July 15, 2025

Consolidated Financial Results for the Fiscal year ended May 31, 2025 (Under Japanese GAAP)

Company name: Globe-ing Inc.
Listing: Tokyo Stock Exchange
Securities code: 277A
URL: https://www.globe-ing.com/
Representative: Kohei Tanaka, Representative Director and CEO
Inquiries: Hideaki Tatebayashi, Senior Executive Officer, CFO and General Manager, Corporate Division
Telephone: +81-3-5454-0805
Scheduled date of ordinary general meeting of shareholders: August 29, 2025
Scheduled date of dividend payment: -
Scheduled date of securities report filing: August 28, 2025
Preparation of supplementary materials on financial results: Yes
Schedule of financial results presentation meeting: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended May 31, 2025 (From June 1, 2024 to May 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net revenue		Operating profit		Ordinary profit		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended May 31, 2025	8,255	97.7	2,800	657.7	2,783	634.8	1,768	578.8
May 31, 2024	4,175	–	369	–	378	–	260	–

Reference: Comprehensive income
Fiscal year ended May 31, 2025: ¥1,778 million [570.0%]
Fiscal year ended May 31, 2024: ¥ 265million [–%]

	Basic earnings per share	Diluted earnings per share	Return on Equity	Ratio of Ordinary Profit to Total Assets	Ratio of Operating Profit to Revenue
	Yen	Yen	%	%	%
Fiscal year ended May 31, 2025	64.50	59.97	48.8	49.0	33.9
May 31, 2024	9.99	–	19.2	15.8	8.9

Reference: Equity method investment gain (loss)
As of May 31, 2025:¥ – million
As of May 31, 2024: ¥ – million

Notes: 1. The Company conducted a 5-for-1 stock split of its common shares effective September 20, 2024 and March 1, 2025. Basic earnings per share were calculated based on the assumption that said stock split was conducted at the beginning of the fiscal year under review.

2. Diluted earnings per share for the previous consolidated fiscal year is not stated because, although there are potential shares, the Company's shares are unlisted and the average share price during the period cannot be determined.

3. The Company was listed on the Growth Market of the Tokyo Stock Exchange on November 29, 2024. Diluted net income per share for the fiscal year ended May 31, 2025 is calculated by considering the average share price from the initial listing date to the end of the fiscal year ended May 31, 2025.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
Fiscal year ended May 31, 2025	8,767	5,869	65.6	200.22
Fiscal year ended May 31, 2024	2,593	1,551	57.5	57.17

Reference: Equity As of May 31, 2025: ¥5,751 million
As of May 31, 2024: ¥1,490 million

Notes: The Company conducted a 5-for-1 stock split of its common shares effective September 20, 2024 and March 1, 2025. Net assets per share was calculated based on the assumption that said stock split was conducted at the beginning of the fiscal year under review.

(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 Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended May 31, 2025	3,097	(448)	2,574	6,612
Fiscal year ended May 31, 2024	(72)	(221)	43	1,388

2. Dividends

	Annual Dividend					Total Dividends (Annual)	Payout Ratio (Consol.)	Dividend on Equity Ratio (Consol.)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended May 31, 2024	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended May 31, 2025	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending May 31, 2026 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Consolidated financial results forecast for the fiscal year ending May 31, 2026 (from June 1, 2025 to May 26, 2025)

(Percentages indicate year-on-year changes.)

	Net revenue		Operating profit		Ordinary profit		Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	11,555	40.0	3,539	26.4	3,539	27.1	2,265	28.1	78.84

Notes: As the Company manages its operations on an annual basis, financial results forecast for the first six months are omitted. For details, please refer to “1. Overview of Financial Performance (4) Future outlook” on page 4 of the attached document

*Notes

(1) Significant changes in the scope of consolidation during the period: None
Newly included: – companies (Company name) –
Excluded: – companies (Company name) –

(2) Changes in accounting policies, changes in accounting estimates, and restatement
(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None
Note: For details, please refer to "Changes in accounting policies" on page 13.

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

As of May 31, 2025	28,728,000 shares
As of May 31, 2024	26,078,000 shares

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

As of May 31, 2025	– shares
As of May 31, 2024	– shares

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

Fiscal year ended May 31, 2025	27,413,890 shares
Fiscal year ended May 31, 2024	26,078,000 shares

Notes: The Company conducted a 5-for-1 stock split of its common shares effective September 20, 2024 and March 1, 2025.
The total number of issued shares at the end of the period and the average number of shares outstanding during the period are stated based on the assumption that said stock split was conducted at the beginning of the previous fiscal year.

