

**Translation**

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## Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2024 (IFRS)

January 14, 2025

Company name: baudroie inc.

Listing exchange: Tokyo Stock Exchange

Securities code: 4413

URL: <https://www.baudroie.jp/>

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Scheduled date for commencing dividend payments: -

Preparation of supplementary materials on financial results: Yes

Holding of financial results briefing session: No

(Amounts are rounded down to the nearest million yen, unless otherwise noted)

### 1. Consolidated Financial Results for the nine months ended November 30, 2024 (March 1, 2024 to November 30, 2024)

#### (1) Consolidated Operating Results (Cumulative)

(Percentage figures represent year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit for the period		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the nine months ended November 30, 2024	8,425	56.2	1,737	52.1	1,742	53.4	1,255	50.0	1,255	50.0	1,366	63.2
For the nine months ended November 30, 2023	5,393	-	1,142	-	1,135	-	837	-	837	-	837	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the nine months ended November 30, 2024	78.88	78.28
For the nine months ended November 30, 2023	52.82	52.30

(Note) The Company conducted a one-to-two stock split of its common shares as of November 1, 2023. In accordance with this, basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended February 2024.

#### (2) Consolidated Financial Position

	Total assets	Total Equity	Equity attributable to owners of parent	Ration of equity attributable to owners of parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of November 30, 2024	10,866	6,758	6,758	62.2
As of February 29, 2024	6,939	4,251	4,251	61.3

## 2. Cash Dividends

	Annual dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 2024	–	0.00	–	0.00	0.00
Fiscal year ending February 2025	–	0.00	–		
Fiscal year ending February 2025 (Forecast)			–	0.00	0.00

(Note) Revisions to the most recently announced dividend forecast: No

## 3. Forecast of Financial Results for the Fiscal Year Ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

(Percentage figures indicate year-on-year changes for full year and for quarters)

	Revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	11,400	55.5	2,300	45.0	1,644	41.6	102.74

(Note) Revisions to the most recently announced earnings forecast: No

### \* Explanatory notes

(1) Significant changes in the scope of consolidation during the period: Yes  
Added: Two companies (FunClock Inc., actias Inc.)

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS:	No
2) Changes in accounting policies other than those in 1) above:	No
3) Changes in accounting estimates:	No

(3) Number of issued shares (common shares)

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

As of November 30, 2024	16,022,954 shares	As of February 29, 2024	15,892,600 shares
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2) Number of treasury shares at the end of the period

As of November 30, 2024	5 shares	As of February 29, 2024	224,768 shares
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3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the nine months ended November 30, 2024	15,921,446 shares	For the nine months ended November 30, 2023	15,848,465 shares
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(Note) The Company conducted a one-to-two stock split of its common shares as of November 1, 2023. In accordance with this, the total number of issued shares at the end of the period, the number of treasury shares at the end of the period and the average number of shares during the period are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended February 2024.

\* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: Yes(voluntary)

\* Explanation regarding appropriate use of earnings forecasts, and other notes

1 The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Actual results, etc., may materially differ from the forecast due to various factors. For the conditions forming the assumptions on which earnings forecasts are based and explanatory notes for use of earnings forecasts, etc., please refer to “1. Qualitative Information on the Financial Results for the Period under Review; (3) Explanations on Consolidated Earnings Forecast and Other Forecast Information” on page 3 of the Attachment.

2 The Company has adopted the International Financial Reporting Standards (“IFRS”) effective from the first quarter of the fiscal year ending February 28,2025. The figures in the consolidated financial statements for the first quarter of the previous fiscal year ended February 29,2024 and the previous fiscal year ended February 29,2024 are also presented in accordance with IFRS.

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## 1. Qualitative Information on the Financial Results for the Period under Review

### (1) Explanation of Operating Results

During the cumulative period of the third quarter, the Japanese economy has shown a gradual recovery trend, supported by improvements in employment and income conditions as well as the effects of various policies.

On the other hand, fluctuations in financial capital markets and a downturn in overseas economies have contributed to continued uncertainty in both domestic and international economic outlooks.

Under such circumstances, the IT society has continued to develop and, in line with the progress and popularization of digital technologies, the IT and DX-related needs of companies are growing as they aim to enhance productivity and strengthen competitiveness. As a result, the demand for IT investment is growing. Against this backdrop, the Company and its group of companies (“the Group”), which conduct businesses specializing in IT infrastructure, have promoted operations by expanding and deepening the base of enterprise clients and focusing on advanced technology areas.

As a result, for the nine months ended November 30, 2024 under review based on IFRS (International Financial Reporting Standards), the Group posted revenue of 8,425,993 thousand yen (up 56.2%), operating profit of 1,737,915 thousand yen (up 52.1%), profit before tax of 1,742,225 thousand yen (up 53.4%), profit of 1,255,821 thousand yen (up 50.0%), and profit attributable to owners of parent of 1,255,821 thousand yen (up 50.0%), all on a year-on-year basis.

### (2) Explanation of Financial Position

#### 1) Assets, liabilities and equity

##### (Assets)

Total assets at the end of the third quarter under review amounted to 10,866,004 thousand yen, an increase of 3,926,876 thousand yen from the end of the previous fiscal year. This was mainly attributable to an increase of 1,560,068 thousand yen in goodwill and an increase of 588,351 thousand yen in Trade and other receivables .

