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February 2, 2022

Consolidated Financial Results for the First Nine Months of Fiscal Year Ending March 31, 2022 (Under IFRS)

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 Listing: Tokyo Stock Exchange
 Securities code: 2130
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 Scheduled date to file quarterly securities report: February 7, 2022
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: No

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

1. Consolidated financial results for the first nine months of fiscal year ending March 31, 2022 (from April 1, 2021 to December 31, 2021)

(1) Consolidated operating results (cumulative)

(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	%
Nine months ended								
December 31, 2021	10,592	25.5	992	75.8	989	77.7	687	68.3
December 31, 2020	8,436	13.0	564	(10.8)	557	(11.4)	408	(2.5)

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Nine months ended						
December 31, 2021	687	68.3	687	68.2	52.77	51.58
December 31, 2020	408	(1.8)	408	2.6	31.77	30.97

(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
	Millions of yen	Millions of yen	Millions of yen	%
As of				
December 31, 2021	8,937	5,130	5,130	57.4
March 31, 2021	8,648	4,614	4,614	53.4

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, 2021	—	0.00	—	17.50	17.50
Fiscal year ending March 31, 2022	—	0.00	—		
Fiscal year ending March 31, 2022 (Forecast)				23.50	23.50

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

3. Consolidated earnings forecast for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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	14,800	22.4	1,600	26.8	1,590	27.4	1,065	18.8

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Full year	1,065	18.8	82.83

(Note) Changes from the latest financial forecast: No

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 3/2021 (12,861,722).

* **Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): 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: Yes

(3) Number of issued shares (ordinary shares)

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

As of December 31, 2021	13,132,300 shares
As of March 31, 2021	12,980,300 shares

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

As of December 31, 2021	90,124 shares
As of March 31, 2021	90,046 shares

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

Nine months ended December 31, 2021	13,021,337 shares
Nine months ended December 31, 2020	12,852,703 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* 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. Qualitative Information Regarding the Financial Results for the Current Quarter, (3) Explanation Regarding the Future Forecast Information such as Consolidated Earnings Forecast” on page 4 of the Appendix.

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

The material for supplementary explanations on financial results will be uploaded to the website of our company on Wednesday, February 2, 2022.

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1. Qualitative Information Regarding the Financial Results for the Current Quarter

(1) Explanation Regarding Business Results

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. As the Sixth Assessment Report of Intergovernmental Panel on Climate Change (IPCC) mentions "there is no doubt that human activities have warmed the atmosphere, ocean, and land areas" (the Ministry of Economy, Trade and Industry: The Sixth Assessment Report of IPCC, the first working group report [scientific grounds], Summary for Policymakers [SPM] [Headline Statement]; announced on Aug. 9, 2021), the entire society is at a crossroads to survive.

In Japan, the Carbon-Neutral policy to virtually eliminate the emission of greenhouse gases such as carbon dioxide, which are a major cause of global warming, by 2050 was announced, and the debate around deregulation to proactively utilize this policy began. We are expecting businesses, including marketing activities, to transform into a model for decarbonization or resolving societal issues by accelerate corporate transformations through Digital Shift or DX (Digital Transformation) for continuous value creation.

As the DX Market gradually becomes more active, each company is having difficulty to recruit and train creative personnel who are versed in the Internet and digital technology on its own, and such personnel shortage is now a huge hurdle in DX. About 80% of Japanese enterprises recognize the qualitative and quantitative insufficiency of personnel who can take charge of innovation in business strategies. And the percentage of enterprises whose efforts for DX have not paid off is about 50% (Information-technology Promotion Agency: White Paper on DX 2021; issued on Oct. 11, 2021).

Under such circumstances, we uphold to create a spiritually rich society through "MEMBERSHIP" as its mission, and aims to convert our client companies' management style, marketing activities, services, and products into "Sustainable Ones for the Earth and Society." During the 26th Regular General Meeting of Stockholders held in June 2021, we decided to specify "Initiatives Toward Societal Issues such as Climate Change and Depopulation" in the articles of incorporation.

In April 2021, we agreed with the recommendations of the Task Force on Climate related Financial Disclosures (TCFD), and following these recommendations, we conducted a scenario analysis, etc. and disclosed the relevant information on our website. (<https://www.members.co.jp/company/tcfid/>)

Our corporate group will continue to work toward building a sustainable society.

We are primarily developing two businesses (EMC business and PGT business) centered around the DX domain.