(Reference) Overview of Non-Consolidated Financial Results
1. Non-Consolidated Financial Results for the Fiscal Year Ended May 31, 2025 (From June 1, 2024 to May 31, 2025)

(1) Non-Consolidated Operating Result (% figures indicate year-on-year changes)

	Revenue		Operating Profit		Ordinary Profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2025	7,848	97.2	2,564	592.6	2,549	586.8	1,622	526.2
May 31, 2024	3,979	52.7	370	(49.7)	371	(49.7)	259	(45.3)

	Basic Earnings per Share	Diluted Earnings per Share
Fiscal year ended	Yen	Yen
May 31, 2025	59.20	55.04
May 31, 2024	9.94	–

Notes: 1. The Company conducted a 5-for-1 stock split of its common shares effective September 20, 2024 and March 1, 2025. Basic earnings per share were calculated based on the assumption that said stock split was conducted at the beginning of the fiscal year under review.
2. Diluted earnings per share for the previous consolidated fiscal year is not stated because, although there are potential shares, the Company's shares are unlisted and the average share price during the period cannot be determined.

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of	Millions of yen	Millions of yen	%	Yen
May 31, 2025	8,003	5,318	66.4	185.12
May 31, 2024	2,589	1,545	57.3	56.93

Reference: Equity As of March 31, 2025: ¥5,318million
As of March 31, 2024: ¥1,484 million

Note: The Company conducted a 5-for-1 stock split of its common shares effective September 20, 2024 and March 1, 2025. Net assets per share were calculated based on the assumption that said stock split was conducted at the beginning of the fiscal year under review.

[Factors contributing to the fluctuations from the results of fiscal year ended May 31, 2024]

In the current fiscal year, the Company promoted mid-career hiring of consultants, acquired new projects, expanded the scope of existing projects, and increased strategic accounts aimed at building long-term relationships. These efforts contributed to differences in net sales, operating income, ordinary income, and net income compared to the previous fiscal year.

* These financial statements are outside the scope of audit procedures by certified public accountants or audit corporations.
* Proper use of earnings forecasts, and other special matters

Financial results forecasts and other forward-looking statements provided in these materials are based on information currently available to the Company and certain other assumptions that are deemed to be reasonable. Actual financial results may differ significantly from these forecasts due to various factors.

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1. Overview of Financial Performance

(1) Overview of operating results during the Fiscal year ended May 31, 2025

During the fiscal year under review, the Japanese economy maintained a moderate recovery trend; however, the outlook remained uncertain due to sluggish growth in private consumption, caused by persistent high consumer prices and foreign exchange fluctuations. Additionally, concerns over the slowdown of the global economy, stemming from stricter tariffs imposed by the U.S. government and rising geopolitical risks, also impacted corporate activities.
In this environment, demand for digital transformation (DX) support within the Group's business domain remained robust. In particular, domestic companies demonstrated a persistent need for operational transformation, reflecting delays in digitalization, and demand for consulting services such as operational optimization and AI implementation support has expanded from companies entering the operational stage of their digital businesses.
As market competition becomes more intense and structural changes accelerate, the challenges faced by management are becoming increasingly diverse and complex. Through providing consulting services that leverage our strengths in research and analysis, planning and execution, and technology utilization, the Group continues to contribute to sustainable growth and value creation for our clients.

In the consolidated fiscal year under review, the Group's business continued to expand steadily, with net of 8,255,896 thousand yen (up 97.7% year on year), operating income of 2,800,520 thousand yen (up 657.7% year on year), ordinary income of 2,783,476 thousand yen (up 634.8% year on year), and net income attributable to owners of the parent of 1,768,207 thousand yen (up 578.8% year on year), despite recognizing impairment losses of 105,477 thousand yen for certain software assets.

Operating results by segment are as follows.

Consulting Business

The Company has hired mid-career consultants to provide support for various industries in all aspects of strategy development and DX promotion, and has worked to acquire new projects and expand the scale of existing projects. In the Fiscal year ended May 31, 2025, both net revenue and operating profit were favorable due to the expansion of strategic accounts aimed at building long-term relationships. Consequently, net revenue for the period was 8,251,096 thousand yen (up97.7% year on year), and segment profit was 3,759,627 thousand yen (up 283.6% year on year).