##### (Liabilities)

Total liabilities at the end of the third quarter under review amounted to 4,107,296 thousand yen, an increase of 1,419,573 thousand yen from the end of the previous fiscal year. This was mainly attributable to an increase of 405,890 thousand yen in Bonds and borrowings (non-current) and increase of 715,906 thousand yen in other current liabilities .

##### (Equity)

Equity at the end of the third quarter under review amounted to 6,758,708 thousand yen, an increase of 2,507,303 thousand yen from the end of the previous fiscal year. This was mainly attributable to an increase of 1,255,821 thousand yen in retained earnings and an increase of 700,338 thousand yen due to disposal of treasury shares.

#### 2) Cash flows

##### (Cash flows from operating activities)

Net cash provided by operating activities amounted to 1,188,661 thousand yen (in contrast to net cash provided amounting to 767,079 thousand yen in the first three quarters of the previous fiscal year). This was mainly attributable to the recording of profit before tax of 1,742,225 thousand yen and the recording of depreciation and amortization of 169,876 thousand yen, against income taxes paid of 569,024 thousand yen.

##### (Cash flows from investing activities)

Net cash provided in investing activities amounted to 349,911 thousand yen (in contrast to net cash used amounting to 352,262 thousand yen in the first three quarters of the previous fiscal year). This was mainly attributable to payments for acquisition of subsidiaries of 95,992 thousand yen, against proceeds from acquisition of subsidiaries of 346,355 thousand yen and proceeds from cancellation of insurance funds of 57,192 thousand yen.

**(Cash flows from financing activities)**

Net cash used by financing activities amounted to 116,795 thousand yen (in contrast to net cash provided amounting to 88,974 thousand yen in the first three quarters of the previous year). This was mainly attributable to proceeds from long-term borrowings of 400,000 thousand yen, while there were repayments of short-term borrowings of 17,000 thousand yen and repayments of long-term borrowings of 278,160 thousand yen.

**(3) Explanations on Consolidated Earnings Forecast and Other Forecast Information**

As for the earnings forecast for the fiscal year ending February 2025, there are no changes to the revision to the full-year earnings forecast for the fiscal year ending February 2025 (March 1, 2024 to February 28, 2025) announced on June 13, 2024.

## 2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

### (1) Condensed Quarterly Consolidated Statements of Financial Position

	(Thousands of yen)		
	Date of transition (As of March 1,2023)	Previous fiscal year (As of February 29,2024)	For the nine months ended November 30,2024 (As of November 30,2024)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3,925,835	4,250,479	5,672,256
Trade and other receivables	707,286	950,979	1,539,330
Other financial assets	9,076	7,876	105,352
Other current assets	131,087	146,145	277,282
<b>Total current assets</b>	<b>4,773,286</b>	<b>5,355,481</b>	<b>7,594,222</b>
<b>Non-current assets</b>			
Property, plant and equipment	30,633	235,695	275,219
Right-of-use assets	—	366,512	414,033
Goodwill	215,484	546,730	2,106,798
Intangible assets	72	—	—
Other financial assets	184,313	270,451	345,536
Deferred tax assets	15,698	61,729	101,005
Other non-current assets	222,316	102,527	29,188
<b>Total non-current assets</b>	<b>668,519</b>	<b>1,583,647</b>	<b>3,271,782</b>
<b>Total assets</b>	<b>5,441,805</b>	<b>6,939,128</b>	<b>10,866,004</b>

(Thousands of yen)

	Date of transition (As of March 1,2023)	Previous fiscal year (As of February 29,2024)	For the nine months ended November 30,2024 (As of November 30,2024)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	52,988	64,336	67,392
Bonds and borrowings	176,274	233,163	471,689
Lease liabilities	26,123	135,832	298,614
Income taxes payable	227,690	330,973	259,268
Provisions	29,893	2,797	—
Other current liabilities	774,942	962,421	1,678,327
Total current liabilities	1,287,912	1,729,523	2,775,292
Non-current liabilities			
Bonds and borrowings	384,141	585,519	991,410
Lease liabilities	5,283	299,968	237,527
Other financial liabilities	—	67	—
Provisions	2,229	72,644	103,066
Total non-current liabilities	391,653	958,199	1,332,003
Total liabilities	1,679,566	2,687,723	4,107,296
Equity			
Share capital	599,361	601,421	602,869
Capital surplus	554,782	556,842	988,370
Retained earnings	2,574,837	3,735,873	4,991,695
Treasury shares	(272)	(700,355)	(16)
Other components of equity	33,530	57,623	175,790
Total equity attributable to owners of parent	3,762,239	4,251,405	6,758,708
Total equity	3,762,239	4,251,405	6,758,708
Total liabilities and equity	5,441,805	6,939,128	10,866,004

(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income

Condensed Quarterly Consolidated Statements of Profit or Loss  
For the nine months ended November 30, 2024

(Thousands of yen)

	For the nine months ended November 30, 2023 (March 1, 2023 – November 30, 2023)	For the nine months ended November 30, 2024 (March 1, 2024 – November 30, 2024)
Revenue	5,393,229	8,425,993
Cost of sales	3,424,716	5,374,616
Gross profit	1,968,512	3,051,377
Selling, general and administrative expenses	828,407	1,310,869
Other income	2,457	366
Other costs	75	2,958
Operating profit	1,142,488	1,737,915
Finance income	19	15,631
Finance costs	7,089	11,321
Profit before tax	1,135,418	1,742,225
Income tax expense	298,282	486,403
Profit	837,135	1,255,821
Profit attributable to		
Owners of parent	837,135	1,255,821
Profit	837,135	1,255,821
Earnings per share		
Basic earnings per share (yen)	52.82	78.88
Diluted earnings per share (yen)	52.30	78.28



