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## Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Based on Japanese GAAP)

January 31, 2025

Company name: SMS CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 2175 URL <https://www.bm-sms.co.jp/>  
 Representative: CEO Natsuki Goto  
 Inquiries: CFO Masato Sugizaki TEL 03-6721-2400  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

#### (1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2024	44,885	14.0	3,592	(27.4)	5,121	(17.0)	3,846	(12.1)
Nine months ended December 31, 2023	39,357	17.7	4,945	(1.9)	6,171	(3.6)	4,376	(4.1)

(Note) Comprehensive income For the nine months ended December 31, 2024: ¥3,961 million [(45.0%)]  
 For the nine months ended December 31, 2023: ¥7,206 million [(23.3%)]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2024	45.03		45.02	
Nine months ended December 31, 2023	50.16		50.02	

#### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of December 31, 2024	72,015		42,687		58.8	
As of March 31, 2024	72,475		44,284		60.7	

(Reference) Equity As of December 31, 2024: ¥42,368 million  
 As of March 31, 2024: ¥44,001 million

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2024	–	0.00	–	20.00	20.00
Year ending March 31, 2025	–	0.00	–	–	–
Year ending March 31, 2025 (Forecast)	–	–	–	28.50	28.50

(Note) Revisions to the forecast of cash dividends most recently announced: Yes

### 3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	61,050	13.1	6,300	(23.8)	8,250	(16.7)	6,050	(16.3)	70.81

(Note) Revisions to the forecast of financial results most recently announced: Yes

#### 4. Notes

- (1) Significant changes in the scope of consolidation during the nine months ended December 31, 2024: No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

#### (4) Number of issued shares (common shares)

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

As of December 31, 2024	87,561,600 shares	As of March 31, 2024	87,561,600 shares
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Number of treasury shares at the end of the period

As of December 31, 2024	2,599,151 shares	As of March 31, 2024	812,832 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2024	85,439,522 shares	Nine months ended December 31, 2023	87,235,670 shares
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\*Quarterly consolidated financial results are not subject to quarterly review by certified public accountants or auditing firms.

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

#### Caution regarding forward-looking statements

This document contains forward-looking statements including performance forecasts based on information available to the Company at the time of disclosure and certain assumptions that the Company believes to be reasonable. Actual performance may differ from these forecasts owing to a wide range of factors.

#### Supplementary briefing material on financial results

It will be disclosed on the same day on TDnet.

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# 1. Qualitative Information on Financial Results

## (1) Explanation of Operating Results

(i) Consolidated operating results (cumulative)

	(Millions of yen)			
	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Change (amount)	Change (percentage)
Net sales	39,357	44,885	5,528	14.0%
Operating profit	4,945	3,592	(1,353)	(27.4%)
Ordinary profit	6,171	5,121	(1,049)	(17.0%)
Profit attributable to owners of parent	4,376	3,846	(529)	(12.1%)

The Group's Mission is "to improve the quality of life by providing information infrastructure for an aging society." We regard Medical Care, Elderly/Disability Care\*<sup>1</sup>, Healthcare, and Senior Life as the business domains required in an aging society and define information infrastructure as a platform to connect those to whom we provide value: end users, professionals, and operators. By building information infrastructure that supports people in an aging society through information, we are working to solve various issues that arise in an aging society and contribute to improving the quality of life.

### An unprecedented era of low birth rate, aging and population decline

Japan is entering an era of simultaneous rapid aging and population decline, the likes of which no one has ever experienced. As of July 2024, the number of elderly people aged 65 and over was 36.25 million.\*<sup>2</sup> The aging rate, already at 29%, is expected to reach approximately 35% by 2040 when the elderly population approaches its peak of over 39 million. On the other hand, the working-age population aged 15–64, who play a central role in economic activities, continues to drop, and its relative percentage of the population composition is projected to decline from 68% in 2000 to nearly 55% by 2040.\*<sup>3</sup>

### Three critical issues faced by an aging society

Against the backdrop of these demographic changes, the state of society, including economic trends, national policies, and people's values, has undergone significant changes, and new issues have emerged that did not exist before. The Group recognizes that there are three important social issues that we need to solve in an aging society.

