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October 31, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under IFRS)

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Listing: Tokyo Stock Exchange
Securities code: 2130
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Scheduled date to file semi-annual securities report: November 6, 2024
Scheduled date to commence dividend payments: —
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for analysts and institutional investors)

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

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	10,384	8.0	(479)	—	(464)	—	(321)	—
September 30, 2023	9,616	17.1	(551)	—	(562)	—	(398)	—

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Six months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
September 30, 2024	(321)	—	(319)	—	(25.21)	(25.21)
September 30, 2023	(398)	—	(398)	—	(30.37)	(30.37)

(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	%
September 30, 2024	10,358	5,228	5,228	50.5
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	—	0.00			
Fiscal year ending March 31, 2025 (Forecast)			—	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	%
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
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 September 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 September 30, 2024	654,838 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)

Six months ended September 30, 2024	12,766,862 shares
Six months ended September 30, 2023	13,128,285 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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 Thursday, November 7, 2024.

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1. Overview of Business Results

(1) Overview of Business Results for the Half Year

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) in November 2023, and 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 realize GX through our hands-on support to our clients' DX efforts and convert their management style, marketing activities, services, and products into "the ones that makes the Earth and society sustainable".

<Business Overview>

From April 2024, 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 April 2024, 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 half of the current consolidated term, revenue was 10,384 million yen (up 8.0% from the same period of the previous fiscal year), operating loss was 479 million yen (operating loss of 551 million yen in the same period of the previous fiscal year), loss before income taxes was 464 million yen (loss before income taxes of 562 million yen in the same period of the previous fiscal year), and loss attributable to the owners of the parent was 321 million yen (loss attributable to the owners of the parent of 398 million yen in the same period of the previous fiscal year).

Sales revenue increased by 8.0% compared to the same period of the previous year, and added-value sales, an important indicator (sales from internal resources after subtracting outsourcing and purchasing from sales revenue), were 9,961 million yen, an increase of 10.3% compared to the same period of the previous year, setting a new record high for the first half of the consolidated cumulative period. While the growth rate of added-value sales in the web operation domain, which was the conventional mainstay area, slowed down, the added-value sales in the DX domain continued to show a high growth rate. This is due to the strategic strengthening of human resource development and sales structure in the DX domain, where higher demand is expected, focusing on services of specialized companies in UIUX design, product/service development, and data.

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 period of the previous year. The gross profit margin for the second quarter of the fiscal year improved to 19.2%, compared to 13.8% in the first quarter. Additionally, the ratio of selling, general and administrative expenses to net sales improved year-on-year due to thorough cost control measures such as curbing mid-career recruitment and streamlining education investment. As a result, the second quarter of the fiscal year turned to an operating profit, and the operating loss for the first half of the fiscal year improved by 71 million yen year-on-year to 479 million yen.

The main strategies set forth in "Strategies for medium-term growth" and the related KPI trends at the end of the first half 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 optimize 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	Results
・Operating rate of digital creators excluding first and second year new graduates	82.8% (2.6 point down year-on-year)
・Gross profit margin (Consolidated)	16.6% (1.2 point down year-on-year)

As of the end of the first half year, the number of digital creators was 2,762, an increase of 280 from the end of the previous year (an increase rate of 11.3%), and the number of digital creators, excluding first and second year graduates, was 1,828, an increase of 363 from the end of the previous year (an increase rate of 24.8%). The KPI, the operating rate of digital creators excluding first and second year new graduates, and the gross profit margin improved compared to the first quarter of the current year, however, decreased compared to the same period of the previous year.

To further recover profitability, we will continue to implement thorough cost controls and prioritize improving the operation rate of digital creators, excluding those in their first and second year after joining the company. In addition, to raise the growth rate of added-value sales, we will work to strengthen human resource development and our sales structure, aiming to increase the number of digital creators and expand their operations in the DX domain.