For the three months ended November 30 , 2024

(Thousands of yen)

	For the three months ended November 30,2023(September 1, 2023 – November 30, 2023)	For the three months ended November 30,2024 (September 1, 2024 – November 30, 2024)
Revenue	1,903,448	3,134,065
Cost of sales	1,157,299	1,993,948
Gross profit	746,148	1,140,117
Selling, general and administrative expenses	275,261	447,397
Other income	617	26
Other costs	1	2,893
Operating profit	471,503	689,853
Finance income	-	(11)
Finance costs	2,079	4,664
Profit before tax	469,423	685,177
Income tax expense	123,321	191,575
Profit	346,102	493,601
Profit attributable to		
Owners of parent	346,102	493,601
Profit	346,102	493,601
Earnings per share		
Basic earnings per share (yen)	21.84	30.81
Diluted earnings per share (yen)	21.64	30.60

Condensed Quarterly Consolidated Statements of Comprehensive Income  
For the nine months ended November 30 , 2024

(Thousands of yen)

	For the nine months ended November 30,2023 (March 1, 2023 – November 30, 2023)	For the nine months ended November 30,2024(March 1, 2024 – November 30, 2024)
Profit	837,135	1,255,821
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	—	110,405
Total other comprehensive income	—	110,405
Comprehensive income	837,135	1,366,227
Comprehensive income attributable to		
Owners of parent	837,135	1,366,227
Comprehensive income	837,135	1,366,227

For the three months ended November 30 , 2024

(Thousands of yen)

	For the three months ended November 30,2023(September 1, 2023 – November 31, 2023)	For the three months ended November 30,2024 (September 1, 2024 – November 30, 2024)
Profit	346,102	493,601
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	—	—
Total other comprehensive income	—	—
Comprehensive income	346,102	493,601
Comprehensive income attributable to		
Owners of parent	346,102	493,601
Comprehensive income	346,102	493,601

## (3) Condensed Quarterly Consolidated Statements of Changes in Equity

For the nine months ended November 30, 2023 (March 1, 2023 – November 30, 2023)

(Thousands of yen)

	Equity attributable to owners of parent							Total	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity				
					Share acquisition rights	Net change of fair value of financial assets measured at fair value through other comprehensive income			
Balance as of March 1, 2023	599,361	554,782	2,574,837	(272)	2,109	31,420	33,530	3,762,239	
Profit	—	—	837,135	—	—	—	—	837,135	
Other comprehensive income	—	—	—	—	—	—	—	—	
Comprehensive income	—	—	837,135	—	—	—	—	837,135	
Exercise of share acquisition rights	1,715	1,715	—	—	—	—	—	3,430	
Acquisition of treasury shares	—	—	—	(191,127)	—	—	—	(191,127)	
Share-based payment transactions	—	—	—	—	6,328	—	6,328	6,328	
Total transactions with owners	1,715	1,715	—	(191,127)	6,328	—	6,328	(181,367)	
Balance as of November 30, 2023	601,076	556,497	3,411,973	(191,400)	8,438	31,420	39,858	4,418,006	

For the nine months ended November 30 , 2024 (March 1, 2024 – November 30, 2024)

(Thousands of yen)

	Equity attributable to owners of parent							
	Equity attributable to owners of parent				Other components of equity			
	Share capital	Capital surplus	Retained earnings	Treasury shares	Share acquisition rights	Net change of fair value of financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance as of March 1,2024	601,421	556,842	3,735,873	(700,355)	9,543	48,080	57,623	4,251,405
Profit	—	—	1,255,821	—	—	—	—	1,255,821
Other comprehensive income	—	—	—	—	—	110,405	110,405	110,405
Comprehensive income	—	—	1,255,821	—	—	110,405	110,405	1,366,227
Issuance of new shares	—	334,554	—	—	—	—	—	334,554
Exercise of share acquisition rights	1,448	1,448	—	—	—	—	—	2,896
disposal of treasury shares	—	95,525	—	700,338	—	—	—	795,864
Share-based payment transactions	—	—	—	—	5,726	—	5,726	5,726
Issuance of share acquisition rights	—	—	—	—	2,137	—	2,137	2,137
Forfeiture of share acquisition rights	—	—	—	—	(102)	—	(102)	(102)
Total transactions with owners	1,448	431,528	—	700,338	7,761	—	7,761	1,141,076
Balance as of November 30,2024	602,869	988,370	4,991,695	(16)	17,304	158,485	175,790	6,758,708