Cloud Product Business

Development of the Sales Suite and the Spend Intelligence Suite was actively promoted, leading to the acquisition of new customers and the launch of services. Since revenue in this segment remain small and the Company is still in the investment stage, the segment recorded net revenue of 4,800 thousand yen (up 166.7% year on year) and recognized an operating loss of 130,802 thousand yen (123,558 thousand yen in the FY5/2024) for the consolidated fiscal year under review.

(2) Overview of financial position during the Fiscal year ended May 31, 2025

Assets

Total assets at the end of the current consolidated fiscal year amounted to 8,767,516 thousand yen, an increase of 6,173,888 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to increases of 5,223,342 thousand yen in cash and deposits, 519,141 thousand yen in accounts receivable, electronically recorded monetary claims and contract assets.

Liabilities

Total liabilities at the end of the current consolidated fiscal year amounted to 2,897,766 thousand yen, an increase of 1,856,137 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to increases of 1,070,601 thousand yen in income taxes payable, 302,357 thousand yen in accrued consumption taxes, 188,023 thousand yen in accrued expenses, 171,062 thousand yen in provision for bonuses.

Net assets

Net assets at the end of the current consolidated fiscal year amounted to 5,869,749 thousand yen, an increase of 4,317,751 thousand yen from the end of the previous consolidated fiscal year. This was due to an increase of 1,768,207 thousand yen in retained earnings from the posting of net income for the year, and an increase of 1,105,288 thousand yen in capital stock and 1,105,288 thousand yen capital surplus from a public offering conducted in November 2024.

(3) Overview of cash flow during the Fiscal year ended May 31, 2025

At the end of the fiscal year ended May 31, 2025, cash and cash equivalents (hereinafter referred to as "net cash") amounted to 6,612,190 thousand yen, increased 5,223,342 thousand yen from the beginning of the fiscal year. This was mainly based on the following results.

(Cash flow from operating activities)

During the fiscal year ended May 31, 2025, cash used in operating activity was 3,097,971 thousand yen (a decrease of 72,963 thousand yen was realized in the same period in the previous fiscal year). This was mainly due to recognition of 2,739,015 thousand yen in profit before income taxes, an increase of 302,357 thousand yen in accrued consumption taxes, an increase of 188,023 thousand yen in accrued expenses, and an increase of 171,062 thousand yen in provision for bonuses, while trade receivables and contract assets increased 521,297 thousand yen.

(Cash flow from investing activities)

During the fiscal year ended May 31, 2025, cash used in investing activity was 448,153 thousand yen. (a decrease of 221,895 thousand yen was realized in the same period in the previous fiscal year). The main factors include 320,920 thousand yen of the purchase of intangible assets and 121,409 thousand yen of the purchase of property, plant and equipment.

(Cash flow from financing activities)

During the fiscal year ended May 31, 2025, cash generated from financing activity was 2,574,100 thousand yen (an increase of 43,117 thousand yen was realized in the same period in the previous fiscal year). This is mainly due to proceeds from issuance of stock amounted to 2,202,810 thousand yen and proceeds from payments by noncontrolling shareholders amounted to 388,335 thousand yen.

(4) Future Outlook

Although the Japanese economy has maintained a moderate recovery trend, the outlook remains uncertain due to sluggish growth in private consumption driven by external factors such as persistent high consumer prices and exchange rate fluctuations. Additionally, concerns over a global economic slowdown stemming from the U.S. government's escalation of tariffs and geopolitical risks from the protracted situations in Ukraine and the Middle East are also constraining factors for corporate activity.

Meanwhile, corporate capital expenditure is generally expanding, supported by needs to address labor shortages, promote digitalization, achieve decarbonization, and strengthen supply chains. Real wages are expected to turn positive as the pace of price increases slows, and personal consumption is projected to remain resilient.

In the consulting industry, of which our group is a part, demand for support for digital transformation (DX) remains robust. Particularly among domestic companies, ongoing delays in digitalization have driven persistent needs for transformation support. Moreover, consulting demand is expanding from companies that have already entered the operational phase of their digital businesses, including support for operational optimization, data utilization, and AI implementation.

Under these circumstances, challenges faced by corporate managers are becoming increasingly diverse and complex due to intensifying market competition and structural changes. Expectations for consultants equipped with

research and analysis capabilities, planning and execution skills, and technological expertise to solve these challenges are expected to rise further.