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% at mid-term 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	Results
・Added-value sales per DGT client	28.20 million yen (9.5 point down year-on-year)
・Number of clients with annual sales over 100 million yen	50 companies (estimate) (4 more than 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 second quarter, but as we provided services in the DX field, such as data utilization support and product development, to our client companies mainly involved in web operations, added-value sales per company of the top 50 DGT companies was 63.30 million yen (up 2.6% compared to the same quarter of the previous year), showing a steady growth. In addition, added-value sales of specialized companies in the first half of the fiscal year continued to grow steadily, reaching 3,197 million yen, a 42.3% increase year-on-year.

In this fiscal year, we are focusing on expanding annual revenue per company. We expect the number of companies with annual transactions of 100 million yen or more to reach 50 (an increase of 4 companies from the end of the previous fiscal year) by the end of the first half of the fiscal year. To further expand this number, we will focus more on building relationships with our clients. We will also strengthen account management and promote cross-selling, focusing on services in the DX domain, such as AI and data utilization support and product development, where client investment demand is expected.

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	Results
・Sales price per digital creator ・Number of PMO personnel	870,189 yen (1.1% more year-on-year) 152 (85 more from the end of previous year)

The average unit sales price decreased compared to the first quarter due to the increased utilization of first- and second-year digital creators, resulting in a slight year-on-year increase.

The number of PMO personnel reached 152, an increase of 85 from the end of the previous fiscal year, exceeding the target of 120 for the fiscal year ending March 2025. This indicates that our focused efforts in PMO personnel training are progressing smoothly. Furthermore, we will strengthen the development of DX personnel, such as UX designers and marketing DX personnel, who will work closely with clients to accelerate the shift towards the DX domain. We will also create an environment where creators can continue to learn independently and promote the utilization of PMO and DX personnel by accumulating know-how in on-site support for client companies, aiming to improve the average unit sales price.

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 half 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 1,000 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 strengthening human resource development and sales organization and 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 Half Year

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

The total assets at the first half of the current consolidated term were 10,358 million yen (down 1,168 million yen from the end of the previous consolidated fiscal year). This is primarily due to a decrease of 972 million yen in trade receivables and other receivables, and 557 million yen in cash and cash equivalents, along with an increase of 156 million yen in deferred tax assets, 126 million yen in inventory assets, and 117 million yen in rights to use as assets.

Total liabilities stood at 5,130 million yen (down 462 million yen from the end of the previous consolidated fiscal year). This was primarily due to decrease of 425 million yen in trade payables and other payables, and 189 million yen in other current liabilities, along with an increase of 136 million yen in lease liabilities.

Total equity was 5,228 million yen (down 706 million yen from the end of the previous consolidated fiscal year). This was primarily due to a decrease of 717 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 half of the current consolidated term was 3,219 million yen, down 557 million yen from the end of the previous consolidated fiscal year. The status of each cash flow for the first half and the factors behind them are as follows.

(Cash Flows from Operating Activities)

The funds acquired during the first half as a result of operating activities amounted to 110 million yen (212 million yen acquired during the same period of the previous year). The income was mainly from a decrease of 976 million yen in trade and other receivables, 309 million yen in depreciation and amortization, and 114 million yen in income taxes refund while the expenditure was mainly from 464 million yen in loss before income taxes, a decrease of 428 million yen in trade and other payables, 247 million yen in others, and an increase of 126 million yen in inventory assets.

(Cash Flows from Investing Activities)

The funds used during the first half as a result of investing activities amounted to 23 million yen (35 million yen used in the same period of the previous year). The income was mainly from 49 million yen in proceeds from the sale of investments, and 27 million yen in proceeds from collection of leasehold deposits and guarantee deposits while the expenditure was mainly from 48 million yen in purchase of property, plant and equipment, and 44 million yen in payments for investments.