## (4) Condensed Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	For the nine months ended November 30, 2023 (March 1, 2023 – November 30, 2023)	For the nine months ended November 30, 2024 (March 1, 2024 – November 30, 2024)
Cash flows from operating activities		
Profit before tax	1,135,418	1,742,225
Depreciation and amortization	43,197	169,876
Share-based payment expenses	6,328	5,726
Increase (decrease) in liability for employee benefits	23,475	161,331
Finance income and finance costs	6,326	(4,236)
Decrease (increase) in trade and other receivables	(86,274)	(216,612)
Increase (decrease) in trade and other payables	(3,858)	(22,607)
Increase (decrease) in other	20,657	(67,600)
Subtotal	1,145,271	1,768,103
Interest received	19	375
Interest paid	(5,740)	(10,793)
Income taxes paid	(372,471)	(569,024)
Net cash provided by (used in) operating activities	767,079	1,188,661
Cash flows from investing activities		
Purchase of property, plant and equipment	(31,071)	(1,780)
Payments of leasehold and guarantee deposits	(150,398)	(1,684)
Proceeds from refund of leasehold and guarantee deposits	10,579	237
Proceeds from cancellation of insurance funds	74,876	57,192
Proceeds from acquisition of subsidiaries	—	346,355
Payments for acquisition of subsidiaries	(256,148)	(95,992)
Proceeds from distribution of investment in silent partnerships	—	44,217
Other	(99)	1,365
Net cash provided by (used in) investing activities	(352,262)	349,911
Cash flows from financing activities		
Proceeds from short-term borrowings	100,000	—
Repayments of short-term borrowings	(58,100)	(17,000)
Proceeds from long-term borrowings	300,000	400,000
Repayments of long-term borrowings	(169,331)	(278,160)
Redemption of bonds	(30,000)	(39,000)
Proceeds from issuance of share acquisition rights	—	2,137
Proceeds from exercise of employee share options	3,430	2,896
Repayments of lease liabilities	(43,846)	(187,669)
Repayments of acquisition of treasury shares	(191,127)	—
Net cash provided by (used in) financing activities	(88,974)	(116,795)
Net increase (decrease) in cash and cash equivalents	325,842	1,421,776
Cash and cash equivalents at the beginning of the period	3,925,835	4,250,479
Cash and cash equivalents at the end of the period	4,251,677	5,672,256

## (5) Notes to Condensed Quarterly Consolidated Financial Statements

### (Notes on Going Concern Assumption)

Not applicable.

### (Segment Information, Etc.)

The information is omitted as the Group has a single operating segment engaged only in the IT infrastructure business and the information lacks materiality.

### (First-time Adoption)

The Group has disclosed condensed quarterly consolidated financial statements in accordance with IFRS accounting standards starting from the first quarter under review. The most recent consolidated financial statements prepared in accordance with the Japanese Generally Accepted Accounting Principles, "Japanese GAAP," are for the fiscal year ended February 29, 2024 and the date of transition to IFRS accounting standards is March 1, 2023.

### (1) Exemptions from Retrospective Application

IFRS 1 requires an entity adopting IFRS for the first time to apply the standards retrospectively, in principle. However, IFRS 1 provides certain optional exemptions and the Group has adopted the following exemptions.

#### 1) Business combination

The Group has not applied IFRS 3 Business Combinations retrospectively to business combinations that took place before the date of transition.

#### 2) Leases

Whether leases are included in contracts existing as of the date of transition are decided based on the facts and circumstances that exist as of the said date. In addition, lease liabilities are measured with the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate and the right-of-use assets are also measured at an amount equal to the lease liabilities. The derecognition of leases where the underlying asset is a small or short-term lease is determined based on the status at the date of transition.

#### 3) Disposal liabilities included in cost of property, plant and equipment

Under IFRS 1, a liability for a disposal or other obligation that is included in the cost of property, plant and equipment shall be measured either retrospectively from the date the disposal or other obligation is incurred, or at the date of transition. IFRS 1 permits an entity to choose either to apply IFRS 1 retrospectively from the date the obligation arises or to measure the obligation as of the date of transition.

The Group is allowed to choose either retrospective application from the inception of the obligation or measurement of the obligation at the transition date. The Group has elected to measure disposal and other obligations that are included in the cost of property, plant and equipment as of the transition date.

The Group has elected to measure the obligation for disposal included in the cost of property, plant and equipment as of the transition date.

#### 4) Designation of financial instruments recognized before the date of transition

Part of equity financial assets are designated as financial assets measured at fair value through other comprehensive income based on the facts and circumstances that exist at the date of transition.

#### 5) Share-based payment

The Group has chosen not to apply IFRS 2 Share-based payment for the share-based payment vested before the date of transition.

### (2) Mandatory Exceptions of IFRS 1

IFRS 1 prohibits retrospective application of IFRS accounting standards for "estimates," "derecognition of financial assets and financial liabilities," "hedge accounting," "non-controlling interests," "classification and measurement of financial assets" and others. The Group has prospectively applied IFRS from the date of transition for these items.

### (3) Reconciliations

The impact of the transition from Japanese GAAP to IFRS accounting standards on the Group's financial position, results of operations and cash flows is summarized below. In these reconciliations, the amounts under "Reclassification" include items that do not affect retained earnings or comprehensive income, while the amounts under "Difference in recognition and measurement" include items that affect retained earnings and comprehensive income.

① Reconciliation of equity

As of March 1, 2023 (Date of transition)

(Thousands of yen)

Line item under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Line item under IFRS
<b>Assets</b>						<b>Assets</b>
<b>Current assets</b>						<b>Current assets</b>
Cash and deposits	3,925,835	–	–	3,925,835		Cash and cash equivalents
Accounts receivable - trade and contract assets	731,990	(24,703)	–	707,286		Trade and other receivables
Prepaid expenses	85,879	(85,879)	–	–		
Other	3,775	106,807	20,504	131,087		Other current assets
	–	3,775	5,300	9,076	A	Other financial assets
<b>Total current assets</b>	<b>4,747,481</b>	<b>–</b>	<b>25,805</b>	<b>4,773,286</b>		<b>Total current assets</b>
<b>Non-current assets</b>						<b>Non-current assets</b>
<b>Property, plant and equipment</b>						
Buildings, net	21,507	3,992	5,134	30,633	B	Property, plant and equipment
Tools, furniture and fixtures, net	3,992	(3,992)	–	–		
<b>Intangible assets</b>						
Goodwill	215,484	–	–	215,484	C	Goodwill
Other	72	–	–	72		Intangible assets
Investment securities	3,000	73,064	108,248	184,313	A,B,D,E	Other financial assets
Deferred tax assets	35,956	–	(20,257)	15,698	F	Deferred tax assets
Other	200,089	(73,064)	95,291	222,316		Other non-current assets
<b>Total non-current assets</b>	<b>480,102</b>	<b>–</b>	<b>188,416</b>	<b>668,519</b>		<b>Total non-current assets</b>
<b>Total assets</b>	<b>5,227,584</b>	<b>–</b>	<b>214,221</b>	<b>5,441,805</b>		<b>Total assets</b>



