ending March 2025 (Apr. 1, 2024 to Jun. 30, 2024)

[unit: thousand yen]

	Equity attributable to owners of parent						Total Equity
	Capital stock	Capital surplus	Treasury shares	Other components of equity	Retained earnings	Total	
Balance on April 1, 2024	1,057,867	393,069	(698,155)	160,985	5,020,941	5,934,709	5,934,709
Profit (loss) for the period	—	—	—	—	(337,748)	(337,748)	(337,748)
Other comprehensive income	—	—	—	21,314	—	21,314	21,314
Total comprehensive income	—	—	—	21,314	(337,748)	(316,433)	(316,433)
Share-based compensation transactions	—	3,071	—	—	—	3,071	3,071
Dividends	—	—	—	—	(395,782)	(395,782)	(395,782)
Total transactions with owners	—	3,071	—	—	(395,782)	(392,710)	(392,710)
Balance on June 30, 2024	1,057,867	396,141	(698,155)	182,300	4,287,410	5,225,565	5,225,565

(5) Summary of Quarterly Consolidated Statements of Cash Flows

[unit: thousand yen]

	1Q FY2024 (Apr. 1, 2023 to Jun. 30, 2023)	1Q FY2025 (Apr. 1, 2024 to Jun. 30, 2024)
Cash flows from operating activities		
Profit (loss) before income taxes	(548,102)	(486,264)
Depreciation and amortization	128,606	166,522
Finance income	(18,343)	(10,905)
Finance costs	3,160	4,282
(Increase) decrease in inventories	(16,230)	(30,235)
(Increase) decrease in trade and other receivables	529,388	867,714
Increase (decrease) in trade and other payables	(238,198)	(105,502)
Other	192,644	(225,969)
Subtotal	32,925	179,642
Interest paid	(2,693)	(2,933)
Income taxes paid	(147,289)	(6,910)
Income taxes refund	28	—
Cash flows from operating activities	(117,028)	169,798
Cash flows from investing activities		
Purchase of property, plant and equipment	(23,668)	(15,220)
Purchase of intangible assets	—	(3,140)
Proceeds from collection of leasehold deposits and guarantee deposits	656	—
Payments for leasehold deposits and guarantee deposits	—	(572)
Other	—	(3,139)
Cash flows from investing activities	(23,012)	(22,072)
Cash flows from financing activities		
Repayments of lease liabilities	(117,315)	(119,442)
Proceeds from issuance of share acquisition rights	195	—
Proceeds from exercise of share acquisition rights	72,293	—
Dividends paid	(385,250)	(374,767)
Cash flows from financing activities	(430,077)	(494,209)
Net increase (decrease) in cash and cash equivalents	(570,118)	(346,483)
Cash and cash equivalents at beginning of period	4,479,967	3,776,990
Cash and cash equivalents at end of period	3,909,848	3,430,507

(6) Notes to Summary of Consolidated Financial Statements

(Segment Information)
As our group has a single segment, the online business support business, segment information has been omitted.

(Notes on Going Concern Assumption)
There is no related information.

(Significant Subsequent Events)
(Issuance of performance-linked share acquisition rights)
At a meeting of the Board of Directors held on July 19, 2024, we resolved to issue share acquisition rights ("Share Acquisition Rights") to our directors (excluding outside directors), executive officers and employees pursuant to Articles 236, 238 and 240 of the Companies Act. In consideration of the impact on share dilution, treasury shares will be allocated for the Share Acquisition Rights. However, if there is a shortage of treasury shares to be allocated to the share acquisition rights, our company may acquire treasury shares or issue new shares, according to the situation.

I. Purpose and Reason for Offering Share Acquisition Rights
Our company intends to issue share acquisition rights to our directors (excluding outside directors), executive officers, and employees for a fee in order to raise their motivation and morale and to further increase their commitment to the expansion of our company's business performance as we aim to further increase our corporate value over the medium to long term. These rights set a performance determination level that allows the holder to exercise 100% of the rights if the audited consolidated income statement of the company for any of the business years ending in March 2025, 2026, 2027, or 2028 achieves an operating profit of 3,000 million yen. The reason why we use operating profit as an indicator is that we consider this as one of the important management indicators.

