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, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (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
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Scheduled date of annual general meeting of shareholders: June 19, 2026
Scheduled date to commence dividend payments: June 22, 2026
Scheduled date of filing annual securities report: June 18, 2026
Preparation of supplement to financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and securities analysts)

(Amounts are rounded down to million yen.)

1. Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	24,424	9.4	1,600	224.6	1,641	247.0	1,213	246.9	1,213	246.9	1,179	382.9
March 31, 2025	22,329	9.1	493	-	472	246.1	349	176.5	349	176.5	244	(11.5)

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2026	94.92	94.64	19.5	13.4	6.6
March 31, 2025	27.40	27.38	6.0	4.1	2.2

(Reference) Share of profit (loss) of investments accounted for using equity method :
Fiscal year ended March 31, 2026: – million yen   Fiscal year ended March 31, 2025: – million yen

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 Members Co., Ltd. has transitioned to consolidated accounting from the fourth quarter of the fiscal year ended March 31, 2026. Since we have prepared consolidated financial statements starting from the fiscal year ended March 31, 2026 , the figures for the fiscal year ended March 31, 2025, represent non-consolidated financial results. The same applies to the following sections: (2) Consolidated financial position , (3) Consolidated cash flows , 2. Cash dividends.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent to total assets ratio	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2026	12,771	6,640	6,640	52.0	518.05
March 31, 2025	11,778	5,808	5,808	49.3	454.95

(3) 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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2026	1,577	(180)	(976)	4,435
March 31, 2025	1,211	(49)	(923)	4,014

2. Cash dividends

	Annual dividends per share					Total dividend paid	Payout ratio (consolidated)	Ratio of total amount of dividends to equity attributable to owner of parent (consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	-	0.00	-	32.00	32.00	408	116.8	7.0
Fiscal year ended March 31, 2026	-	0.00	-	33.00	33.00	422	34.8	6.8
Fiscal year ending March 31, 2027 (Forecast)	-	0.00	-	35.00	35.00		25.8	

3. Consolidated financial forecast for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half(cumulative)	12,593	10.0	320	21.6	320	1.2	224	14.5	224	14.5	17.52
Full year	26,866	10.0	2,500	56.2	2,480	51.1	1,736	43.1	1,736	43.1	135.79

1. The above forecasts are calculated based on IFRS.
2. “Basic earnings per share” is calculated based on 12,784,542 shares, the average number of shares in FY 3/2026.
3. We transitioned to consolidated accounting starting from the fourth quarter of the fiscal year ended March 31, 2026. Consequently, we have presented the year-on-year changes for the cumulative second quarter based on a comparison with our non-consolidated results from the same period of the previous fiscal year.

*** Notes**

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

(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 (common shares)

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

As of March 31, 2026	13,423,300 shares
As of March 31, 2025	13,421,700 shares

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

As of March 31, 2026	605,257 shares
As of March 31, 2025	654,871 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2026	12,784,542 shares
Fiscal year ended March 31, 2025	12,766,846 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.)

Forward-looking statements such as earnings forecasts contained in this document 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 various factors. For the assumptions underlying the earnings forecasts and precautions regarding the use of earnings forecasts, please refer to “1. Summary of Business Results, (1) Summary of Business Results for the Current Period and (4) Future Outlook” in the attached materials.

(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 Thursday May 14, 2026.

○Contents of the Attached Materials

1. Summary of Business Results

Our Group has transitioned to consolidated financial reporting (IFRS) from the current fiscal year. The year-on-year changes for the current fiscal year's results are provided for reference, calculated based on a comparison with the previous fiscal year's non-consolidated IFRS financial statements.

(1) Summary of Business Results for the Current Period

<Management's Explanation and Analysis of Business Results>

At the 30th session of the Conference of the Parties to the UNFCCC (COP30) held in November 2025, the "Belem Political Package" was adopted, and comprehensive initiatives were decided upon, centered on accelerating mitigation, adaptation, finance, and international cooperation to achieve the 1.5-degree target.

In Japan as well, based on the "7th Strategic Energy Plan" looking toward the realization of carbon neutrality by 2050, efforts aiming for a reduction in greenhouse gas emissions of 60% by FY2035 and 73% by FY2040 compared to FY2013 are gaining momentum. 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. The vision points out the importance of balancing GX (*1) with DX, including the use of generative AI, and of developing human resources to realize GX. Companies must recognize the GX as an opportunity for growth, leverage digital technology 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 5,572.9 billion yen (actual) in FY2024 to 10,275.7 billion yen in FY2030, backed by brisk DX investment by companies. Similarly, the AI-related market is also predicted to reach 1,979.1 billion yen in FY2029 from 394.7 billion yen (actual) in FY2024. (Fuji Chimera Research Institute, Inc. 2026 Digital Transformation Market Future Outlook Market Edition, published on February 17, 2026)

On the other hand, many companies feel a shortage of human resources to promote DX, and according to the DX Trends 2025, more than 80% of Japanese companies report that they lack the quantity of human resources to promote DX. In particular, the shortage ratio of "Business Architects," who are human resources responsible for everything from the initial stage of DX initiatives to implementation and verification, is over 40%, and it can be said that demand for external professional knowledge and support services is rising further in highly specialized areas where internalization is difficult. (Information-technology Promotion Agency, Japan, DX Trends 2025, issued on July 9, 2025)

The Group has established the mission “to create a spiritually rich society through ‘MEMBERSHIP’,” and through on-site DX support for client companies, we aim to realize a spiritually rich society by transforming not only marketing, services, and products, but also the management style and way of being of companies themselves into something that “makes society a better place and is sustainable.”

By placing mission- and vision-driven management at the core, we will balance social contribution with the business development of client companies, strive to improve corporate value over the medium to long term, and accelerate further growth.

<Outline of Business>

As client companies' DX needs grow, the Group provides digital creators (hereinafter ‘DCs’), who are experts in digital technology. In response to the strong internal production demands of client companies, these DCs provide a client-accompanying support model called ‘Digital Growth Team (hereinafter ‘DGT’),’ which features hands-on, agile execution support, continuous assistance from dedicated client teams through our ‘ATAKAMO-SHAIN®’ (*2) (who are like client employees) approach, and appropriate cost performance in the planning and execution phases. Through this model, we have aimed to expand the scale of transactions per client company.

In the current fiscal year, based on the ‘Mid-term Growth Strategy,’ we accelerated the development of human resources capable of providing hands-on support for clients' DX internalization. At the same time, we set three key strategies: ‘services,’ ‘sales,’ and ‘future investment,’ and promoted the acceleration of the transition to DX on-site support positions and the establishment of field-centric All Hands Management toward establishing highly profitable and high-growth businesses in the fiscal year ending March 31, 2027.

In addition, for further expansion of DX on-site support, we implemented agile investments such as expanding AI-related services, starting AI-driven development support, and making a subsidiary of a UI/UX design company with strengths in the financial and public sectors. Through these efforts, we aimed to enhance our services and promoted the strengthening of DC expertise and the expansion of our organizational structure.

<Summary of Financial Results>

In the current fiscal year, revenue was 24,424 million yen (up 9.4% YoY), operating profit was 1,600 million yen (up 224.6% YoY), profit before tax was 1,641 million yen (up 247.0% YoY), and profit for the period was 1,213 million yen (up 246.9% YoY).

Revenue increased by 9.4% YoY, and value-added revenue (revenue from in-house resources, which is revenue less outsourcing and procurement costs), a key indicator, was 23,507 million yen, up 10.5% YoY, both setting new records. This is due to the strategic promotion of a shift to the DX domain, where higher demand is expected, focusing on UI/UX design, product/service development, data utilization support, and PMO (*3) services. As a result, the growth rate of value-added revenue in the DX domain continued to be high, up 32.6% YoY in the current fiscal year, and in the fourth quarter, the ratio of the DX domain to total value-added revenue expanded steadily to 54.2%, up 8.7pt YoY.