(Thousands of yen)

Line item under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Line item under IFRS
<b>Liabilities</b>						<b>Liabilities and equity</b>
						<b>Liabilities</b>
<b>Current liabilities</b>						<b>Current liabilities</b>
Accounts payable - trade	10,498	57,271	(14,780)	52,988		Trade and other payables
Current portion of bonds payable	39,000	137,274	–	176,274		Bonds and borrowings
Current portion of long-term borrowings	137,274	(137,274)	–	–		
	–	–	26,123	26,123	A	Lease liabilities
Accounts payable - other	57,271	(57,271)	–	–		
Accrued expenses	463,404	(463,404)	–	–		
Income taxes payable	227,690	–	–	227,690	F	Income taxes payable
Provision for bonuses	6,811	(6,811)	–	–		
	–	–	29,893	29,893	B	Provisions
Other	186,809	470,215	117,917	774,942	G	Other current liabilities
<b>Total current liabilities</b>	<b>1,128,758</b>	<b>–</b>	<b>159,154</b>	<b>1,287,912</b>		<b>Total current liabilities</b>
<b>Non-current liabilities</b>						<b>Non-current liabilities</b>
Bonds payable	23,000	361,141	–	384,141		Bonds and borrowings
Long-term borrowings	361,141	(361,141)	–	–		
	–	–	5,283	5,283	A	Lease liabilities
	–	–	2,229	2,229	B	Provisions
<b>Total non-current liabilities</b>	<b>384,141</b>	<b>–</b>	<b>7,512</b>	<b>391,653</b>		<b>Total non-current liabilities</b>
<b>Total liabilities</b>	<b>1,512,900</b>	<b>–</b>	<b>166,666</b>	<b>1,679,566</b>		<b>Total liabilities</b>
<b>Net assets</b>						<b>Equity</b>
Share capital	599,361	–	–	599,361		Share capital
Capital surplus	554,782	–	–	554,782		Capital surplus
Retained earnings	2,558,702	–	16,134	2,574,837	H	Retained earnings
Treasury shares	(272)	–	–	(272)		Treasury shares
Share acquisition rights	2,109	(2,109)	–	–		
	–	2,109	31,420	33,530		Other components of equity
	–	–	–	3,762,239		Total equity attributable to owners of parent
<b>Total net assets</b>	<b>3,714,683</b>	<b>–</b>	<b>47,555</b>	<b>3,762,239</b>		<b>Total equity</b>
<b>Total liabilities and net assets</b>	<b>5,227,584</b>	<b>–</b>	<b>214,221</b>	<b>5,441,805</b>		<b>Total liabilities and equity</b>

As of November 30,2023

(Thousands of yen)

Line item under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Line item under IFRS
<b>Assets</b>						<b>Assets</b>
<b>Current assets</b>						<b>Current assets</b>
Cash and deposits	3,743,623	508,054	–	4,251,677		Cash and cash equivalents
Accounts receivable - trade and contract assets	910,354	(40,854)	–	869,499		Trade and other receivables
Deposits paid	508,054	(508,054)	–	–		
Other	115,374	37,318	13,129	165,822		Other current assets
	–	3,535	4,701	8,237	A	Other financial assets
<b>Total current assets</b>	<b>5,277,406</b>	<b>–</b>	<b>17,830</b>	<b>5,295,237</b>		<b>Total current assets</b>
<b>Non-current assets</b>						<b>Non-current assets</b>
Property, plant and equipment	57,221	–	70,284	127,506	B	Property, plant and equipment
	–	–	378,896	378,896	A	Right-of-use assets
<b>Intangible assets</b>						
Goodwill	488,258	–	58,472	546,730	C	Goodwill
Other	–	–	–	–		Intangible assets
<b>Investments and other assets</b>						
Investment securities	3,000	216,515	108,298	327,814	A,B,D,E	Other financial assets
Deferred tax assets	80,078	–	1,006	81,085	F	Deferred tax assets
Other	289,605	(216,515)	58,626	131,715		Other non-current assets
<b>Total non-current assets</b>	<b>918,164</b>	<b>–</b>	<b>675,586</b>	<b>1,593,750</b>		<b>Total non-current assets</b>
<b>Total assets</b>	<b>6,195,570</b>	<b>–</b>	<b>693,417</b>	<b>6,888,988</b>		<b>Total assets</b>

(Thousands of yen)