<EMC Business Outline>

We have organized the Engagement Marketing Center (EMC), which consists of teams dedicated to continuously improve business results and user engagement for the clients of large companies centered on EMC companies by using digital means. It offers a comprehensive support service from discovering issues and requirement definition from the point of view of client companies, to the development and operation of digital services and products.

In the EMC business, sales to existing customers are steadily expanding against the backdrop of the accelerating digital transformation of companies, and we are also actively making proposals to new customers. In this consolidated cumulative third quarter, although there was a decrease in the number of EMC model providers due to the shift of some projects to the PGT business, the number reached 46 (down one from the end of the previous fiscal year) due to the increase of new clients during this third quarter.

In addition, digital marketing-related sales to existing customers are steadily expanding, and the sales revenue in this consolidated cumulative third quarter was 7,429 million yen (IFRS * Reference Value: Up 16.2% year on year), showing healthy performance.

Further, the number of digital creators belonging to the EMC business rose to 921 (up 146 from the end of the previous fiscal year).

<PGT Business Outline>

In the PGT (Product Growth Team) business, since fiscal year ending March 31, 2022, we have shifted the focus of its services from "the conventional business that was offering creators with specialized skills," to "supporting client's product growth in the field of new technology."

For Internet and start-up companies with high growth potential, which are also proactive in mainly digital and IT technology investment, the PGT business has conducted supporting of these clients' product growth by autonomous teams of digital creators. The PGT business creates occupations in the New Technology and Growth Support domains, centered around Members Career Company and Members Edge Company, which are core companies for this business.

In the fiscal year ending March 2022, we are actively launching companies specializing in high-value-added engineering fields to enhance profitability by achieving high unit prices and high operation rates. Hence, we have established the following in-house companies.

-SaaS Plus Company (established in April 2021), which offers a SaaS-based growth team business

-DevOps (*1) Lead Company (established in July 2021), which supports the promotion of DevOps by offering a team of professional personnel

In this consolidated cumulative third quarter, the sales revenue of the entire PGT business was 3,680 million yen (IFRS * Reference Value: Up 49.8% from the same term of the previous fiscal year) due to the improvement in profitability as a result of the steady expansion of high value-added specialized field support services. The number of client companies reached 187 (up 39 from the end of the same quarter of the previous fiscal year), and the number of digital creators belonging to the PGT business reached 707 (up 178 from the end of the previous fiscal year).

The business continues to grow steadily due to the rapid expansion of support services in specialized fields such as the data fields and UX (*2) and engineering fields, driving the entire group's growth.

<Our Corporate Group's Policies and Initiatives>

Our corporate group engages in continuous recruitment as upfront investment, predicting a significant shortage of creators who are versed in digital technology and the Internet. We have been extensively recruiting graduates of art universities, technical colleges, technical schools on Web-related creation, four-year universities, and graduate schools. A total of 364 newly graduates joined us in April 2021 (including local bases), up 128 from the previous fiscal year. We assigned new employees' tasks earlier than usual in the current consolidated fiscal year and started business operations with them in June. In April 2022, 481 new graduates plan to join our company as planned.

Through the continuous expansion in the service domain of both EMC and PGT businesses, along with the early training and early operation for new employees, we will increase profitability and strengthen our investments in recruitment and training.

Further, our corporate group has been promoting a company-wide work-from-home workstyle and the utilization of remote environments. We will continue capital investment for office strategy and the implementation of a smooth remote work, to establish a work system that will produce even better results.

<Overview of Consolidated Financial Statements>

For this consolidated cumulative third quarter, revenue was 10,592 million yen (up 25.5% in the same term of the previous fiscal year), operating profit was 992 million yen (up 75.8% in the same term of the previous fiscal year), quarterly profit before income taxes was 989 million yen (up 77.7% in the same term of the previous fiscal year), and profit attributable to the owners of the parent was 687 million yen (up 68.3% in the same term of the previous fiscal year). In this consolidated cumulative third quarter, sales revenue and operating profit increased 25.5% and 75.8%, respectively, year on year, recording the highest sales and profit ever and maintaining a high growth rate. This was attributed to the progress of high-value-added support services in specialized fields and the good performance of digital marketing support for existing customers.

Although the economic impact of COVID-19 is still unclear, we believe that corporate digital investment will accelerate further. In such an environment, our corporate group will enhance our efforts to increase new customers and focus on mid-career recruitment to increase the number of digital creators, which are the source of profits. At the same time, we will expand investments in specialized field education and strive to increase value-added sales per person by transferring creators to companies in high-priced fields.