#### Issue 1: Difficulty in sustaining high-quality medical care and elderly/disability care services

While the demand for medical care and elderly/disability care services is increasing as the population ages, the shortage of workers to support these services has become a serious problem due to a decline in the working-age population. According to national estimates, by 2040, an additional 320,000 nurses will be required compared to 2018, and an additional 570,000 care workers will be required compared to 2022.\*<sup>4</sup> The growing shortage of medical care and elderly/disability care professionals will make it difficult to sustain high-quality medical care and elderly/disability care services.

#### Issue 2: More severe burden on the working generation

As the elderly population increases, social security expenses that support pensions, medical care, elderly care, and other welfare services are expected to increase to 190 trillion yen in 2040, about 1.6 times the 2018 level.\*<sup>5</sup> On the other hand, due to the decline in the working-age population, we will see shrinking workforces, not only in medical care and elderly/disability care, but in all industries in Japan. The average number of people in the working generation required to support one elderly person is expected to decline from 2.1 in 2018 to 1.6 in 2040, placing an increasingly heavy burden on the working generation.\*<sup>6</sup>

#### Issue 3: Difficulty in solving problems related to living in an aging society

As the population ages, the services required in society are also changing. In an aging society, new needs such as elderly care and end-of-life planning are emerging and the demand for these services is expanding. However, the available information related to living in an aging society is insufficient in terms of quality and quantity, and it is not provided in an organized manner. Furthermore, there are also concerns that the future labor shortage in many industries will result in an inability to adequately supply

the services required by an aging society. This will make it difficult for the elderly and their families to solve various life-related problems.

### **Issues in Japan's aging society and our solutions**

In order to solve the three issues facing Japan's aging society through building information infrastructure, the Group has established specific solutions targeting each social issue.

For Issue 1: difficulty in sustaining high-quality medical care and elderly/disability care services, in addition to solving the overwhelming supply-demand gap of medical care and elderly/disability care professionals, it is important to improve the operational efficiency and solve management issues of business operators that provide medical care and elderly/disability care services. Therefore, we believe that the solution is to "solve labor shortages and uneven distribution of medical care and elderly/disability care professionals" and to "improve the management of medical care and elderly/disability care operators."

For Issue 2: more severe burden on the working generation, resulting from increasing social security costs and a decreasing working-age population, we will be able to solve this issue through "increasing the number of healthy people in the work force" by enabling more people to work productively in good health for a long period of time.

For Issue 3: difficulty in solving problems about life in an aging society, our solution is to "provide a variety of options and high-quality decision-making information" by organizing various types of information related to Japan's aging society in an easy-to-understand manner.

### **Initiatives in each business area**

Based on the above issues and their solutions, the Group is working to solve social issues in each business area, aiming to realize our Mission and increase our corporate value over the long term through sustainable growth.

#### **<Career Business>**

In the Career Business, we aim to solve the social issue 1: "difficulty in sustaining high-quality medical care and elderly/disability care services," by contributing to "solving labor shortages and uneven distribution of medical care and elderly/disability care professionals" through optimal matching between care professionals and care business operators.

In the medical care field, it is expected that the medical functions required will shift from acute care to chronic and home care as demand expands. As the demand for medical care changes, the supply and demand gap for healthcare professionals is widening. In addition, "uneven distribution among medical care functions" and "uneven distribution among regions" are also becoming major issues. In our Medical Care Career business, we assist professionals in "taking their careers one step forward" throughout their professional lives by providing them with various types of support including support in finding/changing jobs, returning to work and developing their careers. We help operators solve their HR issues, such as recruitment and improvement of working environments. In addition, by appropriately communicating to professionals the appeal of the work styles and careers that they can realize at those operators, we can offer professionals job opportunities at better operators needed by society. We contribute to solving the shortage and uneven distribution of medical care professionals by promoting optimal matching to the medical functions and local operators in demand by society, while supporting professionals to pursue their ideal careers.