Operating profit for the current fiscal year was 1,600 million yen (up 224.6% YoY). Due to the improvement of the utilization rate and the steady progress of the shift to the high-value-added DX domain, profitability improved significantly, and the gross profit margin was 26.4% (up 5.5pt YoY).

On the other hand, the ratio of selling, general and administrative expenses to revenue was 19.8% (up 1.1pt YoY). This was due to investments in the future, such as securing DX talent, which is the highest priority for medium- to long-term growth, expanding the education system to accelerate the transition to DX on-site support positions, and implementing agile M&A. We believe that we have been able to set a solid path toward achieving our growth targets for the next fiscal year (ending March 31, 2027) while sufficiently absorbing these investment costs through improved profitability.

The number of DCs at the end of the current fiscal year was 2,456, a decrease of 171 from the end of the previous fiscal year. Although the number of employees decreased due to the transition to a lean organizational structure for growth and the optimization of the personnel composition by suppressing new graduate hiring, the overall utilization rate was 83.1% (up 6.6pt YoY), and the utilization rate of DCs, excluding first- and second-year new graduates, was 85.0% (down 0.4pt YoY). Due to the strengthening of the training system, the utilization rate of first-year new graduates improved significantly to 61.0% (up 32.4pt YoY), and the utilization rate of second-year new graduates remained at the same level as the previous fiscal year at 81.2% (down 1.3pt YoY). The progress in making first- and second-year new graduates into an effective workforce at an early stage allowed us to break out of the sluggish utilization rates of the past two fiscal years. While there is still room for further improvement in the utilization rate, we recognize that the business foundation for high growth has been established, and we will strive to achieve further growth in the future.

As a result of active mid-career hiring to strengthen our medium- to long-term growth foundation, the number of mid-career hires was 143 (an increase of 54 from the previous fiscal year). In addition, in anticipation of accelerating the transition to DX on-site support positions, we are continuing our policy of expanding new graduate hiring in line with business growth, and 244 new employees joined the company in April 2026.

On the other hand, the turnover rate was 12.1% (up 1.0 percentage point YoY). As the rate increased compared to the previous fiscal year, we continue to recognize this as a top management priority and will focus on retaining and securing human resources by further strengthening measures to improve engagement.

The progress and KPI results for the current fiscal year, as set forth in the "Mid-term Growth Strategy" and the key strategies for the fiscal year ended March 31, 2026, are as follows. Details of future initiatives are described in "1. Summary of Business Results, (4) Future Outlook."

1. Accelerating the transition to DX on-site support positions

As client companies' efforts toward DX internalization make significant progress, the Group has focused more on services in the "execution planning and promotion" phase of projects and promoted the following human resource development and service/sales strategies. Through these efforts, we are accelerating the transition of DCs to a position where they can provide hands-on support for DX project internalization in dedicated client teams.

1) Human resource development

We are promoting the "SINCA90" project, which aims to develop over 90% of all DCs into DX talent by the fiscal year ending March 2027. In addition to training PMO personnel and strengthening specialized skills, this project deploys programs linked to project assignments. Through these efforts, we aim to produce a large number of DX professionals who can establish a unique position and competitive advantage through hands-on support by digital specialists and continuous in-house DX assistance in dedicated client teams. Furthermore, we have fully implemented the utilization of AI across the entire company, pursuing fundamental improvements in business processes and productivity, and strongly promoted the strategic utilization of AI to establish a competitive advantage.

As a result of these initiatives, the results of key KPIs at the end of the current fiscal year were as follows.

KPI	Target for the current fiscal year (Fiscal year ended March 31, 2026)	Results for the current fiscal year (Fiscal year ended March 31, 2026)
DX talent ratio	65.0%	72.0%
Number of PMO personnel	1,000	1,482
Unit price per DC (Excluding 1st-year New Grads)	+10% YoY	+7.4%

At the end of the current fiscal year, the DX talent ratio was 72.0% and the number of PMO personnel was 1,482 (an increase of 1,124 from the end of the previous fiscal year). We achieved both the "DX human resource ratio of 65%" and "1,000 PMO personnel" targets for the end of the fiscal year ended March 31, 2026. The unit sales price per person increased by 6.5% YoY, and the unit sales price per person for DCs who were in their second year or more since joining as new graduates in the previous fiscal year increased by 7.4% YoY. We will further accelerate the transition to the DX domain and the strengthening of DX talent development to increase unit sales prices by increasing value added.

2) Service/Sales

We are promoting a strategy to design a service portfolio aimed at each of the four business domains, cross-sell services in the DX domain centered on specialized companies, and evolve services to client companies, thereby gaining high support from client companies and expanding the scale of transactions. We have worked to maximize revenue per client company and increase the number of large-scale transactions with annual revenue of 100 million yen or more as a benchmark by strengthening account management across business domains for major clients and further accelerating the expansion of the DX domain.

As a result of these initiatives, the results of key KPIs at the end of the current fiscal year were as follows.

KPI	Target for the current fiscal year (Fiscal year ended March 31, 2026)	Results for the current fiscal year (Fiscal year ended March 31, 2026)
DX revenue ratio	55.0%	54.2% (+8.7pt YoY)
Client company NPS® (*4)	+2pt YoY	(4.8)pt YoY
Number of client companies with annual revenue of 100 million yen or more	Increase (Fiscal year ended March 31, 2025 results: 55 companies)	55 companies (No change)

As a result of further progress in the transition to DX on-site support positions, the DX sales ratio in the current fiscal year expanded steadily to 54.2% (up 8.7pt YoY). Value-added revenue of the specialized companies also maintained a high growth rate at 10,959 million yen (up 54.7% YoY). Accordingly, value-added revenue per company for the top 50 DGT (Digital Growth Team) companies was 75.44 million yen, and the shift toward high value-added services for major clients progressed steadily.

Regarding the client company NPS®, although it decreased by 4.8pt YoY, it continues to maintain a high score and we maintain good relationships with clients. Backed by such support, at the end of the current fiscal year, the number of companies with annual revenue of 300 million yen or more expanded to 14 (an increase of 3 companies YoY). While the number of companies with transactions of 100 million yen or more remained flat at 55, the number of companies with transactions of 50 million yen or more but less than 100 million yen was 64 (an increase of 23 companies YoY), showing progress in building a customer base that will lead to medium- to long-term growth. We will continue to strongly promote the transition to high value-added DX on-site support positions by strengthening account management and strive to improve profitability per client company.

3) Establishing Decarbonization DX Business/Developing Decarbonization Talent

To realize the Group's mission and vision, we are promoting a strategy to support the establishment of a foundation for sustainable management of client companies by developing multiple related services and building a business foundation centered on Decarbonization DX (*5). To this end, we have strongly promoted the development of decarbonization DX talent equipped with both GX literacy and digital skills, aiming to train and produce 1,000 decarbonization DX professionals by the fiscal year ending March 2027.

In the current fiscal year, we continued to work on building a business foundation, such as establishing the Circular DX Company, strengthening collaboration with local governments, and expanding new services in the decarbonization domain. As a result of promoting these measures, value-added revenue of the Decarbonization DX business achieved high growth, increasing by 48.5% YoY. To achieve our next target of producing 1,000 decarbonization DX professionals, we are continuing to promote organizational development to elevate this business into a new growth pillar for our group, aiming to build a foundation for medium- to long-term growth.

4) Establishing All-Hands Management/Investing in Human Capital

Our group is establishing a site-centric, All-Hands Management style, pursuing a culture of challenge and employee well-being. We have set the employee engagement score as a key indicator to measure the degree to which All-Hands Management has been established. In the current fiscal year, the employee engagement score has steadily improved from the fiscal year ended March 31, 2025, achieving the initial target (an increase of 0.11pt from the previous fiscal year).