As we continue to work on fulfilling our long-term vision, VISION 2030 (https://www.members.co.jp/ir/pdf/20200508_04.pdf), we will take initiatives with the aim of achieving the important KPIs of 100,000 social creators (*2), the total amount of social engagement (*3) of 10 billion, 10,000 employees, and an operating profit of 10 billion yen in 2030.

(*1) DevOps: Concept or system for offering swift and flexible services based on the close cooperation between developers and operators using development methods and tools

(*2) UX (User Experience): The experience one gains by using a product or service.

(*3) Social Creator: A motivated creator (artisan) with design thinking, who tries to resolve societal issues through the promotion of business, systemic design, and output.

(*4) Social Engagement: The number of contacts with the contents, products, and services worked on by Members Group as its policy to resolve societal

issues.

(2) Explanation Regarding the Financial Standing

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

The total assets at the end of the third quarter of the current consolidated term were 8,937 million yen (up 288 million yen from the end of the previous consolidated fiscal year). This was primarily due to an increase of 158 million yen in cash and equivalents, an increase of 59 million yen in other current assets, and an increase of 56 million yen in inventory, along with a decrease of 76 million yen in deferred tax assets.

Total liabilities stood at 3,806 million yen (down 227 million yen from the end of the previous consolidated fiscal year). This was primarily due to an increase of 93 million yen in trade payables and other payables, an increase of 53 million yen in lease liabilities of both current and non-current liabilities, and an increase of 53 million yen in other current liabilities, along with a decrease of 314 million yen in income taxes payable, and a decrease of 115 million yen in contract liabilities.

Total equity was 5,130 million yen (up 516 million yen from the end of the previous consolidated fiscal year). This was primarily due to an increase of 461 million yen in retained earnings, an increase of 26 million yen in capital stock, and an increase of 26 million yen in capital surplus.

(ii) Status of Cash Flows

The cash and cash equivalent (hereinafter referred to as "funds") at the end of the third quarter of the current consolidated term was 4,299 million yen, up 158 million yen from the end of the previous consolidated fiscal year. The status of each cash flow for this consolidated cumulative third quarter and the factors behind them are as follows.

(Cash Flows from Operating Activities)

The funds acquired during this consolidated cumulative third quarter as a result of operating activities amounted to 581 million yen (down 184 million yen from the same period of the previous year). The income was mainly from 989 million yen of profit before income taxes, and 262 million yen of depreciation and amortization, the expenditure was mainly from 577 million yen as income taxes paid, and an increase in trade and other payables of 164 million yen.

(Cash Flows from Investing Activities)

The funds used during this consolidated cumulative third quarter as a result of investing activities amounted to 10 million yen (down 22 million yen from the same period of the previous year). The expenditure was mainly from 5 million yen in purchases of property, plant and equipment.

(Cash Flows from Financing Activities)

The funds used during this consolidated cumulative third quarter as a result of financing activities amounted to 411 million yen (down 282 million yen from the same period of the previous year). The expenditure was mainly from 240 million yen in expenditure for the repayment of lease liabilities and 225 million yen as dividends paid.

(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 ending on March 31, 2022, announced on October 29, 2021.

(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 3/2022 is planned to be 23.50 yen.

2. Summary of Consolidated Financial Statements and Major Notes

(1) Summary of Quarterly Consolidated Balance Sheets

[unit: thousand yen]

	Previous consolidated accounting year (Mar. 31, 2021)	3rd quarter of the current consolidated accounting year (Dec. 31, 2021)
Assets		
Current assets		
Cash and cash equivalents	4,140,847	4,299,482
Trade receivables and other receivables	2,842,456	2,892,082
Inventory assets	31,803	87,945
Other current assets	173,103	233,083
Total current assets	7,188,210	7,512,593
Non-current assets		
Tangible fixed assets	252,811	240,536
Rights to use as assets	491,002	545,750
Goodwill	116,115	116,115
Intangible assets	8,436	10,430
Other financial assets	266,909	264,594
Deferred tax assets	323,802	247,154
Other non-current assets	1,309	130
Total non-current assets	1,460,387	1,424,713
Total assets	8,648,597	8,937,307

[unit: thousand yen]