(Cash Flows from Financing Activities)

The funds used during the first half as a result of financing activities amounted to 644 million yen (543 million yen used in the same period of the previous year). The expenditure was mainly from 396 million yen as dividends paid and 250 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 entire fiscal year of FY 3/2025, 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 Half Year Consolidated Balance Sheets

[unit: thousand yen]

	Previous consolidated accounting year (Mar. 31, 2024)	1st half year of the current consolidated accounting year (Sep. 30, 2024)
Assets		
Current assets		
Cash and cash equivalents	3,776,990	3,219,700
Trade receivables and other receivables	3,847,649	2,874,852
Inventory assets	38,897	165,378
Other financial assets	2,496	2,496
Other current assets	299,828	258,306
Total current assets	7,965,861	6,520,734
Non-current assets		
Tangible fixed assets	325,710	352,152
Rights to use as assets	950,275	1,068,063
Goodwill	116,115	116,115
Intangible assets	7,681	9,630
Other financial assets	1,739,644	1,714,354
Deferred tax assets	419,105	575,805
Other non-current assets	2,692	1,346
Total non-current assets	3,561,225	3,837,467
Total assets	11,527,087	10,358,201

[unit: thousand yen]

	Previous consolidated accounting year (Mar. 31, 2024)	1st half year of the current consolidated accounting year (Sep. 30, 2024)
Liabilities and shareholders' equity		
Liabilities		
Current liabilities		
Lease liabilities	439,620	510,087
Trade payables and other payables	1,119,772	694,061
Income taxes payable	96,825	89,905
Contract liabilities	4,816	8,152
Other current liabilities	3,427,062	3,237,445
Total current liabilities	5,088,097	4,539,653
Non-current liabilities		
Lease liabilities	276,211	342,503
Allowance	228,069	247,972
Total non-current liabilities	504,280	590,475
Total liabilities	5,592,377	5,130,128
Shareholders' equity		
Capital stock	1,057,867	1,057,867
Capital surplus	393,069	399,213
Treasury shares	(698,155)	(698,155)
Other components of equity	160,985	165,757
Retained earnings	5,020,941	4,303,389
Total equity attributable to owners of the parent	5,934,709	5,228,073
Total shareholders' equity	5,934,709	5,228,073
Total liabilities and equity	11,527,087	10,358,201

(2) Summary of Half Year Consolidated Statements of Income

[unit: thousand yen]

	1H FY2024 (Apr. 1, 2023 to Sep. 30, 2023)	1H FY2025 (Apr. 1, 2024 to Sep. 30, 2024)
Revenue	9,616,516	10,384,424
Cost of sales	7,907,655	8,659,982
Gross profit	1,708,860	1,724,441
Selling, general and administrative expenses	2,258,882	2,205,880
Other income	2,756	6,395
Other expenses	3,840	4,643
Operating profit (loss)	(551,106)	(479,686)
Finance income	20	22,517
Finance costs	11,788	7,605
Profit (loss) before income taxes	(562,874)	(464,774)
Income taxes	(164,233)	(142,964)
Profit (loss) for the period	(398,640)	(321,809)
Profit (loss) attributable to		
Owners of parent	(398,640)	(321,809)
Net profit (loss)	(398,640)	(321,809)
Earnings per share		
Basic earnings (loss) per share (yen)	(30.37)	(25.21)
Diluted earnings (loss) per share (yen)	(30.37)	(25.21)

(3) Summary of Half Year Consolidated Statements of Comprehensive Income

[unit: thousand yen]

	1H FY2024 (Apr. 1, 2023 to Sep. 30, 2023)	1H FY2025 (Apr. 1, 2024 to Sep. 30, 2024)
Profit (loss) for the period	(398,640)	(321,809)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	126	2,452
Total items that will not be reclassified to profit or loss	126	2,452
Other comprehensive income after tax	126	2,452
Comprehensive income total	(398,514)	(319,357)
Comprehensive income attributable to		
Owners of parent	(398,514)	(319,357)
Comprehensive income	(398,514)	(319,357)