Against this backdrop, our group has positioned the enhancement of our medium- to long-term consulting business performance as a key priority. To achieve this, the Group is working to increase the number of consultants and strengthen recruiting capabilities, while also aiming to improve the “average annual salary of consultants” to enhance per-client revenue. Additionally, we recognize that improving the “proportion of revenue from JI” to foster higher customer retention and per-client spending, as well as raising “AI-related revenue” in response to societal growth in AI utilization, are critical issues that we are actively addressing.

As a result of the above, the Company expects to achieve 11,555 million yen in revenue (up 40.0% year on year), 3,539 million in operating profit (up 26.4% year on year), 3,539 million yen (up 27.1% year on year) in ordinary profit, 2,265 million yen in net income attributable to owners of the parent (up 28.1% year on year) for the fiscal year ending May 31, 2026.

Financial results forecasts and other forward-looking statements provided above are based on information currently available to the Company and certain other assumptions that are deemed to be reasonable. Actual financial results may differ significantly from these forecasts due to various factors.

2. Basic Policy Regarding Selection of Accounting Standards

The Company prepares its consolidated financial statements in accordance with Japanese accounting standards, considering the comparability between consolidated financial statements over different accounting periods. Furthermore, regarding the adoption of International Financial Reporting Standards (IFRS), the Company intends to deal with the issue appropriately, taking into account various conditions in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

(Thousands of yen)

	As of May 31, 2024	As of May 31, 2025
Assets		
Current assets		
Cash and deposits	1,388,848	6,612,190
Accounts receivable - trade	228,138	433,728
Electronically recorded monetary claims	5,534	18,171
Contract assets	369,867	670,781
Inventories	10,581	6,523
Other	58,605	90,182
Total current assets	2,061,576	7,831,578
Non-current assets		
Property, plant and equipment		
Buildings	66,743	86,527
Accumulated depreciation	(14,584)	(30,486)
Buildings, net	52,158	56,040
Tools, furniture and fixtures	99,801	138,264
Accumulated depreciation	(52,227)	(81,229)
Tools, furniture and fixtures, net	47,574	57,035
Construction in progress	—	67,721
Total property, plant and equipment	99,732	180,797
Intangible assets		
Goodwill	104,450	93,358
Software	25,369	5,032
Software in progress	79,420	283,601
Total intangible assets	209,239	381,991
Investments and other assets		
Long-term prepaid expenses	1,419	—
Deferred tax assets	118,378	264,267
Leasehold deposits	103,181	103,541
Other	100	5,340
Total investments and other assets	223,079	373,149
Total non-current assets	532,051	935,938
Total assets	2,593,628	8,767,516

(Thousands of yen)

	As of May 31, 2024	As of May 31, 2025
Liabilities		
Current liabilities		
Accounts payable	210,467	239,611
Accrued expenses	256,979	445,002
Income taxes payable	9,618	1,080,219
Accrued consumption taxes	122,823	425,180
Contract liabilities	8,778	41,380
Provision for bonuses	270,297	441,360
Provision for bonuses for directors (and other officers)	12,228	—
Other	56,607	107,561
Total current liabilities	947,800	2,780,315
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	52,276	70,221
Asset retirement obligations	41,552	46,781
Deferred tax liabilities	—	448
Total non-current liabilities	93,829	117,451
Total liabilities	1,041,629	2,897,766
Net assets		
Shareholders' equity		
Share capital	90,000	1,195,288
Capital surplus	459,000	1,857,511
Retained earnings	936,870	2,705,078
Total shareholders' equity	1,485,870	5,757,878
Accumulated other comprehensive income		
Foreign currency translation adjustment	4,908	(5,935)
Total accumulated other comprehensive income	4,908	(5,935)
Stock acquisition rights	61,219	—
Non-controlling interests	—	117,806
Total net assets	1,551,998	5,869,749
Total liabilities and net assets	2,593,628	8,767,516

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Thousands of yen)