II. Terms and Conditions of Issuance of Share Acquisition Rights
1. Number of share acquisition rights
   60,780 shares

2. The issue price per share acquisition right
   140 yen (14 yen per share)

3. Details of the Share Acquisition Rights
   (1) Class and number of shares to be issued upon exercise of the share acquisition rights
   Common share: 607,800 shares
   The number of shares to be issued upon exercise of one (1) share acquisition right (hereinafter referred to as the “Number of Granted Shares”) shall be ten (10) shares of common share of our company.
   (2) Value or calculation method of assets to be contributed upon exercise of share acquisition rights
   The value of the assets to be contributed upon exercise of the Share Acquisition Rights shall be the amount to be paid in per share that can be delivered upon exercise of the Share Acquisition Rights (the "Exercise Price") multiplied by the number of shares granted. The Exercise Price shall be 935 yen, which is the closing price of our company's share on the Tokyo Stock Exchange on the day before the Board of Directors' resolution regarding the issuance of these equity warrants.
   (3) Period during which share acquisition rights may be exercised
   The period during which the share acquisition rights may be exercised (the "Exercise Period") shall be from July 1, 2025 to June 30, 2029 (or, if June 30, 2029 is not a business day for banks, the business day immediately preceding it shall be the last day of the exercise period).
   (4) Matters concerning the increase in capital and capital reserve
      (i) The amount of capital to be increased in the event of the issuance of shares upon exercise of the SARs shall be half of the maximum amount of increase in capital, etc., as calculated in accordance with Article 17, Paragraph 1 of the Corporate Calculation Regulations. In case the calculation results in a fraction of less than 1 yen, it shall be rounded up.
      (ii) The amount of capital reserve to be increased in the event of the issuance of shares upon the exercise of the share acquisition rights shall be the amount obtained by subtracting the amount of capital to be increased as set forth in (i) above from the maximum amount of increase in capital, etc. as set forth in (i) above.
   (5) Restrictions on the acquisition of new share acquisition rights through transfer
   The acquisition of new share acquisition rights through transfer shall require approval by resolution of the board of directors.
   (6) Conditions for the exercise of share acquisition rights
      (i) Each holder of the new share acquisition rights may exercise the rights during the exercise period (from the first day of the month following the date of submission of the annual securities report for the achievement

period to the last day of exercise period) up to the number of new share acquisition rights allocated to him/her, subject to the limit of the number of new shares set for each right and the percentage of the rights specified in advance, provided that the audited consolidated income statement (or income statement, if consolidated financial statements are not prepared) of our company included in the annual securities report submitted by our company for the fiscal year ending in March 2025, 2026, 2027, or 2028 shows an operating profit of 3,000 million yen or more. However, in the event that there is a significant change in the concept of financial figures to be referenced due to changes in applicable accounting standards, etc., our company's Board of Directors shall determine appropriate financial figures to be referenced within reasonable limits. In case the number of new share acquisition rights that can be exercised results in a fraction of less than one unit, it shall be rounded down.

(ii) The exercise of the Share Acquisition Rights by the heirs of the holders of the Share Acquisition Rights shall not be permitted.

(iii) The exercise of the new share acquisition rights shall not be permitted if it would result in the total number of issued shares of our company exceeding the authorized number of shares at the time of exercise.

(iv) Exercise of less than one new share acquisition right shall not be permitted.

4. Date of allocation of new share acquisition rights
   August 30, 2024

5. Matters Concerning Acquisition of Share Acquisition Rights
   (i) In the event that a merger agreement in which our company becomes a dissolving company, a company split agreement or plan in which our company becomes a splitting company, or a share exchange agreement or share transfer plan in which our company becomes a wholly owned subsidiary are approved at a general meeting of shareholders (or resolved by the Board of Directors if approval at a general meeting of shareholders is not required), our company may acquire all of the Share Acquisition Rights free of charge on a date separately determined by our company's Board of Directors.
   (ii) If a new share acquisition right becomes un-exercisable in accordance with the provisions of 3. (6) above before the new share acquisition rights holder exercises the right, our company may acquire the new share acquisition right free of charge.

6. Rounding down of fractions resulting from the exercise of new share acquisition rights:
   If there is a fraction of less than one share in the number of shares to be allocated to the holder of new share acquisition rights, it shall be rounded down.

7. Number of persons and number of new share acquisition rights allocated:
   Two Directors, 21 Executive Officers, and 3,132 employees of our company,
   Total: 3,155 people 60,780 share acquisition rights (607,800 shares)