Moreover, we recognize that corporate digital investment will accelerate further due to the evolution of digital technology, global decarbonization efforts, and the impact of Japan's declining population, while the shortage of IT/digital talent will become even more severe. In this environment, our group will continue to focus on expanding our human capital, such as improving the skills of our DCs—the source of value creation for our clients—through investments in specialized skill training and other human resource initiatives.

Regarding the number of new graduate hires, 244 joined in April 2026, compared to 87 in April 2025. Following steady progress in improving our earnings base and transitioning to DX on-site support positions, we plan to expand the scale of recruitment in line with our growth rate from the fiscal year ending March 31, 2027 onwards. In addition, based on our "Creator’s Value 1.6" guideline to increase annual income by 1.6 times by 2030, we implemented a base salary increase in April 2026.

We will continue to deepen All-Hands Management by strengthening investment in human capital and strongly promoting a "virtuous cycle of productivity improvement and increased compensation," aiming to improve the employee retention rate and further enhance employee engagement.

(*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) "ATAKAMO-SHAIN" is our registered trademark. "ATAKAMO-SHAIN" (Registered trademark No. 6923667).

(*3) 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.

(*4) 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 a client company's overall satisfaction and loyalty to its services. NPS® is a registered trademark of Bain & Company, Fred Reichheld, and Satmetrics Systems (now NICE Systems, Inc.).

(*5) Decarbonization DX: Refers to the realization of a "decoupling model" in which economic growth continues while reducing GHG (Greenhouse Gas = carbon dioxide, methane, and other greenhouse gases) emissions 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 stood at 12,771 million yen (an increase of 993 million yen from the previous fiscal year-end). This was mainly due to increases of 511 million yen in trade and other receivables, 420 million yen in cash and cash equivalents, and 135 million yen in goodwill, but offset by a decrease of 190 million yen in right-of-use assets.

Total liabilities stood at 6,131 million yen (an increase of 161 million yen from the previous fiscal year-end). This was mainly due to increases of 212 million yen in income taxes payable and 150 million yen in other current liabilities, but offset by a decrease of 197 million yen in lease liabilities.

Total equity stood at 6,640 million yen (an increase of 832 million yen from the previous fiscal year-end). This was mainly due to an increase of 815 million yen in retained earnings.

(3) Summary of Cash Flows for the Current Period

Cash and cash equivalents (hereinafter, "funds") at the end of the current fiscal year increased by 420 million yen from the previous fiscal year-end to 4,435 million yen. The status of each cash flow and its factors during the current fiscal year are as follows.

(Cash Flows from Operating Activities)

Funds provided from operating activities in the current fiscal year were 1,577 million yen (compared to 1,211 million yen provided in the same period of the previous year). The main inflows were profit before tax of 1,641 million yen, depreciation and amortization expenses of 605 million yen, and other inflows of 171 million yen. The main outflows were an increase of 468 million yen in trade and other receivables and 307 million yen in income taxes paid.

(Cash Flows from Investing Activities)

Funds used in investing activities in the current fiscal year were 180 million yen (compared to 49 million yen used in the same period of the previous year). The main inflow was 48 million yen from the sale of investments. The main outflows were 139 million yen for the acquisition of subsidiaries, 40 million yen for the purchase of investments, and 32 million yen for the acquisition of property, plant and equipment.

(Cash Flows from Financing Activities)

Funds used in financing activities in the current fiscal year were 976 million yen (compared to 923 million yen used in the same period of the previous year). The main outflows were 570 million yen in repayment of lease liabilities and 408 million yen in dividends paid.

The following are the trends in the Group's cash flow-related indicators.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Ratio of equity attributable to owners of parent (%)	56.7	56.3	51.5	49.3	52.0
Ratio of equity attributable to owners of parent based on market value (%)	404.4	152.0	99.7	122.2	105.1
Interest-bearing liabilities to cash flow ratio (years)	0.36	0.47	1.22	0.78	0.47
Interest coverage ratio (times)	352.8	173.2	57.8	96.7	138.0

Ratio of equity attributable to owners of parent : Equity attributable to owners of parent / Total assets

Ratio of equity attributable to owners of parent on a market value basis: Market capitalization / Total assets

Interest-bearing liabilities to cash flow ratio: Interest-bearing liabilities / Cash flow

Interest coverage ratio : Cash flow / Interest payments

(Note) 1. All indicators, except for the fiscal year ended March 31, 2025, are calculated based on consolidated financial statement figures. For the fiscal year ended March 31, 2025, as the Company had no consolidated subsidiaries and did not prepare consolidated financial statements, non-consolidated cash flow-related indicators are provided.
2. Market capitalization is calculated by multiplying the closing stock price at the end of the period by the number of issued shares at the end of the period (after deducting treasury shares).
3. Interest-bearing liabilities covers all liabilities for which interest is paid among the liabilities recorded in the consolidated statement of financial position.
4. For cash flow and interest payments, "Cash flows from operating activities" and "Interest payments" recorded in the consolidated statement of cash flows are used.

(4) Future Outlook

Since our founding in 1995, the Group has placed "MEMBERSHIP," which is also the origin of its company name, at the core of its management. This means supporting the realization of a society where companies and consumers co-create value through a membership relationship, and being a group of "All Hands Management" where each and every employee participates in management with a sense of ownership. Furthermore, under the management guideline "Cho-Kaisha" (A Triple Bottom Line (TBL) Company) born in the process of overcoming the management crisis around 2008, the Group aims to simultaneously realize the three goals of "contribution to society," "happiness of employees," and "development of the company" without compromising on any of them. In today's increasingly divided society, we believe that the Group's unwavering mission is to further deepen the bond of trust called MEMBERSHIP and build a future where companies, consumers, employees, and society as a whole are connected by trust to create value together.

Against the backdrop of this philosophy, the Group has currently identified four items as materialities to be addressed with priority: "rapid climate change," "declining labor population," "crisis of social division," and "extraordinary evolution of AI and digital technology." We recognize that the Group's raison d'etre is to find clues to solving these massive social issues by making good use of the power of digital technology and to lead the transformation toward a sustainable society.

Based on these considerations, the Group has formulated a new long-term vision, "FUTURE VISION," targeting 2035. The vision statement is "Digital for Hope. Unleashing the creativity of digital creators to turn climate change into green growth and population decline into individual wealth." This reflects the Group's strong determination to utilize digital technology for the hope and happiness of people, based on the concern that digital technology is merely a means and that if its purpose is lost, it could encourage disparity, division, and environmental destruction.

Rather than fearing rapidly evolving AI, the Group will master it as a means to expand individual capabilities and strive to maximize the value added created by digital creators. Through these initiatives, we will transform the global challenge of the climate crisis into "green growth" that encourages the transition to a decarbonized and circular economy. In addition, we will sublimate the social structural change of a serious decline in the working population into "richness for each individual" through the power of digital technology, and by creating high added value even as working hours decrease, we will implement ways of working in society that allow for the pursuit of self-actualization.

We recognize that AI technology has moved beyond the demonstration stage into the implementation phase, and that we are entering an era where AI and humans work side-by-side to create value. In this environment, client companies are mastering dramatically evolving AI across their entire value chains and accelerating "internalization" to transform themselves into digital companies. On the other hand, they are facing a serious shortage of human resources in all processes from strategy and planning to execution, and they face the challenge that internalization reforms cannot proceed through outsourcing alone.

Against this backdrop, the Group will leverage its foundation as an autonomous decentralized organization where people gather and grow, combining the "power of trust," the "power of design x CSV," and the "power to give shape to AI and technology" to accompany client companies on-site as "ATAKAMO-SHAIN®." Rather than delivering deliverables as an external vendor, we will work through the internalization process together through long-term accompaniment by dedicated client teams, supporting the development of the clients' own digital human resources and the establishment of internal organizations. As a "Digital Implementation Partner that gives 'shape' to the ideal state of business and society through 'Imagine it. Make it. Human Power'," we intend to embody the "A Triple Bottom Line (TBL) Company" model that simultaneously achieves "contribution to society," "happiness of employees," and "development of the company," and lead the transformation toward a sustainable society.