	Fiscal year ended May 31, 2024 (From June 1, 2023 to May 31, 2024	Fiscal year ended May 31, 2025 (From June 1, 2024 to May 31, 2025
Net revenue	4,175,324	8,255,896
Cost of revenue	1,527,874	2,653,425
Gross profit	2,647,450	5,602,471
Selling, general and administrative expenses	2,277,821	2,801,950
Operating profit	369,628	2,800,520
Non-operating income		
Interest income	106	1,754
Dividend income	1,635	2
Commission income	—	20,400
Subsidy income	—	1,928
Surrender value of insurance policies	11,303	—
Other	3,542	1,985
Total non-operating income	16,588	26,071
Non-operating expenses		
Foreign exchange loss	7,089	10,328
Share issuance expenses	—	9,432
Listing expenses	—	23,201
Other	327	153
Total non-operating expenses	7,417	43,115
Ordinary profit	378,800	2,783,476
Extraordinary income		
Gain on reversal of stock acquisition rights	10,406	61,051
Gain on sale of investment securities	4,708	—
Total extraordinary income	15,115	61,051
Extraordinary losses		
Impairment losses	—	105,477
Loss on disposal of Property, plant and equipment	743	35
Total extraordinary losses	743	105,512
Profit before income taxes	393,171	2,739,015
Income taxes - current	183,619	1,095,187
Income taxes - deferred	(50,954)	(145,409)
Total income taxes	132,664	949,778
Net income	260,507	1,789,236
Net income attributable to non-controlling interests	—	21,029
Net income attributable to owners of the parent	260,507	1,768,207

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended May 31, 2024 (From June 1, 2023 to May 31, 2024	Fiscal year ended May 31, 2025 (From June 1, 2024 to May 31, 2025
Net Income	260,507	1,789,236
Other comprehensive income		
Foreign currency translation adjustment	4,908	(10,843)
Total other comprehensive income	4,908	(10,843)
Comprehensive income	265,415	1,778,393
Breakdown		
Comprehensive income attributable to owners of the parent	265,415	1,757,363
Non-controlling interests	—	21,029

(3) Consolidated statement of changes in equity

Fiscal year ended May 31, 2024 (From June 1, 2023 to May 31, 2024)

(Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	279,500	269,500	676,363	1,225,363
Changes during period				
Capital reduction	(189,500)	189,500		—
Profit attributable to owners of parent			260,507	260,507
Net changes in items other than shareholders' equity				
Total changes during period	(189,500)	189,500	260,507	260,507
Balance at end of period	90,000	459,000	936,870	1,485,870

	Accumulated other comprehensive income		Stock acquisition rights	Total net asset
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	—	—	22,183	1,247,546
Changes during period				
Capital reduction				—
Profit attributable to owners of parent				260,507
Net changes in items other than shareholders' equity	4,908	4,908	39,035	43,944
Total changes during period	4,908	4,908	39,035	304,451
Balance at end of period	4,908	4,908	61,219	1,551,998

Fiscal year ended May 31, 2025 (From June 1, 2024 to May 31, 2025)

(Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	90,000	459,000	936,870	1,485,870
Changes during period				
Issuance of new share	1,105,288	1,105,288		2,210,577
Capital increase of consolidated subsidiaries		293,223		293,223
Profit attributable to owners of parent			1,768,207	1,768,207
Net changes in items other than shareholders' equity				
Total changes during period	1,105,288	1,398,511	1,768,207	4,272,007
Balance at end of period	1,195,288	1,857,511	2,705,078	5,757,878

	Accumulated other comprehensive income		Stock acquisition rights	Non-controlling interest	Total net asset
	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	4,908	4,908	61,219	—	1,551,998
Changes during period					
Issuance of new share					2,210,577
Capital increase of consolidated subsidiaries				96,776	390,000
Profit attributable to owners of parent					1,768,207
Net changes in items other than shareholders' equity	(10,843)	(10,843)	(61,219)	21,029	(51,033)
Total changes during period	(10,843)	(10,843)	(61,219)	117,806	4,317,751
Balance at end of period	(5,935)	(5,935)	—	117,806	5,869,749

(4) Consolidated Statement of cash flows

(Thousands of yen)