Line item under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Line item under IFRS
<b>Liabilities</b>						
<b>Liabilities and equity</b>						
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable - trade	17,132	53,437	(14,780)	55,789		Trade and other payables
short-term borrowings	41,900	206,397	–	248,297		Bonds and borrowings
Current portion of bonds payable	23,000	(23,000)	–	–		
Current portion of long-term borrowings	183,397	(183,397)	–	–		
	–	–	102,599	102,599	A	Lease liabilities
Income taxes payable	278,016	–	(62,773)	215,242	F	Income taxes payable
Provision for bonuses	135,163	(135,163)	–	–		
	–	–	29,893	29,893	B	Provisions
Other	665,147	81,725	126,490	873,363	G	Other current liabilities
<b>Total current liabilities</b>	<b>1,343,756</b>	<b>–</b>	<b>181,429</b>	<b>1,525,186</b>		<b>Total current liabilities</b>
<b>Non-current liabilities</b>						
Bonds payable	9,000	542,808	–	551,808		Bonds and borrowings
Long-term borrowings	542,808	(542,808)	–	–		
	–	–	321,518	321,518	A	Lease liabilities
	–	–	–	–	E	Other financial liabilities
	–	–	72,468	72,468	B	Provisions
<b>Total non-current liabilities</b>	<b>551,808</b>	<b>–</b>	<b>393,986</b>	<b>945,794</b>		<b>Total non-current liabilities</b>
<b>Total liabilities</b>	<b>1,895,564</b>	<b>–</b>	<b>575,416</b>	<b>2,470,981</b>		<b>Total liabilities</b>
<b>Net assets</b>						
Share capital	601,076	–	–	601,076		Share capital
Capital surplus	556,497	–	–	556,497		Capital surplus
Retained earnings	3,325,393	–	86,580	3,411,973	H	Retained earnings
Treasury shares	(191,400)	–	–	(191,400)		Treasury shares
Share acquisition rights	8,438	(8,438)	–	–		
	–	8,438	31,420	39,858		Other components of equity
	–	–	–	4,418,006		Equity attributable to owners of parent
<b>Total net assets</b>	<b>4,300,006</b>	<b>–</b>	<b>118,000</b>	<b>4,418,006</b>		<b>Total equity</b>
<b>Total liabilities and net assets</b>	<b>6,195,570</b>	<b>–</b>	<b>693,417</b>	<b>6,888,988</b>		<b>Total liabilities and equity</b>

As of February 29,2024

(Thousands of yen)

Line item under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Line item under IFRS
<b>Assets</b>						<b>Assets</b>
<b>Current assets</b>						<b>Current assets</b>
Cash and deposits	4,250,479	–	–	4,250,479		Cash and cash equivalents
Accounts receivable - trade and contract assets	989,179	(38,199)	–	950,979		Trade and other receivables
Prepaid expenses	91,640	(91,640)	–	–		
Other	5,621	126,656	13,866	146,145		Other current assets
	–	3,183	4,693	7,876	A	Other financial assets
<b>Total current assets</b>	<b>5,336,920</b>	<b>–</b>	<b>18,560</b>	<b>5,355,481</b>		<b>Total current assets</b>
<b>Non-current assets</b>						<b>Non-current assets</b>
<b>Property, plant and equipment</b>						
Buildings, net	138,318	28,208	69,168	235,695	B	Property, plant and equipment
Tools, furniture and fixtures, net	28,208	(28,208)	–	–		
	–	–	366,512	366,512	A	Right-of-use assets
<b>Intangible assets</b>						
Goodwill	471,792	–	74,938	546,730	C	Goodwill
Other	–	–	–	–		Intangible assets
<b>Investments and other assets</b>						
Investment securities	3,000	163,098	104,352	270,451	A,B,D,E	Other financial assets
Deferred tax assets	50,079	–	11,649	61,729	F	Deferred tax assets
Other	231,392	(163,098)	34,234	102,527		Other non-current assets
<b>Total non-current assets</b>	<b>922,791</b>	<b>–</b>	<b>660,856</b>	<b>1,583,647</b>		<b>Total non-current assets</b>
<b>Total assets</b>	<b>6,259,712</b>	<b>–</b>	<b>679,416</b>	<b>6,939,128</b>		<b>Total assets</b>

(Thousands of yen)

Line item under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Line item under IFRS
<b>Liabilities</b>						<b>Liabilities and equity</b>
<b>Current liabilities</b>						<b>Liabilities</b>
Accounts payable - trade	15,610	63,506	(14,780)	64,336		Current liabilities
short-term borrowings	17,000	216,163	–	233,163		Trade and other payables
Current portion of bonds payable	14,000	(14,000)	–	–		Bonds and borrowings
Current portion of long-term borrowings	202,163	(202,163)	–	–		
	–	–	135,832	135,832	A	Lease liabilities
Accounts payable - other	63,506	(63,506)	–	–		
Accrued expenses	603,204	(603,204)	–	–		
Income taxes payable	330,973	–	–	330,973	F	Income taxes payable
Contract liabilities	453	(453)	–	–		
Provision for bonuses	15,304	(15,304)	–	–		
Provision for loss on order received	2,797	(2,797)	–	–		
	–	2,797	–	2,797	B	Provisions
Other	211,334	618,962	132,124	962,421	G	Other current liabilities
<b>Total current liabilities</b>	<b>1,476,347</b>	<b>–</b>	<b>253,176</b>	<b>1,729,523</b>		<b>Total current liabilities</b>
<b>Non-current liabilities</b>						<b>Non-current liabilities</b>
Bonds payable	9,000	576,519	–	585,519		Bonds and borrowings
Long-term borrowings	576,519	(576,519)	–	–		
	–	–	299,968	299,968	A	Lease liabilities
	–	–	67	67	E	Other financial liabilities
	–	–	72,644	72,644	B	Provisions
<b>Total non-current liabilities</b>	<b>585,519</b>	<b>–</b>	<b>372,680</b>	<b>958,199</b>		<b>Total non-current liabilities</b>
<b>Total liabilities</b>	<b>2,061,866</b>	<b>–</b>	<b>625,856</b>	<b>2,687,723</b>		<b>Total liabilities</b>
<b>Net assets</b>						<b>Equity</b>
Share capital	601,421	–	–	601,421		Share capital
Capital surplus	556,842	–	–	556,842		Capital surplus
Retained earnings	3,730,393	–	5,479	3,735,873	H	Retained earnings
Treasury shares	(700,355)	–	–	(700,355)		Treasury shares
Share acquisition rights	9,543	(9,543)	–	–		
	–	9,543	48,080	57,623		Other components of equity
	–	–	–	4,251,405		Total equity attributable to owners of parent
<b>Total net assets</b>	<b>4,197,845</b>	<b>–</b>	<b>53,559</b>	<b>4,251,405</b>		<b>Total equity</b>
<b>Total liabilities and net assets</b>	<b>6,259,712</b>	<b>–</b>	<b>679,416</b>	<b>6,939,128</b>		<b>Total liabilities and equity</b>