	Previous consolidated accounting year (Mar. 31, 2021)	3rd quarter of the current consolidated accounting year (Dec. 31, 2021)
Liabilities and shareholders' equity		
Liabilities		
Current liabilities		
Lease liabilities	234,773	297,322
Trade payables and other payables	974,844	1,068,823
Income taxes payable	356,050	41,639
Contract liabilities	234,351	119,292
Other current liabilities	1,970,892	2,024,459
Total current liabilities	3,770,912	3,551,536
Non-current liabilities		
Lease liabilities	157,327	148,466
Allowance	106,181	106,985
Total non-current liabilities	263,509	255,452
Total liabilities	4,034,422	3,806,988
Shareholders' equity		
Capital stock	910,405	936,484
Capital surplus	228,752	254,831
Treasury shares	(8,240)	(8,477)
Other components of equity	55,622	58,338
Retained earnings	3,427,635	3,889,141
Total equity attributable to owners of the parent	4,614,175	5,130,318
Total shareholders' equity	4,614,175	5,130,318
Total liabilities and equity	8,648,597	8,937,307

(2) Summary of Quarterly Consolidated Statements of Income

[unit: thousand yen]

	Cumulative 3Q FY2021 (Apr. 1, 2020 to Dec. 31, 2020)	Cumulative 3Q FY2022 (Apr. 1, 2021 to Dec. 31, 2021)
Revenue	8,436,801	10,592,147
Cost of sales	5,887,496	7,413,801
Gross profit	2,549,305	3,178,346
Selling, general and administrative expenses	1,968,658	2,202,995
Other income	32,986	21,621
Other expenses	48,946	4,294
Operating profit (loss)	564,687	992,677
Finance income	15	1,535
Finance costs	7,688	4,567
Profit (loss) before income taxes	557,014	989,645
Income taxes	148,748	302,560
Profit (loss) for the period	408,266	687,085
Profit (loss) attributable to		
Owners of parent	408,266	687,085
Net profit (loss)	408,266	687,085
Earnings per share		
Basic earnings (loss) per share (yen)	31.77	52.77
Diluted earnings (loss) per share (yen)	30.97	51.58

(3) Summary of Quarterly Consolidated Statements of Comprehensive Income

[unit: thousand yen]

	Cumulative 3Q FY2021 (Apr. 1, 2020 to Dec. 31, 2020)	Cumulative 3Q FY2022 (Apr. 1, 2021 to Dec. 31, 2021)
Profit (loss) for the period	408,266	687,085
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	346	—
Total of items that will not be reclassified to profit or loss	346	—
Total comprehensive income	346	—
Comprehensive income	408,612	687,085
Comprehensive income attributable to		
Owners of parent	408,612	687,085
Comprehensive income	408,612	687,085

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

Consolidated third quarter of the prior fiscal year ended March 2021 (Apr. 1, 2020 to Dec. 31, 2020)

[unit: thousand yen]

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury shares	Other components of equity	Retained earnings	Total		
Balance on April 1, 2020	901,143	474,594	(7,922)	44,627	2,709,135	4,121,578	67,513	4,189,092
Profit for the period	—	—	—	—	408,266	408,266	—	408,266
Other comprehensive income	—	—	—	346	—	346	—	346
Total comprehensive income	—	—	—	346	408,266	408,612	—	408,612
Exercise of share acquisition rights	3,064	3,064	—	(679)	—	5,449	—	5,449
Issuance of share acquisition rights	—	—	—	13,395	—	13,395	—	13,395
Expiration of share acquisition rights	—	—	—	(129)	129	—	—	—
Purchase of treasury shares	—	—	(318)	—	—	(318)	—	(318)
Dividends	—	—	—	—	(179,874)	(179,874)	—	(179,874)
Transfer to retained earnings	—	—	—	(346)	346	—	—	—
Purchase of non-controlling interests	—	(255,104)	—	—	—	(255,104)	(67,513)	(322,618)
Total transactions with owners	3,064	(252,040)	(318)	12,240	(179,399)	(416,453)	(67,513)	(483,967)
Balance on December 31, 2020	904,207	222,554	(8,240)	57,213	2,938,002	4,113,737	—	4,113,737

Consolidated third quarter of the current fiscal year ending March 2022 (Apr. 1, 2021 to Dec. 31, 2021)

[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, 2021	910,405	228,752	(8,240)	55,622	3,427,635	4,614,175	4,614,175	
Profit for the period	—	—	—	—	687,085	687,085	—	687,085
Total comprehensive income	—	—	—	—	687,085	687,085	—	687,085
Exercise of share acquisition rights	26,078	26,078	—	(6,799)	—	45,358	—	45,358
Issuance of share acquisition rights	—	—	—	9,516	—	9,516	—	9,516
Purchase of treasury shares	—	—	(236)	—	—	(236)	—	(236)
Dividends	—	—	—	—	(225,579)	(225,579)	—	(225,579)
Total transactions with owners	26,078	26,078	(236)	2,716	(225,579)	(170,942)	—	(170,942)
Balance on December 31, 2021	936,484	254,831	(8,477)	58,338	3,889,141	5,130,318	—	5,130,318