	Fiscal year ended May 31, 2024 (From June 1, 2023 to May 31, 2024	Fiscal year ended May 31, 2025 (From June 1, 2024 to May 31, 2025
Cash flows from operating activities		
Profit before income taxes	393,171	2,739,015
Depreciation	43,635	71,713
Impairment losses	—	105,477
Amortization of goodwill	6,470	11,092
Interest income and dividend income	—	(1,756)
Increase (decrease) in provision for bonuses	264,995	171,062
Increase (decrease) in Provision for bonuses for directors	(34,452)	(12,228)
Increase (decrease) in Provision for retirement benefits for directors	17,417	17,944
Foreign exchange losses (gains)	6,376	(8,122)
Loss (gain) on sale of investment securities	(4,708)	—
Loss (gain) on disposal of Property, plant and equipment	743	35
Decrease (increase) in accounts receivables and contract assets	(357,392)	(521,297)
Gain on reversal of stock acquisition rights	—	(61,051)
Subsidy income	—	(1,928)
Decrease (increase) in prepaid expenses	(26,136)	(11,054)
Increase (decrease) in accounts payable	(85,026)	30,119
Increase (decrease) in accrued expenses	89,509	188,023
Change in deposits received	35,109	42,572
Stock issuance expenses	—	9,432
Listing expenses	—	23,201
Increase (decrease) in income taxes payable	18,089	302,357
Other	11,665	103,658
Subtotal	379,468	3,198,263
Interest and dividends received	1,742	1,531
Income taxes paid (refund)	(454,174)	(103,752)
Subsidy received	—	1,928
Net cash provided by (used in) operating activities	(72,963)	3,097,971
Cash flows from investing activities		
Purchase of property, plant and equipment	(19,374)	(121,409)
Purchase of intangible assets	(72,390)	(320,920)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(214,197)	—
Proceeds from sale of investment securities	49,559	—
Payments for leasehold deposits and guarantee deposits	(844)	(5,923)
Proceeds from leasehold deposits and guarantee deposits	1,760	—
Proceeds from surrender of insurance reserves	33,540	—
Other	51	100
Net cash provided by (used in) investing activities	(221,895)	(448,153)
Cash flows from financing activities		
Proceeds from share issuance	—	2,202,810
Proceeds from share issuance to non-controlling shareholders	—	388,335
Proceeds from issuance of stock acquisition rights	43,117	6,157
Listing expenses	—	(23,201)

Net cash provided by (used in) financing activities	43,117	2,574,100
Effect of exchange rate change on cash and cash equivalents	(2,305)	(576)
Net increase (decrease) in cash and cash equivalents	(254,047)	5,223,342
Cash and cash equivalents at beginning of period	1,642,896	1,388,848
Cash and cash equivalents at end of period	1,388,848	6,612,190

(5) Notes to consolidated financial statements

Going concern assumption

Not applicable.

Changes in accounting policies

(Application of "Accounting Standard for Current Income Taxes," etc.)

"Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter, "2022 Revised Accounting Standard") has been applied from the beginning of the beginning of the current fiscal year.

With regard to the revision of the classification of income taxes (taxation on other comprehensive income), the Company adheres to the transitional treatment stipulated in the provisory clause of Paragraph 20-3 of the 2022 Revised Accounting Standard, as well as that in the provisory clause of Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022"). This change in accounting policy has no impact on the quarterly consolidated financial statements.

Additionally, with regard to the revision related to the treatment in consolidated financial statements of gains or losses arising from the sale of subsidiary shares between consolidated companies, which may be deferred for tax purposes, the Company has applied the 2022 Revised Guidance from the beginning of the first quarter of the fiscal year ending May 31, 2025. This change in accounting policy has been applied retrospectively. As a result, the consolidated financial statements for the previous fiscal year have been restated to reflect this change. This change in accounting policy has no impact on the consolidated financial statements for the previous fiscal year.

Segment information

[Segment information]

1. Overview of reportable segments

(1) Determining reportable segments

The reportable segments of the Group are components for which discrete financial information is available and regularly reviewed by the Board of Directors to make decisions about allocation of managerial resources and to assess their performance.

The Group consists of two reportable segments, “Consulting Business” and “Cloud Product Business,” each of which is composed of service segments based on business activities.

(2) Types of products and services that belong to each reportable segment

The “Consulting Business” primarily involves Joint Initiative (JI) consulting, where our consultants act as business managers in the client’s position (including secondments), delivering human resources, know-how, and other support that go beyond traditional consulting services. By taking a hands-on approach to implementing the client’s business initiatives and reforms, we aim to drive increases in revenue and profits through revenue growth and cost reductions. Additionally, AVALANCHE LTD. & THE COMPANY provides services related to creative production, branding, community and SNS management, Web3, and other emerging digital fields. The “Cloud Product Business” targets companies that require consulting services or are potential customers of consulting services. It leverages the knowledge (consulting know-how) accumulated in our consulting business to develop and offer cloud-based products.

