August 26, 2026

Consolidated Financial Results for the Fiscal Year Ended May 31, 2026 (Under IFRS)

Company name:	Globe-ing Inc.
Listing:	Tokyo Stock Exchange
Securities code:	277A
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Scheduled date of annual general meeting of shareholders:	August 27, 2026
Scheduled date to commence dividend payments:	August 13, 2026
Scheduled date to file annual securities report:	August 26, 2026
Preparation of supplementary material on financial results:	Yes
Holding of financial results briefing:	Yes

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

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

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of the parent		Total comprehensive income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2026	11,512	39.4	4,003	53.6	3,952	54.4	2,875	79.3	2,875	81.7	2,904	82.3
May 31, 2025	8,255	-	2,606	-	2,559	-	1,603	-	1,582	-	1,593	-

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
Fiscal year ended	Yen	Yen	%	%	%
May 31, 2026	100.98	91.43	43.2	37.3	34.8
May 31, 2025	57.74	53.85	43.9	41.6	31.6

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

Note:
1. The Company conducted stock splits on September 20, 2024 and March 1, 2025 at the ratio of 5 shares to 1 common share, respectively. Assuming that the stock split occurred at the beginning of the previous fiscal year, "basic earnings per share" and "diluted earnings per share" are calculated.
2. The Company was listed on the Growth Market of the Tokyo Stock Exchange on November 29, 2024. Diluted earnings per share for the fiscal year ended May 31, 2025 was calculated based on the average share price from the date of initial listing to the end of the fiscal year ended May 31, 2025 as the average stock price for the period.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity attributable to owners of the parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
May 31, 2026	12,017	7,633	7,633	63.5	267.67
May 31, 2025	9,186	5,797	5,679	61.8	197.70

Note: On September 20, 2024 and March 1, 2025, the Company conducted stock splits at the ratio of 5 shares to 1 common share, respectively. Assuming that the stock split occurred at the beginning of the previous fiscal year, "equity attributable to owners of the parent per share" is calculated.

(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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
May 31, 2026	3,334	(2,552)	(1,711)	5,693
May 31, 2025	3,255	(446)	2,414	6,612

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of the parent (Consolidated)
	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, 2025	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended May 31, 2026	-	0.00	-	16.10	16.10	459	15.9	6.9
Fiscal year ending May 31, 2027 (Forecast)	-	14.20	-	21.40	35.60		30.0	

3. Forecast of consolidated financial results for the fiscal year ending May 31, 2027 (from June 1, 2026 to May 31, 2027)

(Percentages indicate year-on-year changes for the full year and changes from the corresponding period of the previous year for quarterly periods.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending May 31, 2027	16,100	39.8	4,830	20.6	4,830	22.2	3,381	17.6

	Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending May 31, 2027	3,381	17.6	118.55

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes
Newly consolidated: - companies; Excluded: 1 company (X-AI.Labo Inc.)

(2) Changes in accounting policies and changes in accounting estimates
- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Retrospective restatement: None

(3) Number of issued shares (common shares)

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

As of May 31, 2026	28,728,000 shares
As of May 31, 2025	28,728,000 shares

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

As of May 31, 2026	211,408 shares
As of May 31, 2025	- shares

(iii) Average number of shares outstanding during the period

Fiscal year ended May 31, 2026	28,475,680 shares
Fiscal year ended May 31, 2025	27,413,890 shares

Note: On September 20, 2024 and March 1, 2025, the Company conducted stock splits at the ratio of 5 shares to 1 common share, respectively. Assuming that the stock split occurred at the beginning of the previous fiscal year, the "average number of shares during the period" is calculated.

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended May 31, 2026 (from June 1, 2025 to May 31, 2026)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2026	10,941	39.4	4,061	58.4	4,051	58.9	3,097	90.9
May 31, 2025	7,848	97.2	2,564	592.6	2,549	586.8	1,622	526.2

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
May 31, 2026	108.78	98.29
May 31, 2025	59.20	55.04

Note: 1. The Company conducted stock splits on September 20, 2024 and March 1, 2025 at the ratio of 5 shares to 1 common share, respectively. Assuming that the stock split occurred at the beginning of the previous fiscal year, "basic earnings per share" and "diluted earnings per share" are calculated.
2. The Company was listed on the Growth Market of the Tokyo Stock Exchange on November 29, 2024. Diluted earnings per share for the fiscal year ended May 31, 2025 was calculated based on the average share price from the date of initial listing to the end of the fiscal year ended May 31, 2025 as the average stock price for the period.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
May 31, 2026	10,678	7,920	74.2	277.75
May 31, 2025	8,003	5,318	66.4	185.12

Reference: Equity
As of May 31, 2026: ¥7,920 million
As of May 31, 2025: ¥5,318 million

Note: On September 20, 2024 and March 1, 2025, the Company conducted stock splits at the ratio of 5 shares to 1 common share, respectively. Assuming that the stock split occurred at the beginning of the previous fiscal year, "net assets per share" is calculated.