Based on these medium- to long-term perspectives, in the current business environment, as DX for society and companies progresses further and digital investment expands at an accelerating pace, we recognize that the establishment of services and business models by DX talent with high-level specialized skills, as well as the organizational transformation of companies to achieve this, are top priority issues. In addition, in response to global trends against the backdrop of climate change issues, we believe that a transition to CSV (*1) management, which simultaneously achieves profit creation and the resolution of social issues, is essential for all companies.

The shortage of specialized human resources to lead such transformations is becoming even more serious, and in the change in labor supply and demand accompanying the rapid spread of generative AI, it is predicted that there will be a serious supply-demand gap in Japan, with a shortage of 3.39 million "human resources responsible for the utilization of AI, robots, etc." in 2040 (Source: Ministry of Economy, Trade and Industry "Estimation of Employment Structure in 2040 (Revised Version)" (published in March 2026)). Even at present, the shortage of DX talent, especially "business architects" who translate strategy into operational levels, is a major challenge for many companies, and a shortage of specialized human resources in the future is considered certain. In such an environment, we recognize that continuing to recruit and train AI utilization talent in-house will build a system that can respond immediately to AI implementation needs, and will ultimately become a firm advantage supporting the sustainable growth of the Group.

Against the backdrop of this business environment and client needs, in the fiscal year ending March 31, 2027, the final year of the "Mid-term Growth Strategy," we will aim to establish field-centric All Hands Management while even more boldly accelerating the establishment of highly profitable and high-growth businesses and the transition to DX on-site support positions, which are the results of our three key strategies: human resource development, services/sales, and future investment.

The major strategies, KPIs, and future outlook are as follows.
1. Completion of the transition to DX on-site support positions

As client companies' efforts toward DX internalization accelerate, the Group is further strengthening its services in the "execution planning and promotion" phase of projects. By promoting the human resource development and service/sales strategies listed below, we will aim to steadily establish a system in which DCs provide accompaniment support for the internalization of DX projects as dedicated client teams, and to complete the transition to DX on-site support positions.

1) Human resource development

Centering on the "SINCA90" project, we will strongly promote personnel rotation and development plans in line with the planned withdrawal from low-unit-price and low-growth projects. By deploying practical programs that assume project assignments in addition to the acquisition of specialized skills, we will shorten the lead time from development to on-site assignment and accelerate the transition to a 90% DX human resource ratio. At the same time, through the strategic utilization of AI and the fostering of a learning culture, we aim for a utilization rate of 85% as of the end of the fiscal year ending March 31, 2027, for DCs excluding first- and second-year new graduates.

KPI	Target for the fiscal year ending March 31, 2027
DX talent ratio (ratio to the entire company)	90%
Utilization rate of DCs, excluding 1st- and 2nd-year new graduates (at the end of the period)	85%

2) Service/Sales

We will boldly promote the transition to high-value-added DX on-site support positions by accelerating the construction of a high-growth service portfolio in four business domains through the active establishment of new specialized companies, as well as the cross-selling of services in the DX domain centered on each company. In addition, we will strive for a net increase in the number of large-scale transactions with annual revenue of 300 million yen or more as a benchmark by improving brand business awareness and further strengthening ABM (Account Based Marketing) (*2) type account management to maximize the value provided per client company.

Through these efforts, we will pursue customer success that leads to the successful business transformation of our clients, and achieve both high customer support and high unit prices and high growth.

KPI	Target for the fiscal year ending March 31, 2027
DX revenue ratio (ratio to total value-added revenue)	70%
Number of new companies established	+5 companies
Unit price per DC with two or more years of experience in the previous fiscal year	+10% YoY
Number of client companies with annual revenue of 300 million yen or more	+5 companies YoY
Client company NPS®	+2pt YoY
Brand business awareness	+1.4% YoY

3) Investment for the future

To realize the mission and vision of the Group, we will continue to invest in the decarbonization DX and circular DX domains and establish high-value-added services that link environmental value to market creation, thereby supporting the establishment of a foundation for sustainable management for client companies. In terms of human resources, we will promote the development of decarbonization DX talent equipped with both GX literacy and digital skills, and strengthen our highly specialized accompanying support system.

In human capital management, we will establish the ideal state of DCs in the AI era and account management in DX on-site support, realizing a virtuous cycle of employee happiness, company development, and contribution to society. Along with strengthening the mechanism to appropriately reflect productivity improvements in compensation, we will strive to further improve employee engagement and the turnover rate by fostering an organizational culture that values challenges.

KPI	Target for the fiscal year ending March 31, 2027
Employee engagement score	+0.2pt YoY
Turnover rate	(1.0)pt YoY

By steadily executing these policies and initiatives, the consolidated earnings forecast for the fiscal year ending March 31, 2027, is expected to be revenue of 26,866 million yen (up 10.0% YoY), operating profit of 2,500 million yen (up 56.2% YoY), profit before tax of 2,480 million yen (up 51.1% YoY), and profit for the period of 1,736 million yen (up 43.1% YoY).

On the other hand, toward the recovery of profitability and the transition to a high-growth business model as set forth in the "Mid-term Growth Strategy," we will raise the growth rate by more boldly accelerating the position transition, aiming to achieve a value-added revenue growth rate of 15% and an operating profit margin 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 companies by simultaneously realizing the resolution of social issues and corporate profits and improved competitiveness. A concept proposed in a paper contributed by Professor Michael Porter of Harvard University, known as the world's leading authority on corporate competitive strategy theory, to the January/February 2011 combined issue of the Harvard Business Review (the Japanese version is the June 2011 issue of "DIAMOND Harvard Business Review" published by Diamond, Inc.).

(*2) ABM (Account Based Marketing): A marketing and sales method that aims to improve customer satisfaction and deepen business relationships by taking a strategic individual approach to specific target companies (accounts).

(5) Basic policy on profit distribution and dividends for the current and next fiscal years

From the perspective of enhancing profit returns to shareholders and further improving corporate value, the Group's basic policy is to maintain internal reserves to prepare for new business investments and business expansion for long-term profit growth, while distributing results in line with the growth of business results and continuously increasing dividend amounts, with a medium-term target for the dividend on equity (DOE) of around 5%. For the fiscal year ended March 31, 2026, we plan to pay a year-end dividend of 33.00 yen per share (an increase of 1.00 yen from the previous fiscal year).

The year-end dividend for the fiscal year ending March 31, 2027 is planned to be 35.00 yen (an increase of 2.00 yen from the fiscal year ended March 31, 2026), taking into account DOE and the dividend payout ratio comprehensively.

(6) Business Risks

Among the matters related to the business and accounting conditions of the Group, the following are the main items that may have a significant impact on investor judgment. Forward-looking statements in this section are based on the Group's judgment as of the date of the announcement of the financial results, unless otherwise noted. Since these statements involve inherent uncertainties, actual results may differ.

1) Environment surrounding the Group's business

The Group's strengths lie in providing high-value-added services such as Web operations, consulting, planning, and project management in digital business, as well as incidental operations in Internet advertising agencies. However, because the DX domain and Internet-related industries have low barriers to entry and rapid technological progress, the Group's strengths may disappear due to future new entries or the emergence of new technologies and services, which could lead to a reduction in the scale of the Group's main operations or intensified price competition.

In addition, the advertising market in general tends to be easily affected by economic trends. Although Internet advertising is a growth market compared to other forms of advertising, its growth rate may slow down due to economic trends. Therefore, fluctuations in the Japanese economy may affect the Group's operating results.

2) Expansion of AI, etc.

The utilization of AI technology, including generative AI, in business is progressing at an accelerating pace throughout society. Large-scale Web operations, which were the Group's existing mainstay business, have already been significantly affected by the progress of automation through AI. We recognize that the automation of simple tasks in the business domain will continue to progress, and the risk of existing business models being replaced will persist.