2. Method for calculating amounts of revenue, profit or loss, assets and other items by reportable segment

The accounting method for the operating segments that are reportable is the same as the accounting treatment adopted for preparation of consolidated financial statements. Profit figures for the reportable segments are based on operating profit.

3. Information on amounts of revenue, profit or loss, assets and other items by reportable segment

Fiscal year ended May31, 2024 (From June 1, 2023 to May 31, 2024)

(Thousands of yen)

	Reportable Segment			Adjustment (Note 1)	Amount recorded on consolidated statements of income (Note 2)
	Consulting	Cloud product	Total		
Net revenue					
Revenue generated from contracts with customers	4,173,524	1,800	4,175,324	—	4,175,324
Other revenue	—	—	—	—	—
Net revenue to external customers	4,173,524	1,800	4,175,324	—	4,175,324
Intersegment revenue and transfers	—	—	—	—	—
Total	4,173,524	1,800	4,175,324	—	4,175,324
Segment income (loss)	980,014	(123,558)	856,456	(486,827)	369,628
Segment assets	813,100	108,638	921,739	1,671,889	2,593,628
Other items					
Depreciation	442	4,647	5,089	38,545	43,635
Goodwill amortization	6,470	—	6,470	—	6,470
Increase or decrease of PPE and intangible assets	1,261	99,335	100,597	19,053	119,651

Notes:

1. Adjustments to segment income (loss) consist of the following.
   i. Adjustment of segment income (loss) is mainly general and administrative expenses that do not belong to any reportable segment.
   ii. Adjustment of segment assets is mainly corporate assets that are not allocated to each reportable segment.
   iii. Adjustment of depreciation and amortization is depreciation and amortization related to corporate assets that are not allocated to each reportable segment.
   iv. Adjustment of increase in property, plant and equipment and intangible assets is the amount of investment in corporate assets not allocated to each segment.
2. Segment income (loss) is adjusted with operating profit recorded on the quarterly consolidated statements of income.

Fiscal year ended May31, 2025 (From June 1, 2024 to May 31, 2025)

(Thousands of yen)

	Reportable Segment			Adjustment (Note 1)	Amount recorded on consolidated statements of income (Note 2)
	Consulting	Cloud product	Total		
Net revenue					
Revenue generated from contracts with customers	8,251,096	4,800	8,255,896	—	8,255,896
Other revenue	—	—	—	—	—
Net revenue to external customers	8,251,096	4,800	8,255,896	—	8,255,896
Intersegment revenue and transfers	—	—	—	—	—
Total	8,251,096	4,800	8,255,896	—	8,255,896
Segment income (loss)	3,759,627	(130,802)	3,628,825	(828,304)	2,800,520
Segment assets	1,573,089	86,704	1,659,793	7,107,722	8,767,516
Other items					
Depreciation	4,994	30,591	35,585	36,127	71,713
Goodwill amortization	11,092	—	11,092	—	11,092
Impairment loss	—	105,477	105,477	—	105,477
Increase or decrease of PPE and intangible assets	227,379	113,264	340,644	107,380	448,025

Notes:

1. Adjustments to segment income (loss) consist of the following.
   v. Adjustment of segment income (loss) is mainly general and administrative expenses that do not belong to any reportable segment.
   vi. Adjustment of segment assets is mainly corporate assets that are not allocated to each reportable segment.
   vii. Adjustment of depreciation and amortization is depreciation and amortization related to corporate assets that are not allocated to each reportable segment.
   viii. Adjustment of increase in property, plant and equipment and intangible assets is the amount of investment in corporate assets not allocated to each segment.
2. Segment income (loss) is adjusted with operating profit recorded on the quarterly consolidated statements of income.

[Related information]

Fiscal year ended May31, 2024 (From June 1, 2023 to May 31, 2024)

1. Information by product and service

This information has been omitted as equivalent information is disclosed in segment information section.

2. Information by geographic segment

(1) Revenue

This information has been omitted as revenue from Japan exceeds 90% of the revenue in the consolidated statement of income.

(2) Property, plant and equipment

This information has been omitted as the value of property, plant and equipment in Japan exceeds 90% of the property, plant and equipment in the consolidated balance sheet.