Reasons for the differences between non-consolidated results and the previous fiscal year's results

During the fiscal year under review, the Company continued to recruit mid-career consultants, acquire new projects, and expand the scale of existing projects. In addition, the Company expanded JI (Joint Initiative) projects, primarily strategic accounts aimed at building long-term relationships. As a result, there were differences between the results for the current fiscal year and those for the previous fiscal year in revenue, operating profit, ordinary profit, and net income.

* These financial results are not subject to audit by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

Forward-looking statements, such as earnings forecasts, contained in this material are based on information available to the Company and certain assumptions that the Company deems reasonable, and actual figures may differ due to various factors.

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1. Overview of Financial Performance

(1) Overview of Operating Results for the Fiscal Year Ended May 31, 2026

During the fiscal year under review, the Japanese economy maintained a moderate recovery trend; however, private consumption remained sluggish due to persistently high consumer prices and fluctuations in foreign exchange rates, and the outlook remained uncertain. In addition, concerns over a slowdown in the global economy resulting from the U.S. government's tariff increases and heightened geopolitical risks also affected corporate activities.

Under these circumstances, demand for digital transformation (DX) support in the Group's business domain remained solid. In particular, among domestic companies, demand for business transformation support remained strong against the backdrop of delays in digitalization. Furthermore, among companies that have entered the operational phase of digital business, demand for consulting services such as operational optimization and support for the implementation of AI in business operations using generative AI expanded.

As market competition intensifies and structural changes progress, the challenges faced by corporate management have become increasingly diverse and complex. In addition to providing consulting services that combine capabilities in research and analysis, planning and execution, and the effective utilization of technology, the Group has contributed to the sustainable growth and value creation of its clients through support for AI-driven business transformation and the joint development of AI products.

During the fiscal year under review, the Group's business continued to expand steadily. Revenue amounted to ¥11,512,844 thousand (up 39.4% year on year), operating profit was ¥4,003,490 thousand (up 53.6% year on year), profit before tax was ¥3,952,825 thousand (up 54.4% year on year), and profit attributable to owners of the parent was ¥2,875,598 thousand (up 81.7% year on year).

Operating results by segment are as follows.

(Consulting Business)

In order to support clients across industries in all aspects of strategy formulation and DX promotion, the Group continued to recruit mid-career consultants, acquired new projects, and expanded the scale of existing projects. In addition, revenue and operating profit both progressed steadily due to the expansion of JI (Joint Initiative) projects, primarily strategic accounts aimed at building long-term relationships. AI-related revenue also expanded, including support for AI-driven business transformation.

As a result, revenue from external customers for the fiscal year under review amounted to ¥11,107,797 thousand (up 35.2% year on year), and segment profit amounted to ¥4,938,311 thousand (up 33.5% year on year).

(AI Business)

The Group promoted the joint development of three products—the Spend Intelligence Suite, the Planning Support AI Agent ("Globe-ing-kun"), and the AI Meeting Minutes / Meeting Enhancement Agent ("AI Giji-Con")—in collaboration with major client companies, and advanced proof-of-concept activities and requirements definition.

As a result, revenue from external customers for the fiscal year under review amounted to ¥405,047 thousand (up 856.8% year on year), and segment profit amounted to ¥233,355 thousand, compared with a segment loss of ¥206,539 thousand in the previous fiscal year.

(2) Overview of Financial Position for the Fiscal Year Ended May 31, 2026

(Assets)

Total assets as of the end of the fiscal year under review amounted to ¥12,017,431 thousand, an increase of ¥2,830,621 thousand compared with the end of the previous fiscal year. This was mainly due to increases in other financial assets (current) of ¥2,002,474 thousand, right-of-use assets of ¥989,819 thousand, contract assets of ¥427,885 thousand, and property, plant and equipment of ¥164,303 thousand, despite a decrease in cash and cash equivalents of ¥918,548 thousand.

(Liabilities)

Total liabilities as of the end of the fiscal year under review amounted to ¥4,384,403 thousand, an increase of ¥995,065 thousand compared with the end of the previous fiscal year. This was mainly due to increases in lease liabilities of ¥945,369 thousand, trade and other payables of ¥320,143 thousand, and provisions of ¥87,077 thousand, despite a decrease in income taxes payable of ¥411,407 thousand.

(Equity)

Total equity as of the end of the fiscal year under review amounted to ¥7,633,027 thousand, an increase of ¥1,835,556 thousand compared with the end of the previous fiscal year. This was mainly due to an increase in retained earnings of ¥2,875,598 thousand resulting from the recording of profit attributable to owners of the parent, despite an increase in treasury shares of ¥512,344 thousand due to the acquisition and disposal of treasury shares, and a decrease in capital surplus of ¥439,003 thousand.