In the elderly/disability care field, as the number of elderly people increases, the number of people requiring elderly care in their daily lives is expected to increase, and it is certain that the overwhelming shortage of professionals will continue long term. According to national estimates, an additional 250,000 care workers will be required in 2026 compared to 2022, and this number is expected to increase to 570,000 by 2040.\*4 In our Elderly Care Career business, we are working to increase the number of new workers entering the elderly/disability care industry, while at the same time encouraging professionals to stay in the industry and reducing the number of people leaving the industry, which will lead to solving the overwhelming shortage of elderly/disability care professionals. We provide support for inexperienced people at our school to obtain certification and encourage people from outside the industry to start their careers in the elderly/disability care field by supporting them in getting jobs at operators that offer good working and training environments even for those with no experience. In addition, following employment, we provide a retention support service to help workers overcome their worries and concerns at the workplace, thereby preventing them from retiring from the industry early. In addition, we promote optimal matching between job seekers and elderly/disability care operators so that elderly care professionals can work with a sense of job satisfaction by making use of their skills and experience. We also contribute to encouraging professionals to stay in the industry and reducing the number of people leaving the industry by helping operators solve their HR issues, such as recruitment and improvement of working environments which will lead to realizing better working environments for them.

We will continue to maximize the value we provide to professionals and operators and achieve sustainable growth over the long term, aiming to solving the shortage and uneven distribution of medical care and elderly/disability care professionals.

<Elderly/Disability Care Operators Business> \*the name of business has changed from "Elderly Care Operators" since FY03/25

In the Elderly/Disability Care Operators Business, we aim to solve the social issue 1: "difficulty in sustaining high-quality medical care and elderly/disability care services," by contributing to "improving the management of elderly/disability care operators" through the provision of "Kaipoke", a subscription-based management support platform for elderly/disability care operators. There are approximately 260,000 elderly care offices\*<sup>7</sup> nationwide, approximately 80% of which are corporations with fewer than 50 employees\*<sup>8</sup>, and many of them are facing management issues due to their small scale. In addition to a large amount of time spent on indirect work such as document preparation, there are business and management problems such as a labor shortage due to difficulty in hiring staff, low purchasing power, and cash-flow issues, making it difficult to fully focus on the care for the elderly, and this is a common concern among elderly care operators. In addition, the number of users of welfare services for persons with disabilities is increasing year by year due to the growing social awareness toward disabilities and easier access to diagnosis. Accordingly, the number of service offices providing welfare services for persons with disabilities has been continuously increasing, but they face the same management issues as elderly care operators. Kaipoke provides comprehensive support for the management of elderly/disability care operators, working to improve their management and service quality, with more than 40 services that support operations, recruitment, purchasing, finance, sales, M&A, etc., on top of the insurance claim service that is essential for elderly/disability care operations, through a one-stop platform.

We will maximize the value provided by our management support platform through expanding our operator coverage to a wider range of elderly/disability care service types, increasing the number of customers, developing new services, promoting these services to our customers and analyzing/leveraging accumulated data on elderly/disability care operators, thereby achieving sustainable growth over the long term.