In order to respond to such technological innovations, the Group is striving to improve skills by monitoring technological trends, collecting information, educating digital creators, and acquiring new technologies. Furthermore, to address legal and ethical risks associated with the use of AI, we have established and published the AI Ethics Basic Policy and AI Usage Guidelines. In accordance with this basic policy, we pay close attention to employee education, the development of management systems, the appropriate handling of information, and the protection of intellectual property rights. However, if technological innovation related to AI progresses rapidly beyond the Group's expectations, such as the emergence of innovative new technologies or alternative technologies, the strengths of the Group's services may disappear, potentially affecting operating results.

3) Performance trends associated with new businesses, etc.

The Group has been actively developing new businesses, but not all new businesses have necessarily achieved results as planned. The Group intends to continue actively developing new businesses while focusing on operations in the DX domain to prevent its business content from becoming obsolete. However, after the launch of a new business, there is a possibility that it may no longer align with social needs. In such cases, it may become difficult to recover the investment amount, which could affect the Group's operating results and financial position.

4) Seasonality of revenue and profit recognition

Although there is an improving trend due to changes in the sales composition ratio, such as the expansion of the DX domain, the Group's revenue tends to increase in September and March, at the end of the second quarter and the end of the fiscal year, as deliveries concentrate during these periods due to the impact of order-based operations such as website production and advertising agency services commissioned by client companies. In addition, for the purpose of securing excellent digital creators, the Group systematically recruits and trains a large number of new graduates, which tends to lead to a prior increase in selling, general and administrative expenses at the beginning of the fiscal period. As the utilization rate increases with the improvement of the skills and productivity of new graduate employees and orders increase toward the end of the period, profit tends to increase toward the end of the fiscal year.

The status of performance fluctuations for the previous fiscal year and the current consolidated fiscal year is as follows.

	Previous fiscal year (April 1, 2024 to March 31, 2025)	
	Second quarter cumulative (consolidated)	Full year (non-consolidated)
Revenue (thousand yen) (Composition ratio)	10,384,424 (46.5%)	22,329,565 (100%)
Operating profit (loss) (thousand yen) (Composition ratio)	(479,686) (-)	493,142 (100%)
Profit (loss) (thousand yen) (Composition ratio)	(321,809) (-)	349,824 (100%)

	Current fiscal year (April 1, 2025 to March 31, 2026)	
	Second quarter cumulative (non-consolidated)	Full year (consolidated)
Revenue (thousand yen) (Composition ratio)	11,448,888 (46.9%)	24,424,741 (100%)
Operating profit (thousand yen) (Composition ratio)	263,166 (16.4%)	1,600,630 (100%)
Profit (thousand yen) (Composition ratio)	195,562 (16.1%)	1,213,510 (100%)

(Note) The Group transitioned to non-consolidated accounting (IFRS) in the previous fiscal year and transitioned to consolidated accounting (IFRS) from the current consolidated fiscal year. Since the impact of the transition is minor and there are no substantial changes in the business structure, each numerical value for comparison is provided as reference information.

5) Transaction practices in the advertising industry

As a transaction practice in the advertising industry, advertising companies conduct transactions with media companies and others in their own name and on their own responsibility, and this remains unchanged in the Internet advertising industry. Therefore, even if an advertiser becomes unable to pay advertising fees due to bankruptcy or other reasons, the Group remains obligated to pay advertising fees to media companies and others, thereby bearing the credit risk of the advertiser. While the Group normally transacts with blue-chip companies with a certain level of creditworthiness to minimize such credit risk, the risk still remains.

Furthermore, as a transaction practice in the advertising industry, it can be said that contracts related to advertising transactions, including Internet advertising, are generally rarely exchanged in the form of contracts or other written documents. This is because there is a high need in advertising transactions to respond quickly and flexibly to the conclusion and modification of contracts based on the relationship of trust between the parties involved. On the other hand, there is a risk that discrepancies may arise regarding the matters agreed upon by the parties, leading to disputes. To avoid this risk as much as possible, the Group makes efforts to keep records of contract details in writing, such as by requesting client companies to submit purchase orders when conducting advertising transactions. However, some client companies may not comply with the request to submit purchase orders. Therefore, disputes may arise regarding the establishment or content of advertising transaction contracts that have not been documented, which could affect the Group's operating results.

6) Utilization of outsourcing

The Group selects specific partner companies for each specialized business field and provides services through mutual cooperation. In such cases, if an unforeseen event occurs at a partner company or if the cost of placing orders with partner companies rises due to market tightening or other factors, it could affect the Group's business and operating results.

In addition, the Group carefully selects partner companies by taking into account their business performance, reputation in the industry, and previous business relationships with the Group. Furthermore, even after selecting partner companies, the Group strictly supervises their business operations and conducts inspections of their deliverables and evaluations of their quality levels. However, it cannot be said that there is no possibility of hidden defects in the deliverables provided by partner companies. If a client company of the Group suffers damage due to such defects, the Group's business results may be affected by claims for damages or other pursuits of responsibility against the Group, or by the loss of the Group's social credibility.

7) System troubles

Since the Group's operations depend on computer systems and involve transactions with client companies via the Internet, the Group has taken measures such as installing almost all servers in data centers and emphasizing system maintenance and security when selecting offices. However, if computer systems stop or Internet connections become impossible due to system failures exceeding expectations, natural disasters, cyberattacks such as ransomware that have become more sophisticated and complex in recent years, or terrorism, there is a risk that the Group's business execution may be hindered. If such risks materialize, the Group's business results may be affected by the occurrence of opportunity losses, refunds of payments, payments of damages, and loss of social credibility.

8) Information security and protection of personal information

The Group believes that appropriately protecting the confidential information and personal information of client companies by ensuring information security and preventing risks such as system failures, information leaks, disclosure, and tampering caused by system defects, computer viruses, and unauthorized access is the foundation of client companies' trust in the Group and is the most important management issue. Therefore, the Group has obtained the PrivacyMark, for which the JIPDEC (Japan Institute for Promotion of Digital Economy and Community) grants eligibility, and the Information Security Management System "ISO/IEC 27001 (JIS Q 27001)," and has established and operates an information security system by continuously performing appropriate information management based on these management methods. However, even with these measures in place, the information security system is not perfect. If these problems occur due to some factor, there is a possibility that leakage, tampering, or unauthorized use of confidential information or personal information of client companies may occur. In such a case, the Group's business results may be affected by claims for damages or other pursuits of responsibility against the Group, or by the loss of the Group's social credibility.

9) Legal regulations

i. Regulations on Internet advertising

At present, there are no direct legal regulations or self-regulations in the Internet advertising industry that would hinder the Group's business. However, while Internet transactions are becoming widespread, if social conditions change significantly, such as the frequent occurrence of crimes misusing Internet advertising, legal regulations related to the Internet advertising business or self-regulations in the Internet advertising industry may be strengthened. Although it is difficult to predict the content of such regulations at this point, depending on the content, it may have a significant impact on the Group's business development.

In addition, laws that regulate advertisers include the Act against Unjustifiable Premiums and Misleading Representations and the Act on Specified Commercial Transactions. Even if an advertiser violates these laws, it does not immediately mean that the advertising transactions of the advertising agency business become illegal. However, there is a risk that the Group's actions as an advertising agency may be subject to claims for damages as promoting the illegal acts of the advertiser, or that the Group's social reputation may be lost. The Group's basic policy is to conduct advertising transactions only with advertisers with a certain level of creditworthiness and not to conduct advertising transactions related to the adult entertainment business. The Group takes preventive measures to avoid involvement in the posting of illegal advertisements, but it cannot be said that there is no room for the above risks to materialize.