② Reconciliation of comprehensive income

For the nine months ended November 30, 2023 (March 1, 2023 – November 30, 2023)

(Thousands of yen)

Line item under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Line item under IFRS
Net sales	5,393,229	–	–	5,393,229		Revenue
Cost of sales	3,408,194	–	16,522	3,424,716	G	Cost of sales
Gross profit	1,985,035	–	(16,522)	1,968,512		Gross profit
Selling, general and administrative expenses	848,943	1,624	(22,160)	828,407	A,B,C,G	Selling, general and administrative expenses
	–	2,457	–	2,457		Other income
	–	22,668	(22,592)	75		Other expenses
Operating profit	1,136,092	(21,834)	28,230	1,142,488		Operating profit
Non-operating income	2,477	(2,477)	–	–		
Non-operating expenses	6,404	(6,404)	–	–		
Extraordinary income	36,264	(36,264)	–	–		
Extraordinary losses	22,592	(22,592)	–	–		
	–	36,283	(36,264)	19	D	Finance income
	–	6,328	760	7,089	A,D	Finance costs
Profit before income taxes	1,145,836	(1,624)	(8,794)	1,135,418		Profit before tax
Total income taxes	379,146	(1,624)	(79,239)	298,282	F	Income tax expense
Profit	766,690	–	70,445	837,135		Profit
Other comprehensive income	–	–	–	–		Other comprehensive income
	–	–	–	–		Items that will not be reclassified to profit or loss
	–	–	–	–		Financial assets measured at fair value through other comprehensive income
Total other comprehensive income	–	–	–	–		Total other comprehensive income
Comprehensive income	766,690	–	70,445	837,135		Comprehensive income

For the three months ended November 30 , 2023 (September 1,2023 – November 30,2023)

(Thousands of yen)

Line item under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Line item under IFRS
Net sales	1,903,448	–	–	1,903,448		Revenue
Cost of sales	1,151,147	–	6,151	1,157,299	G	Cost of sales
Gross profit	752,300	–	(6,151)	746,148		Gross profit
Selling, general and administrative expenses	271,952	541	2,767	275,261	A,B,C,G	Selling, general and administrative expenses
	–	617	–	617		Other income
	–	17,281	(17,279)	1	A	Other expenses
Operating profit	480,348	(17,204)	8,360	471,503		Operating profit
Non-operating income	617	(617)	–	–		
Non-operating expenses	2,493	(2,493)	–	–		
Extraordinary income	–	–	–	–		
Extraordinary losses	17,279	(17,279)	–	–		
	–	–	–	–		Finance income
	–	2,492	(412)	2,079	A,B	Finance costs
Profit before income taxes	461,192	(541)	8,773	469,423		Profit before tax
Total income taxes	151,457	(541)	(27,594)	123,321	F	Income tax expense
Profit	309,734	–	36,368	346,102		Profit
Other comprehensive income	–	–	–	–		Other comprehensive income
	–	–	–	–		Items that will not be reclassified to profit or loss
	–	–	–	–		Financial assets measured at fair value through other comprehensive income
Total other comprehensive income	–	–	–	–		Total other comprehensive income
Comprehensive income	309,734	–	36,368	346,102		Comprehensive income

Previous fiscal year (March 1,2023 – February 29,2024)

(Thousands of yen)

Line item under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Line item under IFRS
Net sales	7,330,186	–	–	7,330,186		Revenue
Cost of sales	4,585,700	–	40,649	4,626,349	G	Cost of sales
Gross profit	2,744,486	–	(40,649)	2,703,836		Gross profit
Selling, general and administrative expenses	1,177,103	2,165	(30,191)	1,149,078	A,B,C,G	Selling, general and administrative expenses
	–	32,736	–	32,736		Other income
	–	31,806	(30,257)	1,549	A	Other expenses
Operating profit	1,567,382	(1,235)	19,799	1,585,945		Operating profit
Non-operating income	2,492	(2,492)	–	–		
Non-operating expenses	11,435	(11,435)	–	–		
Extraordinary income	93,828	(93,828)	–	–		
Extraordinary losses	30,257	(30,257)	–	–		
	–	63,584	(63,544)	39	D	Finance income
	–	9,886	1,370	11,257	A,B	Finance costs
Profit before income taxes	1,622,010	(2,165)	(45,116)	1,574,727		Profit before tax
Total income taxes	450,319	(2,165)	(34,461)	413,692		Income tax expense
Profit	1,171,690	–	(10,655)	1,161,035		Profit
Other comprehensive income	–	–	–	–		Other comprehensive income
	–	–	–	–		Items that will not be reclassified to profit or loss
	–	–	–	–		Financial assets measured at fair value through other comprehensive income
	–	–	16,659	16,659	D	Total other comprehensive income
Total other comprehensive income	–	–	16,659	16,659		Total other comprehensive income
Comprehensive income	1,171,690	–	6,004	1,177,694		Comprehensive income