<New Business>

In the New Business (Healthcare), we aim to solve the social issue 2: "more severe burden on the working generation," by contributing to "increasing the number of healthy people in the work force" through the provision of a platform that supports health and productivity management of companies. Due to a decline in the working-age population, Japan is expected to face a labor shortage in all industries in the future. Moreover, among the working generation, there are many patients/potential patients with life-style related diseases, which often progress to critical illnesses such as diabetes and dementia. Mental disorders caused by overworking or stress in the workplace are also serious, and the number of patients receiving medical treatment for depression and other mood disorders has been on the rise in recent years. In order to halt this decline in the work force and increase its productivity, it is essential for people to be able to work healthily for a long period of time. The Japanese government is focusing on measures to prevent lifestyle-related diseases and improve mental health. In particular, the government is actively promoting policies to promote the spread of "health and productivity management," in which companies work to improve the health of employees and their families. The Group will contribute to improving the health of their employees and their families by developing a health and productivity management platform, which provides companies and health insurance associations with evidence-based digital health services\*<sup>9</sup> that utilize the capabilities of healthcare professionals, such as doctors, nurses, and dietitians. Leveraging the Group's strengths in healthcare professional networks, ICT capabilities, and proven results from verification projects conducted with ministries and national agencies, we offer effective solutions with a reasonable price, such as our Remote Specific Health Guidance Service for health insurance associations and our Remote Industrial Health Service for companies.

We will maximize the value provided by the health and productivity management support platform through increasing the number of clients and users of our services, developing services necessary for health and productivity management, improving the quality of services through hiring/training healthcare professionals and analyzing/leveraging accumulated data, thereby achieving sustainable growth over the long term.

In the New Business (Senior Life), we aim to solve the social issue 3: "difficulty in solving problems related to living in an aging society," by "providing a variety of options and high-quality decision-making information" through the development of a problem-solving platform that connects people with concerns and needs related to living to consultation services and services that help solve those concerns and needs. In our web community for people struggling with elderly care, we provide support in solving various problems centering on elderly care through interaction among members and advice from specialists. We also provide comprehensive support in solving all the problems faced by end users by connecting people who have clear needs relating to housing, food, end-of-life planning, etc. to services introducing business operators.

We will maximize the value provided by the problem-solving platform through enhancing the value of a web community for people struggling with elderly care as a comprehensive consultation desk for elderly care, expanding the coverage of categories specific to an aging society / the range of services within each category, increasing the number of business partners that provide solutions to problems and helping business operators achieve better management, thereby achieving accelerated growth.

#### <Overseas Business>

In the Overseas Business (Medical Platform Business), we aim to solve the social issue: "low availability of medicines and medical devices, and inadequate quality of medical care in APAC," by "improving the availability and safety of medical care" through building a medical platform optimized for APAC that connects healthcare professionals and medical-related companies. We support the marketing activities of medical-related companies such as pharmaceutical companies around the world by utilizing the Group's membership base of healthcare professionals in APAC. We contribute to supporting more effective and efficient marketing activities for medical-related companies by identifying, creating, organizing, and localizing valuable information and providing it to healthcare professionals, thereby expanding and enhancing the engagement of the membership bases of healthcare professionals.

We will maximize the value provided by the medical platform through expanding the scope of our services to a broader range of industries/business types, increasing the number of clients, expanding the types of information provided to healthcare professionals and increasing its quality/quantity, expanding the membership bases of healthcare professionals, enhance their engagement, and analyzing/leveraging accumulated data, thereby achieving sustainable growth over the long term.

In the Overseas Business (Global Career Business), we aim to solve the social issue: "shortage and uneven distribution of healthcare professionals around the world" in the midst of increasing global needs for medical care services due to economic and population growth, by building an HCP (healthcare professional) supply platform that connects healthcare institutions and healthcare professionals around the world. We will contribute to improving the quality of medical care around the world by promoting optimal matching cross-borderly and domestically according to the supply and demand situation of healthcare professionals and healthcare institutions in each country.

We will maximize the value provided by the HCP (healthcare professional) supply platform through expanding our operating countries, increasing the number of clients within these countries, increasing the number of countries / healthcare professionals we provide employment support, and increasing the volume of optimized matching between healthcare institutions and healthcare professionals, thereby achieving sustainable growth over the long term.

The Group will contribute to solving social issues by capturing various business opportunities arising from the expanding market and creating a range of new services both domestically and internationally and achieve sustainable growth over the long term.