Furthermore, as mentioned above, the Group cooperates with subcontractors and others in providing services. If the Group selects small-scale businesses as subcontractors and conducts transactions with them, and if the Group abuses its relatively superior bargaining position to delay payments, there is a risk that the Group may be recommended to correct the situation or be required to take measures for restoration to the original state by the Fair Trade Commission as a violation of the Act on the Promotion of Proper Transactions with Small and Medium-sized Subcontractors. To date, there have been no instances of such risks materializing in the Group, and the Group manages contracts to prevent them from materializing, but it cannot be said that such risks are completely non-existent.

ii. Regulations on dispatch services

The temporary staffing business provided by the Group is offered as a general worker dispatching undertaking with the permission of the Minister of Health, Labour and Welfare, based on the "Act on Securing, Etc. of the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers" (Worker Dispatching Act).

The Worker Dispatching Act stipulates that the Minister of Health, Labour and Welfare may order the revocation of business permission or the suspension of business operations if the Group falls under the grounds for disqualification as a general worker dispatching business operator (Article 6 of the Worker Dispatching Act) or the grounds for revocation of said business permission (Article 14 of the same Act) in order to ensure the proper operation of worker dispatching undertakings.

As far as we are aware at this point, there are no facts that would cause the Group to fall under the grounds for disqualification or revocation stipulated in these laws and regulations. However, if revocation of permission or other such events were to occur in the future for any reason, it could cause significant disruption to the Group's service operations and have a major impact on its business results and financial position.

10) Intellectual property rights

The Group conducts business such as system development and website production in a manner that does not infringe on the intellectual property rights of third parties, such as patent rights and copyrights. However, it is impossible to strictly investigate the presence or absence of infringement of patent rights, etc., for all of the Group's developments and productions, and there is no guarantee that such developments and productions do not infringe on the intellectual property rights of third parties. In the event that the Group infringes on the intellectual property rights of a third party, there is a possibility that the Group's business results could be affected by claims for injunction against the use of said developments and productions, claims for damages, claims for payment of licensing fees, etc.

11) Changes in new accounting systems, tax systems, etc.

The Group has established a tax policy, calculates tax amounts in accordance with Japan's accounting system and tax laws, and pays taxes in an appropriate manner.

However, the introduction of or changes to unexpected accounting standards or tax systems may affect the Group's business results and financial position. In addition, due to revisions to the tax system, etc., or differences in views with tax authorities in tax returns, the Group may incur a tax burden that is higher than expected.

12) Risk of impairment loss on goodwill

The Group also conducts M&A as necessary to accelerate business growth. As a result, we have goodwill.

We perform impairment tests on goodwill at least once a year, or more frequently if there are signs of impairment. If, as a result of such tests, these assets do not generate sufficient future cash flows, it will be necessary to recognize an impairment loss. If a large impairment loss is recognized, it could have a major impact on the Group's financial position and business results.

13) Securing, developing, and labor of human resources

In order for the Group to continue and expand the provision of high-value-added services in the DX domain and the Internet industry, where barriers to entry are low and the speed of technological progress is fast, securing and developing human resources with high levels of specialized knowledge and abilities is the most important issue. However, since the DX domain and the Internet industry are relatively new and rapidly growing industries, the base of human resources is narrow, and it has become difficult to recruit excellent human resources due to the recent increase in demand for engineers, mainly in the DX domain.

The Group is working to recruit and train new graduates, hire talented mid-career professionals, and curb the employee turnover rate, while also recruiting at regional bases and hiring globally. However, the Group's business results may be affected if it is difficult to secure human resources due to the further acceleration of the population decline and the declining birthrate and aging population in Japan, if the securing of mid-career hires or the development of new graduates into a productive workforce is delayed relative to the speed of business expansion, or if the turnover rate of hired and trained employees is high.

In addition, the Group is developing internal management systems and educational systems as appropriate, such as by establishing and operating various regulations. Regarding the development and operation of appropriate internal control systems, we are striving to ensure thoroughness in accordance with the status of business development, and are working to prevent illegal acts and ensure compliance by developing an internal reporting system and establishing a Risk and Compliance Committee. However, regardless of any fault on the part of the Group or its officers and employees, unexpected trouble may occur between officers and employees, which could affect the Group's business results.

14) Training of management personnel accompanying the expansion of human capital

Since the Group's business model is primarily based on labor-intensive professional services provided by digital talent, we have hired many people and expanded our human capital, which is the growth driver of the Group.

In order to further improve corporate value and enhance organizational strength, we recognize that the training of management personnel, in addition to the training of hired personnel, is an important issue. If the training of management personnel does not proceed smoothly, or if there is an excessive outflow of existing management personnel, it could have a significant impact on the Group's business operations and affect its business results.

In order to improve the value of human capital, we believe it is essential to maximize not only human capital but also the environment in which human resources are placed, namely, organizational capital. The Group strives to train, recruit, and retain management personnel based on the human capital story disclosed in its Annual Securities Report.

15) Dividend policy

From the perspective of enhancing profit returns to shareholders and further improving corporate value, the Group's basic policy is to maintain internal reserves to prepare for new business investments and business expansion for long-term profit growth, while also distributing results and continuously increasing dividend amounts in line with the growth of business results. In the medium term, we target a dividend on equity (DOE) of around 5%. However, depending on future business results, financial position, etc., it may become difficult to return profits to shareholders through dividends, etc.

16) Share acquisition rights

The Group issues share acquisition rights for purposes such as increasing the morale of officers and employees toward long-term improvement of corporate value. If share acquisition rights currently issued or to be issued in the future are exercised, the total number of issued shares will increase, and the share value per share may be diluted, which could affect share price formation.

17) Natural disasters, etc.

As mentioned above, the Group takes measures against disasters and accidents in the installation of server data centers and office selection. Even in the event of a global pandemic of infectious diseases, large-scale disasters such as earthquakes and floods, criminal acts such as terrorism, or situations where business execution is hindered by information system malfunctions, etc., we are expanding telework and work-from-home systems and developing business continuity plans (BCP) to minimize the impact.

However, if a natural disaster, etc. exceeding expectations occurs, there is a possibility of significant losses, including damage to offices, equipment, and personnel, and all or part of the Group's business may be suspended temporarily or over the medium to long term, which could affect the Group's business results.

In addition, if sufficient power supply cannot be obtained due to power outages, power restrictions, or planned power outages caused by disasters, the Group's business activities and service provision may stop, which could have a significant impact on the Group's business results, etc.

Furthermore, even if our Group is not directly affected, a slowdown in the global economy caused by natural disasters, etc., damage to client companies or partner companies, a decline in personal consumption due to disasters, etc., or companies refraining from advertising may lead to a reduction in corporate advertising and sales promotion expenses, which could affect our Group's operating results.

18) Risks related to climate change

Our Group has declared its commitment to addressing and solving the social issue of "environmental changes due to global warming and climate change," which can be said to have been brought about by traditional marketing activities. In addition, our Group expressed its support for the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2021 and joined the TCFD Consortium. In accordance with the TCFD recommendations, we conduct scenario analysis to identify risks and opportunities for our business posed by climate change, and we are striving to strengthen our risk identification, analysis, and management, as well as to ensure appropriate disclosure of such information.

As a result of qualitative evaluation through scenario analysis, the risks identified as having the potential to cause moderate to severe damage to our business execution, financial position, and operating results due to climate change are as follows:

<New regulatory risks> Increased response costs due to the strengthening of energy conservation policies, etc., and increased direct costs due to the introduction of carbon taxes, etc.
<Market risks> (1) Uncertainty in electricity procurement / (2) Soaring prices of environmental value certificates

for electricity. Increased costs for electricity procurement and certificate procurement, and the risk of lost orders due to delays in responding to decarbonization requests across the entire supply chain of client companies.
<Acute physical risks> Increased business execution and costs due to the increased severity and frequency of extreme weather events such as typhoons and floods.
<Chronic physical risks> Increased costs such as air conditioning expenses due to tight electricity demand caused by an increase in extremely hot days, and the impact on business execution due to rising sea levels.
<Other risks> Impact of economic downturn caused by competition for water, food, and energy resources, geopolitical conflicts, etc.