(5) Summary of Quarterly Consolidated Statements of Cash Flows

[unit: thousand yen]

	Cumulative 3Q FY2021 (Apr. 1, 2020 to Dec. 31, 2020)	Cumulative 3Q FY2022 (Apr. 1, 2021 to Dec. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	557,014	989,645
Depreciation and amortization	269,181	262,387
Impairment loss	28,000	—
Finance income	(15)	(1,535)
Finance costs	7,271	3,967
(Increase) decrease in inventories	(27,812)	(56,141)
(Increase) decrease in trade and other receivables	234,673	(164,644)
Increase (decrease) in trade and other payables	(152,786)	89,409
Other	177,988	(39,845)
Subtotal	1,093,515	1,083,243
Interest and dividends received	3,547	5,404
Proceeds from subsidy income	6,260	1,508
Proceeds from insurance income	3,000	6,000
Interest paid	(2,917)	(3,163)
Income taxes paid	(345,705)	(577,420)
Income taxes refund	7,491	65,578
Cash flows from operating activities	765,191	581,150
Cash flows from investing activities		
Purchase of property, plant and equipment	(28,320)	(5,448)
Purchase of intangible assets	—	(3,960)
Payments for asset retirement obligations	(22,970)	—
Proceeds from sales of investments	5,346	—
Other	12,700	(1,554)
Cash flows from investing activities	(33,243)	(10,963)
Cash flows from financing activities		
Repayments of lease liabilities	(210,373)	(240,599)
Proceeds from issuance of share acquisition rights	13,395	9,516
Proceeds from exercise of share acquisition rights	5,449	45,358
Payments for purchase of treasury shares	(318)	(236)
Dividends paid	(179,919)	(225,589)
Purchase of non-controlling interests	(322,618)	—
Cash flows from financing activities	(694,385)	(411,551)
Net increase (decrease) in cash and cash equivalents	37,562	158,635
Cash and cash equivalents at beginning of period	3,115,696	4,140,847
Cash and cash equivalents at end of period	3,153,259	4,299,482

(6) Notes to Summary of Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no related information.

(Revision to Accounting Estimates)

We have revised the estimated cost, because the possibility of outflow of economic benefits increased due to the augmentation of man-hours, which was not expected at the time of the previous estimation of total costs, in the cumulative third quarter of the current consolidated period. Accordingly, the cost of sales augmented by 138,388 thousand yen.

(Significant Subsequent Events)

The absorption-type merger of Members Gifted Co., Ltd. (simple merger/short-form merger)

Based on the merger agreement concluded on October 21, 2021, our company as the surviving company absorbed and merged Members Gifted Co., Ltd., which was a consolidated subsidiary of our company, as the absorbed company, on the effective date being January 1, 2022.

(1) Outline of the transaction

(i) Name and business of the company to be absorbed

Name of the company to be absorbed: Members Gifted Co., Ltd.

Business description: Support for employment of disabled people

(ii) Schedule for the merger

Date of resolution of the board of directors: Oct. 21, 2021

Date of conclusion of the contract for absorption-type merger: Oct. 21, 2021

Date of merger (effective date): Jan. 1, 2022

(iii) Merger method

It is the absorption-type method with our company being the surviving company and Members Gifted being the absorbed company. Members Gifted was insolvent as of March 31, 2021 but was no longer insolvent as of December 31, 2021.

This merger falls under the short form merger set forth in Article 796, Paragraph 2 of the Companies Act from the viewpoint of our company, and the short form merger set forth in Article 784, Paragraph 1 of the Companies Act from the viewpoint of the absorbed company, so the merger will be carried out without holding a general meeting of shareholders for approving the absorption-type merger contract in either company.

(iv) Other items related to this transaction

This merger is aimed at conducting sales, marketing, foothold strategy, recruitment, staffing, training, and management operations in a more integrated, group-wide manner, to further accelerate the growth of our corporate group.

Since it is an absorption-type merger with a 100% subsidiary of our company, we will not conduct the issuance of new shares, the allocation of funds, or the like through this merger.

(2) Impact on business performance

Since this is a merger with a consolidated subsidiary of our company, there will be no impact on our consolidated performance.