The Group's operating results for the nine months ended December 31, 2024, are as follows.

Net sales amounted to 44,885 million yen (up 14.0% year-on-year) due to the expansion of the Career business and the Kaipoke business.

Operating profit amounted to 3,592 million yen (down 27.4% year-on-year), due to the increase in expenses associated with the concentrated recruitment of career partners in Q1 and the implementation of advertising measures and other investments.

Ordinary profit amounted to 5,121 million yen (down 17.0% year-on-year).

Profit attributable to owners of parent amounted to 3,846 million yen (down 12.1% year-on-year).

\*1. We officially launched new services for the disability welfare field from FY03/25, changing the name of the business to "Elderly/Disability Care Operators Business,"

and redefined "Elderly Care" as "Elderly/Disability Care" of the business domains required in an aging society.

2. MIC, "Population estimates"

3. National Institute of Population and Social Security Research "2023 Estimated future population of Japan"

4. Nurses : MHLW, "Status of securing nurses and other nursing staff"

Elderly care workers: MHLW, "Required number of elderly care staff based on the 9th plan for long-term care insurance"

5. Cabinet Secretariat, CAO, MOF, MHLW, "Future outlook for social security in 2040"

The amount is the total of pensions, medical care, and elderly care.

6. MIC "Census", "Population estimates", National Institute of Population and Social Security Research "2023 Estimated future population of Japan"

7. MHLW, "Statistics of Long-term Care Benefit Expenditures" (March 2022)

8. Survey by the Company

9. Digital Health: Improving the effects of medical care and healthcare by utilizing the latest digital health technologies such as AI, ICT, IoT, wearable devices, and big data analysis.

(ii) Overview by each business area

The Group discloses four business areas: Career Business, Elderly/Disability Care Operators Business, Overseas Business, and New Business. The Career Business is further divided into Elderly Care Career and Medical Care Career.

<Net sales by business area>

(Millions of yen)

Business area	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Change (amount)	Change (percentage)
Career Business	24,342	27,639	3,296	13.5%
Elderly Care Career	11,869	14,411	2,541	21.4%
Medical Care Career	12,472	13,227	755	6.1%
Elderly/Disability Care Operators Business	7,168	8,796	1,628	22.7%
Overseas Business	5,920	6,083	163	2.8%
New Business	1,926	2,366	440	22.8%
Total	39,357	44,885	5,528	14.0%

<Career Business>

In the Career Business, both Elderly Care Career and Medical Care Career grew with strong demand for hiring professionals by medical/elderly care business operators. On the other hand, sales growth was limited due to a slowdown in job seekers' motivation to change jobs and increased competition to attract job seekers.

As a result, net sales in the Career Business for the nine months ended December 31, 2024, amounted to 27,639 million yen (up 13.5% year-on-year).

<Elderly/Disability Care Operators Business>

In the Elderly/Disability Care Operators Business, "Kaipoke", a management support platform for elderly/disability care operators, grew steadily. In addition to the increase in the number of memberships, the expansion of the sales of optional add-ons such as additional tablets and smartphones also contributed to growth. M&A matching business also expanded significantly, accelerating growth.

As a result, net sales in the Elderly/Disability Care Operators Business for the nine months ended December 31, 2024, amounted to 8,796 million yen (up 22.7% year-on-year).

<Overseas Business>

In the Overseas Business, the sales growth of Medical Platform Business was limited due to factors such as temporary reductions in marketing budgets by some customers and continued demand for non-digital services, which have a relatively long lead time for sales recognition compared to digital services.

The sales growth of Global Career Business was limited, affected by temporary factors such as visa suspensions and fluctuations of the situation in the Middle East.

As a result, net sales in the Overseas Business for the nine months ended December 31, 2024, amounted to 6,083 million yen (up 2.8% year-on-year).