As mentioned above, our Group is working to identify and evaluate risks and expand information disclosure, and is striving to respond to them. However, if policies, laws, and regulations in various countries regarding climate change, etc., become stricter than predicted, or if climate change progresses more than expected, it could further affect our Group's financial position and operating results. In particular, if our Group's response to the tightening of sustainability standards by major clients is judged to be insufficient, there is a risk that it may hinder the maintenance of business relationships.

*For information disclosure based on TCFD, details are provided separately on the following website.
<https://www.members.co.jp/sustainability/tcfd/>

19) Risks related to large-scale projects

Our Group may receive orders for projects such as large-scale system development in transactions with client companies, and our Group recognizes that high project management skills and their reinforcement are essential for large-scale projects. However, in addition to the current shortage of project managers capable of handling large-scale projects in the market in general, deviations from initial estimates including gaps in perception regarding man-hours and specifications with client companies, the occurrence of additional costs due to such differences, the occurrence of unforeseen troubles, and changes in delivery dates due to various factors including specification changes may occur. These factors have a greater impact on revenue and profit for the period compared to small and medium-sized projects, and at the same time, significant opportunity losses may occur due to the addition of personnel, etc., which could affect our Group's financial position and operating results.

To address such risks, our Group has taken measures such as strengthening check functions by implementing multiple audit systems at the estimation stage before receiving orders, checking man-hours, etc., in a specialized audit department, transitioning to agile development, and setting short-term delivery dates instead of accepting orders for projects with long-term delivery dates.

In addition, when accepting orders for certain large-scale projects that are highly likely to affect business performance and financial status, we strive to reduce risks by monitoring them at the Group Management Council.

20) Risk of fluctuations in major clients

The Group has major clients in each business, but at present, there are no clients whose revenue exceeds 10%. However, if transactions with major clients are terminated or significantly reduced for some reason, such as changes in economic conditions, changes in the business policies of clients, or changes in plans for digital investment, it may affect the financial position and operating results of the Group.

In order to maintain relationships with major clients, the Group strives to improve the value provided by understanding customer needs, monitoring technological trends, collecting information, educating digital talent, and acquiring new technologies. In addition, we strive to maintain trust with client companies through regular customer satisfaction surveys, while at the same time striving to expand our customer base by developing new clients.

2. Status of the Corporate Group

The Group (the Company and its affiliates) primarily operates the DX accompanying support service business and is composed of 11 departments within the Company, 21 internal companies belonging to these departments, and one consolidated subsidiary. (As of May 14, 2026)

The Group is strongly promoting the transition to high value-added "DX on-site support positions." In the four business domains of "Production/UI/UX," "Digital Marketing," "Digital Service Development," and "Data," we have established a sophisticated service delivery system through specialized companies and are working to strengthen cross-selling across domains. Going forward, we will increase the growth rate by boldly accelerating this position transition, aiming to achieve a value-added revenue growth rate of 15% and an operating profit margin of 10% in the fiscal year ending March 31, 2027.

・DX accompanying support service business

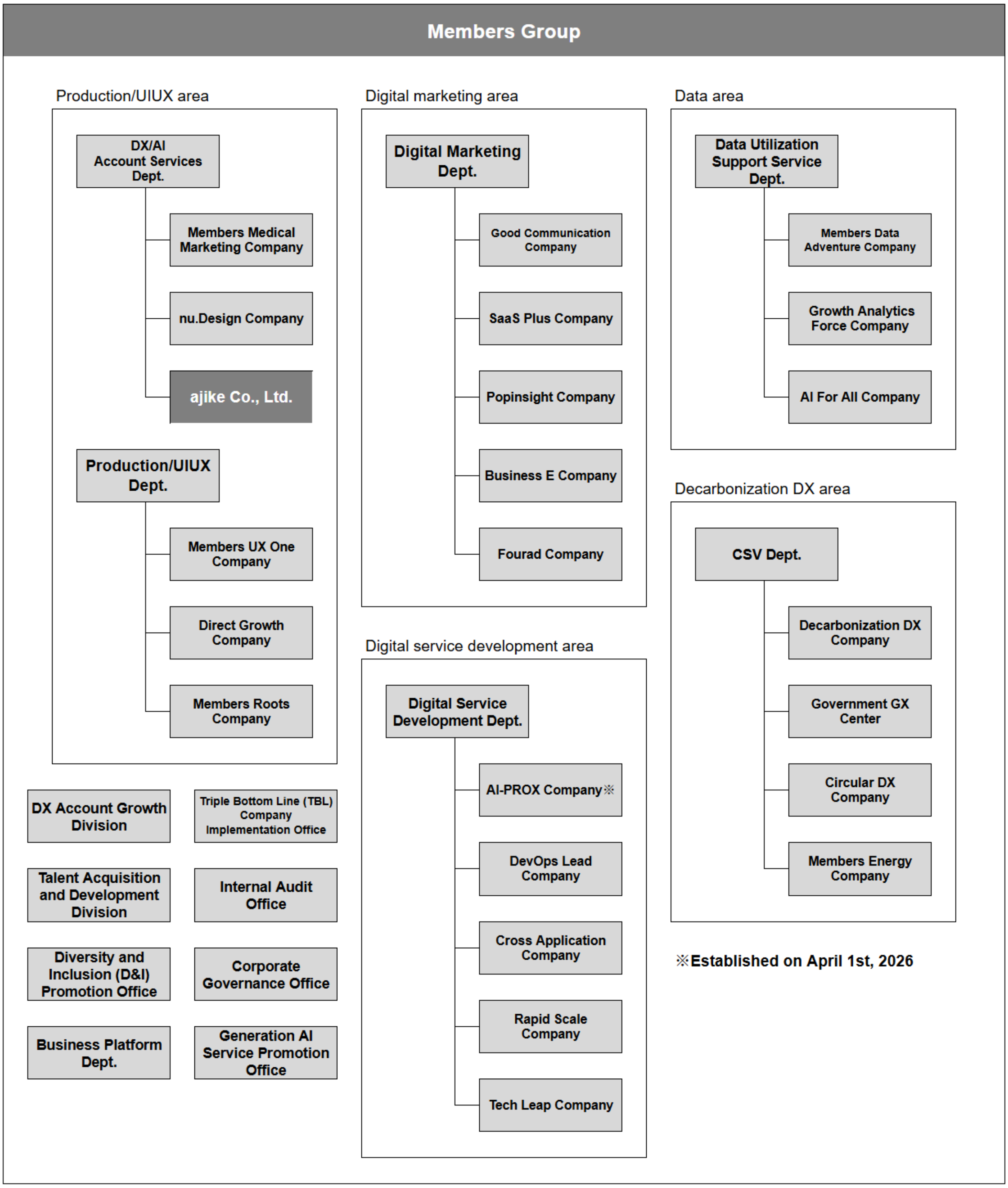
DX accompanying support service is a business that promotes and supports the digitalization of client companies in an accompanying manner while actually working together with the client.

Centering on the four business domains in the Group, teams of primarily three or more DCs provide "DX on-site support" as dedicated teams for client companies to pursue business results. Through high value-added accompanying support, we aim to see through the transformation of client companies together and lead social transformation through digital technology.

・Other businesses

We operate a renewable energy power generation business.

(Note) Since the Group has a single segment, the DX accompanying support service business, description by segment is omitted.



(As of May 14, 2026)

3. Basic Policy Regarding Selection of Accounting Standards

The Group has applied IFRS from the fiscal year ended March 31, 2018, with the aim of improving the international comparability of financial information in capital markets.