3. Information by major customer

(Thousands of yen)

Name of customer	Revenue	Related segment name
Honda Motor Co., Ltd.	693,363	Consulting
Mitsui Chemicals, Inc.	532,343	Consulting
PERSOL CROSS TECHNOLOGY CO., LTD.	430,644	Consulting

Fiscal year ended May31, 2025 (From June 1, 2024 to May 31, 2025)

1. Information by product and service

This information has been omitted as equivalent information is disclosed in segment information section.

2. Information by geographic segment

(1) Revenue

This information has been omitted as revenue from Japan exceeds 90% of the revenue in the consolidated statement of income.

(2) Property, plant and equipment

This information has been omitted as the value of property, plant and equipment in Japan exceeds 90% of the property, plant and equipment in the consolidated balance sheet.

3. Information by major customer

(Thousands of yen)

Name of customer	Revenue	Related segment name
Honda Motor Co., Ltd.	1,274,618	Consulting
MTG Co., Ltd.	983,577	Consulting

[Information on impairment losses of non-current assets or goodwill, etc. for each reportable segment]

In the Cloud Product segment, impairment losses on some software have been recorded. The recorded amount of the impairment loss for the Fiscal year ended May 31, 2025 was 105,477 thousand yen.

[Information on goodwill amortization and unamortized balance for each reportable segment]

Fiscal year ended May31, 2024 (From June 1, 2023 to May 31, 2024)

(Thousands of yen)

	Consulting	Cloud product	Unallocated amounts and elimination	Total
Amount of amortization of goodwill	6,470	—	—	6,470
Goodwill unamortized balance	104,450	—	—	104,450

Fiscal year ended May31, 2025 (From June 1, 2024 to May 31, 2025)

(Thousands of yen)

	Consulting	Cloud product	Unallocated amounts and elimination	Total
Amount of amortization of goodwill	11,092	—	—	11,092
Goodwill unamortized balance	93,358	—	—	93,358

[Information regarding gains on bargain purchases by reportable segment]

Not applicable.

Per share information

	Fiscal year ended May31, 2024 (June 1, 2023 to May 31, 2024)	Fiscal year ended May31, 2025 (June 1, 2024 to May 31, 2025)
Net assets per share	¥57.17	¥200.22
Basic earnings per share	¥9.99	¥64.50
Diluted earnings per share	—	¥59.97

Notes: 1. Diluted net income per share for the previous consolidated fiscal year is not stated because, although there are potential shares, the Company's shares are unlisted and the average share price during the period cannot be determined.

2. The Company conducted a 5-for-1 stock split of its common shares effective September 20, 2024 and March 1, 2025. Basic earnings per share were calculated based on the assumption that said stock split was conducted at the beginning of the fiscal year under review.

3. The basis used for calculating earnings per share is as follows.

	Fiscal year ended May 31, 2024 (From June 1, 2023 to May 31, 2024)	Fiscal year ended May 31, 2025 (From June 1, 2024 to May 31, 2025)
(1) Basic earnings per share		
(Assumption for calculation)		
Net income attributable to owners of the parent (thousands of yen)	260,507	1,768,207
Amount not attributable to common shareholders (thousands of yen)	–	–
Net income attributable to owners of the parent pertaining to common stock (thousands of yen)	260,507	1,768,207
Average number of outstanding common stock during the period (shares)	26,078,000	27,413,890
(2) Diluted earnings per share		
Adjusted net income attributable to parent company shareholders	–	–
Increase in number of common shares	–	2,070,590
(of which stock acquisition rights)	–	(2,070,590)
Overview of residual shares not included in the calculation of diluted net income per share due to their non-dilutive effect, but which have changed significantly since the end of the previous fiscal year	6 types of stock acquisition rights, 4,293,550 stock acquisition rights	–

4. The basis used for calculating net assets per share is as follows.

	Fiscal year ended May 31, 2024 (From June 1, 2023 to May 31, 2024)	Fiscal year ended May 31, 2025 (From June 1, 2024 to May 31, 2025)
Total net assets thousand yen)	1,551,998	5,869,749
Amount to be deducted from total net assets (thousand yen)	61,219	117,806
(of which stock acquisition rights (million yen))	(61,219)	(－)
(of which non-controlling interests (thousand yen)	(－)	(117,806)
Net assets at the end of the period related to common stock (thousand yen)	1,490,779	5,751,943

Number of shares of common stock at the end of the period used to calculate net assets per share (shares)	26,078,000	28,728,000

Going concern assumption

Not applicable