<New Business>

In the New Business, development and improvement of new services progressed, centering on services such as remote health guidance Service and industrial health service using ICT in the Healthcare Business, and information service on renovation operators and funeral agency introduction service in the Senior Life Business.

As a result, net sales in the New Business for the nine months ended December 31, 2024, amounted to 2,366 million yen (up 22.8% year-on-year).

## **(2) Explanation of Financial Position**

Total assets as of December 31, 2024, amounted to 72,015 million yen (decreased by 459 million yen from the end of the previous fiscal year). This was mainly due to an increase in accounts receivable-other resulting from an increase in the number of operators using Kaipoke's factoring service and a decrease in cash and deposits due to the repurchase of shares.

Total liabilities as of December 31, 2024, amounted to 29,327 million yen (increased by 1,137 million yen from the end of the previous fiscal year). This was mainly due to progress in repaying long-term borrowings, an increase in accounts payable-other resulting from an increase in the number of operators using Kaipoke's factoring service, and an increase in short-term borrowings to secure financing for the growing transaction volume of the factoring service and to optimize financing costs.

Net assets as of December 31, 2024, amounted to 42,687 million yen (decreased by 1,597 million yen from the end of the previous fiscal year). This was mainly due to decreases in shareholders' equity resulting from the repurchase of shares.

## **(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information**

The financial results forecast for the fiscal year ending March 31, 2025 has been revised.

For details, please refer to the "Notice Regarding Revisions to the Financial Results Forecast" released today (January 31, 2025).

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	18,236	16,297
Accounts receivable - trade	8,228	6,901
Work in process	13	65
Supplies	25	34
Accounts receivable - other	10,406	12,928
Prepaid expenses	1,038	1,124
Other	94	47
Allowance for doubtful accounts	(267)	(298)
Total current assets	37,775	37,099
Non-current assets		
Property, plant and equipment		
Buildings	1,131	1,267
Accumulated depreciation	(509)	(592)
Buildings, net	621	675
Tools, furniture and fixtures	1,097	1,149
Accumulated depreciation	(877)	(916)
Tools, furniture and fixtures, net	220	232
Machinery, equipment and vehicles	20	14
Accumulated depreciation	(15)	(13)
Machinery, equipment and vehicles, net	4	1
Right-of-use assets	657	668
Accumulated depreciation	(371)	(467)
Right-of-use assets, net	285	201
Total property, plant and equipment	1,132	1,110
Intangible assets		
Goodwill	9,752	9,062
Software	5,454	6,624
Trademark right	11,814	11,889
Customer-related assets	1,143	920
Other	0	0
Total intangible assets	28,165	28,496
Investments and other assets		
Investment securities	2,652	2,390
Deferred tax assets	1,262	1,446
Leasehold and guarantee deposits	1,486	1,471
Total investments and other assets	5,402	5,308
Total non-current assets	34,699	34,916
Total assets	72,475	72,015

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	460	334
Short-term borrowings	–	2,000
Current portion of long-term borrowings	1,901	1,901
Accounts payable - other	12,730	13,793
Accrued expenses	1,059	1,525
Income taxes payable	1,344	348
Accrued consumption taxes	930	671
Contract liabilities	1,205	1,537
Deposits received	183	91
Provision for bonuses	909	705
Lease liabilities	160	104
Other	439	499
<b>Total current liabilities</b>	<b>21,325</b>	<b>23,513</b>
<b>Non-current liabilities</b>		
Long-term borrowings	4,251	3,301
Retirement benefit liability	203	180
Deferred tax liabilities	2,286	2,244
Lease liabilities	121	85
Other	2	2
<b>Total non-current liabilities</b>	<b>6,865</b>	<b>5,814</b>
<b>Total liabilities</b>	<b>28,190</b>	<b>29,327</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	2,551	2,551
Capital surplus	313	262
Retained earnings	39,111	41,223
Treasury shares	(1,904)	(5,713)
<b>Total shareholders' equity</b>	<b>40,071</b>	<b>38,323</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	322	189
Foreign currency translation adjustment	3,607	3,855
<b>Total accumulated other comprehensive income</b>	<b>3,930</b>	<b>4,044</b>
Share acquisition rights	282	318
<b>Total net assets</b>	<b>44,284</b>	<b>42,687</b>
<b>Total liabilities and net assets</b>	<b>72,475</b>	<b>72,015</b>