### 3) Notes on reconciliation

#### (1) Reclassification

- Financial assets and financial liabilities are presented separately in accordance with IFRS presentation rules.
- For “accounts receivable - trade and contract assets,” which were presented separately under Japanese GAAP, the trade portion is presented as “trade and other receivables” and contract assets as “other current assets” under IFRS accounting standards.
- “Prepaid expenses, “ which were presented separately under Japanese GAAP, is included in “other current assets” under IFRS accounting standards.
- “Provision for loss on order received,” which was separately presented under Japanese GAAP, is included in “provisions” (current) under IFRS accounting standards.
- “Accounts payable - other” of current liabilities, which were separately presented under Japanese GAAP, are included in “trade and other payables” under IFRS accounting standards.
- “Accrued expenses,” “contract liabilities” and “provision for bonuses” of current liabilities, which were separately presented under Japanese GAAP, are included in “other current liabilities” under IFRS accounting standards.
- “Short-term borrowings,” “current portion of long-term borrowings” and “current portion of bonds payable,” which were separately presented under Japanese GAAP, are presented as “bonds and borrowings” (current) under IFRS accounting standards.
- “Bonds payable” and “long-term borrowings,” which were separately presented under Japanese GAAP, are presented as “bonds and borrowings” (non-current) under IFRS accounting standards.
- “Share acquisition rights,” which were separately presented under Japanese GAAP, are included in “other components of equity” under IFRS accounting standards.
- Items presented as “non-operating income,” “non-operating expenses,” “extraordinary income” and “extraordinary losses” under Japanese GAAP are presented as “finance income and finance costs” for items related to finance, “other operating income” and “other operating expenses” for other items under IFRS accounting standards.

#### (2) Difference in recognition and measurement

##### A. Leases

Under Japanese GAAP, lessee’s leases were classified into finance leases or operating leases, and the method for regular lease transactions was applied to the accounting treatment of operating leases. Under IFRS accounting standards, such classification will not be conducted for lessee’s leases, and right-of-use assets and lease liabilities are recognized for all leases, excluding short-term leases and leases with small underlying assets.

##### B. Property, plant and equipment

- (1) Under Japanese GAAP, accounting treatment to deduct asset retirement obligations from leasehold deposits is used, while under IFRS accounting standards, asset retirement obligations are recorded as liabilities and are depreciated after adding the amount to the acquisition cost of the corresponding property, plant and equipment.
- (2) Depreciation of property, plant and equipment has changed due to reviewing of method of depreciation and others conducted in line with the application of IFRS accounting standards.

##### C. Goodwill

Under Japanese GAAP, “goodwill” was to be amortized over the estimated period of its effect. Under the IFRS accounting standards, however, since it will not be amortized after the date of transition, “selling, general and administrative expenses” has decreased and “goodwill” has increased.

#### D. Equity instruments and debt instruments

Under Japanese GAAP, unlisted shares and others with no market prices as well as debt securities held to maturity were recorded at acquisition cost with impairment losses recognized according to financial conditions of the issuer. Under IFRS accounting standards, such financial instruments are evaluated at fair value, with ex post facto changes recognized as profit or loss. However, among equity instruments, for financial assets designated as measured at fair value through other comprehensive income, changes in fair value is recognized as other comprehensive income.

#### E. Derivative

Under Japanese GAAP, special treatment was applied for interest swaps that meet specific requirements. Under IFRS accounting standards, “other financial assets” (non-current) and “other financial liabilities” (non-current) are adjusted as interest swaps are measured at fair value.

#### F. Reconciliation of tax effect

“Income tax”, “Deferred tax assets” and “deferred tax liabilities” have been reconciled to reflect the temporary differences arising from the transition from Japanese GAAP to IFRS accounting standards. In addition, with the application of IFRS accounting standards, recoverability of all deferred tax assets are being reconsidered.

#### G. Employee benefits accruals

Under Japanese GAAP, accounting treatment was not executed for unused paid holidays, but under IFRS accounting standards, it is recorded as liabilities in other current liabilities.

#### H. Retained earnings

(Difference in recognition and measurement)

The impact of applying IFRS accounting standards on retained earnings is as follows.

	(Thousands of yen)		
	Date of transition (March 1, 2023)	For the nine months ended November 30 , 2023 (November 30, 2023)	Previous fiscal year (February 29, 2024)
A. Leases	–	128	250
B. Property, plant and equipment	2,498	(1,975)	(242)
C. Goodwill	–	49,398	65,864
D. Equity instruments and debt instruments	94,468	69,308	50,380
E. Derivative	472	133	(46)
F. Reconciliation of tax effect	–	62,773	–
G. Employee benefit accruals	(81,304)	(93,186)	(110,726)
Total	16,134	86,580	5,479

#### 4) Reconciliation of cash flows

- Previous fiscal year (March 1, 2023 to February 29, 2024)

There are no material differences between consolidated statement of cash flows under Japanese GAAP and consolidated statement of cash flows under IFRS accounting standards.