4. Consolidated Financial Statements and Major Notes

(1) Consolidated Statement of Financial Position

(unit: thousand yen)

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Assets		
Current assets		
Cash and cash equivalents	4,014,913	4,435,308
Trade receivables and other receivables	3,790,760	4,301,854
Inventories	35,187	26,507
Other current assets	193,283	195,124
Total current assets	8,034,144	8,958,795
Non-current assets		
Property, plant and equipment	334,564	352,955
Right-of-use assets	1,168,626	978,474
Goodwill	116,115	251,499
Intangible assets	13,878	66,844
Other financial assets	1,541,511	1,551,813
Deferred tax assets	568,628	600,371
Other non-current assets	880	10,958
Total non-current assets	3,744,205	3,812,917
Total assets	11,778,350	12,771,713

(unit: thousand yen)

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Liabilities and Equity		
Liabilities		
Current liabilities		
Lease liabilities	541,115	479,725
Trade and other liabilities	1,023,006	1,021,133
Income taxes payable	228,774	441,619
Contract liabilities	19,555	3,129
Other current liabilities	3,509,634	3,660,191
Total current liabilities	5,322,087	5,605,800
Non-current liabilities		
Lease liabilities	398,639	262,040
Reserves	249,306	263,500
Total non-current liabilities	647,946	525,540
Total liabilities	5,970,033	6,131,340
Equity		
Share capital	1,057,867	1,059,191
Share premium	761,913	768,083
Treasury share	(698,155)	(645,261)
Other components of equity	57,802	13,591
Retained earnings	4,628,888	5,444,766
Total equity attributable to owners of parent	5,808,317	6,640,372
Total equity	5,808,317	6,640,372
Total liabilities and equity	11,778,350	12,771,713

(2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

(Consolidated Statement of Profit or Loss)

(unit: thousand yen)

	Previous fiscal year (April 1, 2024 to March 31, 2025)	Current fiscal year (April 1, 2025 to March 31, 2026)
Revenue	22,329,565	24,424,741
Cost of sales	17,657,769	17,972,676
Gross profit	4,671,796	6,452,064
Selling, general and administrative expenses	4,168,652	4,847,013
Other income	10,028	11,257
Other expenses	20,029	15,677
Operating profit	493,142	1,600,630
Finance income	18,247	54,768
Finance cost	38,499	14,398
Profit before tax	472,891	1,641,000
Income tax expense	123,066	427,489
Profit (loss)	349,824	1,213,510
Profit attributable to		
Owners of parent	349,824	1,213,510
Profit (loss)	349,824	1,213,510
Earnings per share		
Basic earnings per share (yen)	27.40	94.92
Diluted earnings per share (yen)	27.38	94.64

(Consolidated Statement of Comprehensive Income)

(unit: thousand yen)

	Previous fiscal year (April 1, 2024 to March 31, 2025)	Current fiscal year (April 1, 2025 to March 31, 2026)
Profit	349,824	1,213,510
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(105,503)	(33,655)
Total items that will not be reclassified to profit or loss	(105,503)	(33,655)
Other comprehensive income after tax	(105,503)	(33,655)
Total comprehensive income for the year	244,321	1,179,855
Comprehensive income attributable to		
Owners of parent	244,321	1,179,855
Total comprehensive income	244,321	1,179,855

(3) Consolidated Statement of Changes in Equity

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

(unit: thousand yen)

	Share capital	Share premium	Treasury share	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 comprehensive income	-	-	-	(105,503)	-	(105,503)
Total comprehensive income for the year	-	-	-	(105,503)	349,824	244,321
Stock compensation transactions	-	12,287	-	-	-	12,287
Issuance of stock acquisition rights	-	-	-	2,359	-	2,359
Dividends	-	-	-	-	(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

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

(unit: thousand yen)

	Equity attributable to owners of parent						Total equity
	Share capital	Share premium	Treasury share	Other components of equity	Retained earnings	Total	
As of April 1, 2025	1,057,867	761,913	(698,155)	57,802	4,628,888	5,808,317	5,808,317
Profit	-	-	-	-	1,213,510	1,213,510	1,213,510
Other comprehensive income	-	-	-	(33,655)	-	(33,655)	(33,655)
Total comprehensive income for the year	-	-	-	(33,655)	1,213,510	1,179,855	1,179,855
Exercise of stock acquisition rights	1,324	3,447	-	(304)	-	4,467	4,467
Stock compensation transactions	-	(8,592)	14,708	-	-	6,116	6,116
Issuance of stock acquisition rights	-	-	-	655	-	655	655
Forfeiture of stock acquisition rights	-	-	-	(10,906)	10,906	-	-
Disposal of treasury stock	-	11,314	38,184	-	-	49,499	49,499
Dividends	-	-	-	-	(408,538)	(408,538)	(408,538)
Transfer to retained earnings	-	-	-	0	(0)	-	-
Total amount of transactions with owners	1,324	6,169	52,893	(10,555)	(397,632)	(347,800)	(347,800)
As of March 31, 2026	1,059,191	768,083	(645,261)	13,591	5,444,766	6,640,372	6,640,372

(4) Consolidated Statement of Cash Flows

(unit: thousand yen)

	Previous fiscal year (April 1, 2024 to March 31, 2025)	Current fiscal year (April 1, 2025 to March 31, 2026)
Cash flows from operating activities		
Profit before tax	472,891	1,641,000
Depreciation and amortization	590,870	605,219
Finance income	(18,247)	(54,768)
Finance costs	38,499	14,398
(Increase) decrease in inventories	3,710	8,680
(Increase) decrease in trade and other receivables	71,664	(468,598)
Increase (decrease) in trade and other payables	(85,696)	(32,062)
Other	118,273	171,821
Subtotal	1,191,964	1,885,691
Interest and dividends received	1,633	7,433
Proceeds from subsidies	638	382
Proceeds from insurance income	-	3,000
Proceeds from compensation	1,400	-
Interest payments	(12,521)	(11,435)
Income taxes paid	(86,445)	(307,687)
Corporate income tax refund	114,683	403
Cash flows from operating activities	1,211,351	1,577,788
Cash flows from investing activities		
Purchase of property, plant and equipment	(61,143)	(32,143)
Purchase of intangible assets	(8,918)	-
Purchase of investments	(44,585)	(40,079)
Proceeds from sale of investments	50,348	48,878
Purchase of subsidiaries	-	(139,052)
Payments for leasehold deposits and guarantee deposits	(12,519)	(20,765)
Proceeds from collection of leasehold deposits and guarantee deposits	30,293	2,296
Other	(3,139)	-
Cash flows from investing activities	(49,664)	(180,866)
Cash flows from financing activities		
Repayments of lease liabilities	(529,413)	(570,897)
Proceeds from issuance of stock acquisition rights	2,359	655
Proceeds from exercise of stock acquisition rights	-	2,344
Dividends paid	(396,567)	(408,628)
Cash flows from financing activities	(923,620)	(976,527)
Net increase (decrease) in cash and cash equivalents	238,066	420,395
Cash and cash equivalents at beginning of period	3,756,620	4,014,913
Increase in cash and cash equivalents resulting from merger	20,225	-
Cash and cash equivalents at end of period	4,014,913	4,435,308

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

Not applicable.

(Changes in Accounting Estimates)

Not applicable.

(Segment Information)

As the Group has a single segment, the DX on-site support service business, segment information has been omitted.

(Per Share Information)

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

	Previous fiscal year (April 1, 2024 to March 31, 2025)	Current fiscal year (April 1, 2025 to March 31, 2026)
Profit for the period (thousand yen)	349,824	1,213,510
Adjustment to profit for the period (thousand yen)	-	-
Profit for the period used to calculate diluted earnings per share (thousand yen)	349,824	1,213,510
Weighted-average number of common shares (shares)	12,766,846	12,784,542
Increase in number of common shares		
Stock acquisition rights (shares)	8,935	37,517
Diluted weighted-average number of common shares (shares)	12,775,781	12,822,059
Basic earnings per share (yen)	27.40	94.92
Diluted earnings per share (yen)	27.38	94.64
Summary of potential shares not included in the calculation because they do not have a dilutive effect	17th series stock acquisition rights (58,800 common shares) 19th series stock acquisition rights (195,950 common shares)	19th series stock acquisition rights (195,800 common shares) 21st series stock acquisition rights (327,500 common shares)

(Significant Subsequent Events)

There is no related information.