**(2) Consolidated Statements of Income (Cumulative) and Consolidated Statements of Comprehensive Income (Cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	39,357	44,885
Cost of sales	4,625	5,078
Gross profit	34,731	39,806
Selling, general and administrative expenses	*1 29,785	*1 36,214
Operating profit	4,945	3,592
Non-operating income		
Share of profit of entities accounted for using equity method	1,264	1,594
Other	58	68
Total non-operating income	1,323	1,663
Non-operating expenses		
Foreign exchange losses	43	55
Interest expenses	49	70
Other	5	8
Total non-operating expenses	98	134
Ordinary profit	6,171	5,121
Extraordinary income		
Gain on sale of non-current assets	1	1
Total extraordinary income	1	1
Extraordinary losses		
Loss on sale and retirement of non-current assets	38	34
Loss on withdrawal from business	–	*2 74
Total extraordinary losses	38	109
Profit before income taxes	6,133	5,014
Income taxes	1,757	1,167
Profit	4,376	3,846
Loss attributable to non-controlling interests	–	(0)
Profit attributable to owners of parent	4,376	3,846

## Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	4,376	3,846
Other comprehensive income		
Foreign currency translation adjustment	2,903	246
Share of other comprehensive income of entities accounted for using equity method	(73)	(131)
Total other comprehensive income	2,830	114
Comprehensive income	7,206	3,961
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,206	3,961
Comprehensive income attributable to non-controlling interests	–	(0)

### (3) Notes to Quarterly Consolidated Financial Statements

(Going concern assumption)

None to report

(Special accounting methods for preparing quarterly consolidated financial statements)

Tax expenses are calculated as follows, with the exception of certain consolidated subsidiaries:

The effective tax rate after the application of tax effect accounting is reasonably estimated for profit before income taxes for the consolidated fiscal year, including the nine months ended December 31, 2024. Tax expenses are calculated by multiplying profit before income taxes by this estimated effective tax rate. Income taxes-deferred are included in income taxes.

(Significant changes in shareholders' equity)

None to report

(For quarterly consolidated balance sheets)

None to report

(For quarterly consolidated statements of income)

\*1 Major items and amounts included in selling, general and administrative expenses are as follows:

	(Millions of yen)	
	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Salaries and allowance	11,218	13,438
Advertising expenses	6,579	9,497
Business consignment expenses	2,312	2,589
Amortization of goodwill	778	801
Depreciation	1,731	2,005
Legal welfare expenses	1,837	2,189
Rents	1,513	1,656
Provision for bonuses	510	574
Retirement benefit expenses	0	27
Provision of allowance for doubtful accounts	19	75

\*2 Loss on withdrawal from business

The breakdown of loss on withdrawal from business under extraordinary losses for the nine months ended December 31, 2024 is as follows:

	(Millions of yen)	
	Loss on withdrawal from overseas subsidiary's business	Other
	61	13
Total	74	

(For quarterly consolidated statements of cash flows)

Consolidated statements of cash flows have not been prepared for the nine months ended December 31, 2024. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the nine months ended December 31 are as follows:

	(Millions of yen)	
	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation	1,731	2,005
Amortization of goodwill	778	801

(Segment information, etc.)

[segment information]

The business of the Company and its consolidated subsidiaries is a single business that aims to build an information infrastructure for an aging society and ancillary operations. Therefore, there are no segments subject to disclosure, so the descriptions are omitted.

(Significant subsequent events)

None to report