(4) Summary of Half Year Consolidated Statements of Changes in Equity

Consolidated first six months of the prior fiscal year ended March 2024 (Apr. 1, 2023 to Sep. 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	—	—	—	—	(398,640)	(398,640)	(398,640)
Other comprehensive income	—	—	—	126	—	126	126
Total comprehensive income	—	—	—	126	(398,640)	(398,514)	(398,514)
Exercise of share acquisition rights	40,363	40,363	—	(8,140)	—	72,586	72,586
Share-based compensation transactions	—	2,975	—	—	—	2,975	2,975
Issuance of share acquisition rights	—	—	—	195	—	195	195
Expiration of share acquisition rights	—	—	—	(700)	700	—	—
Disposal of treasury stock	—	917	1,970	—	—	2,887	2,887
Dividends	—	—	—	—	(392,585)	(392,585)	(392,585)
Total transactions with owners	40,363	44,255	1,970	(8,644)	(391,885)	(313,940)	(313,940)
Balance on September 30, 2023	1,057,867	386,925	(298,169)	22,327	4,484,898	5,653,850	5,653,850

Consolidated first six months of the current fiscal year ending March 2025 (Apr. 1, 2024 to Sep. 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	—	—	—	—	(321,809)	(321,809)	(321,809)
Other comprehensive income	—	—	—	2,452	—	2,452	2,452
Total comprehensive income	—	—	—	2,452	(321,809)	(319,357)	(319,357)
Share-based compensation transactions	—	6,143	—	—	—	6,143	6,143
Issuance of share acquisition rights	—	—	—	2,359	—	2,359	2,359
Dividends	—	—	—	—	(395,782)	(395,782)	(395,782)
Transfer to retained earnings	—	—	—	(39)	39	—	—
Total transactions with owners	—	6,143	—	2,319	(395,742)	(387,279)	(387,279)
Balance on September 30, 2024	1,057,867	399,213	(698,155)	165,757	4,303,389	5,228,073	5,228,073

(5) Summary of Half Year Consolidated Statements of Cash Flows

[unit: thousand yen]

	1H FY2024 (Apr. 1, 2023 to Sep. 30, 2023)	1H FY2025 (Apr. 1, 2024 to Sep. 30, 2024)
Cash flows from operating activities		
Profit (loss) before income taxes	(562,874)	(464,774)
Depreciation and amortization	252,851	309,192
Finance income	(20)	(22,517)
Finance costs	11,788	7,605
(Increase) decrease in inventories	24,478	(126,480)
(Increase) decrease in trade and other receivables	284,939	976,265
Increase (decrease) in trade and other payables	(253,941)	(428,989)
Other	611,712	(247,740)
Subtotal	368,934	2,561
Interest and dividends received	20	273
Interest paid	(5,038)	(6,121)
Income taxes paid	(151,911)	(417)
Income taxes refund	36	114,282
Cash flows from operating activities	212,041	110,578
Cash flows from investing activities		
Purchase of property, plant and equipment	(23,668)	(48,791)
Purchase of intangible assets	—	(3,140)
Payments for investments	—	(44,565)
Proceeds from the sale of investments	—	49,324
Payments for leasehold deposits and guarantee deposits	(12,169)	(572)
Proceeds from collection of leasehold deposits and guarantee deposits	656	27,788
Other	—	(3,139)
Cash flows from investing activities	(35,181)	(23,096)
Cash flows from financing activities		
Repayments of lease liabilities	(224,603)	(250,660)
Proceeds from issuance of share acquisition rights	195	2,359
Proceeds from exercise of share acquisition rights	72,586	—
Dividends paid	(391,771)	(396,471)
Cash flows from financing activities	(543,593)	(644,772)
Net increase (decrease) in cash and cash equivalents	(366,734)	(557,290)
Cash and cash equivalents at beginning of period	4,479,967	3,776,990
Cash and cash equivalents at end of period	4,113,232	3,219,700

(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)

There is no related information.