(3) Overview of Cash Flows for the Fiscal Year Ended May 31, 2026

Cash and cash equivalents (hereinafter, “funds”) as of the end of the fiscal year under review amounted to ¥5,693,642 thousand, a decrease of ¥918,548 thousand compared with the end of the previous fiscal year. The status of each cash flow and the principal factors for the fiscal year under review are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities during the fiscal year under review was ¥3,334,024 thousand (compared with ¥3,255,173 thousand provided in the previous fiscal year). This was mainly attributable to profit before tax of ¥3,952,825 thousand, an increase in trade and other payables of ¥309,758 thousand, a decrease in trade and other receivables of ¥222,413 thousand, and an increase in accrued bonuses of ¥147,564 thousand, despite an increase in contract assets of ¥427,885 thousand, a decrease in accrued consumption taxes of ¥94,695 thousand, and income taxes paid of ¥1,546,547 thousand.

(Cash flow from investing activities)

Net cash used in investing activities during the fiscal year under review was ¥2,552,297 thousand (compared with ¥446,224 thousand used in the previous fiscal year). This was mainly due to payments into time deposits of ¥2,000,000 thousand, purchase of property, plant and equipment of ¥223,481 thousand, payments of leasehold and guarantee deposits associated with office expansion and other items of ¥240,930 thousand, and purchase of intangible assets of ¥103,404 thousand.

(Cash flows from financing activities)

Net cash used in financing activities during the fiscal year under review was ¥1,711,279 thousand (compared with ¥2,414,969 thousand provided in the previous fiscal year). This was mainly due to the purchase of treasury shares of ¥900,548 thousand and the purchase of shares of subsidiaries not resulting in a change in the scope of consolidation of ¥410,874 thousand.

(4) Future Outlook

As the Group has voluntarily adopted International Financial Reporting Standards (IFRS) for the consolidated financial statements in its Annual Securities Report for the fiscal year ended May 31, 2026, its consolidated earnings forecast has been prepared in accordance with IFRS.

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 persistently high consumer prices and exchange rate fluctuations. In addition, concerns over a slowdown in the global economy stemming from the U.S. government's tariff increases and geopolitical risks arising from the prolonged situations in Ukraine and the Middle East are also constraining factors for corporate activity.

Meanwhile, corporate capital expenditure is generally on an upward trend, supported by needs to address labor shortages, promote digitalization, achieve decarbonization, and strengthen supply chains. Real wages are also expected to turn positive as the pace of inflation moderates, and personal consumption is projected to remain resilient.

In the consulting industry, in which the Group operates, demand for support for digital transformation (DX) continues to remain strong. In particular, among domestic companies, demand for transformation support remains robust against the backdrop of delays in digitalization. In addition, among companies that have already entered the operational phase of digital business, demand for consulting services related to operational optimization, data utilization, and AI implementation support is also expanding.

Under these circumstances, as market competition intensifies and structural changes progress, the challenges faced by corporate management are expected to become even more diverse and complex, and demand for consultants with capabilities in research and analysis, planning and execution, and the effective utilization of technology is expected to continue to grow.

Against this business backdrop, the Group recognizes as important management priorities further improving the performance of its Consulting Business over the medium to long term. In order to improve performance and realize its management philosophy, the Group is working to address key issues including increasing the number of consultants, strengthening recruiting capabilities, raising the average annual salary of consultants in order to improve client unit pricing, increasing the ratio of JI revenue in order to enhance client stickiness and improve client unit pricing, and expanding AI-related revenue in response to growing societal demand for the use of AI.

As a result, for the fiscal year ending May 31, 2027, the Group forecasts revenue of ¥16,100 million, operating profit of ¥4,830 million, profit before tax of ¥4,830 million, and profit attributable to owners of the parent of ¥3,381 million.

Please note that forward-looking statements contained herein are based on information currently available to the Group and certain assumptions deemed reasonable as of the date of this document's release, and are not intended as a guarantee that the Group will achieve such results. Actual results may differ materially due to various factors.

2. Basic Policy Regarding Selection of Accounting Standards

The Group has voluntarily adopted International Financial Reporting Standards ("IFRS") in place of Japanese GAAP for its consolidated financial statements from the fiscal year ended May 31, 2026, with the aim of enhancing the international comparability of its financial information.

3. Consolidated Financial Statements and Major Notes
(1) Consolidated statement of financial position

(Thousands of yen)

	Transition date (June 1, 2024)	As of May 31, 2025	As of May 31, 2026
Assets			
Current assets			
Cash and cash equivalents	1,388,848	6,612,190	5,693,642
Trade and other receivables	250,653	485,973	270,146
Contract assets	369,867	670,781	1,098,666
Inventories	10,581	6,523	7,642
Other financial assets	9,570	13,392	2,015,867
Other current assets	38,096	54,359	40,712
Total current assets	2,067,617	7,843,221	9,126,678
Non-current assets			
Property, plant and equipment	77,803	169,522	333,825
Goodwill	104,450	104,450	104,450
Intangible assets	104,789	288,633	361,368
Right-of-use assets	474,547	345,311	1,335,130
Other financial assets	108,605	113,326	354,563
Deferred tax assets	177,952	317,899	380,393
Other non-current assets	6,743	4,445	21,021
Total non-current assets	1,054,891	1,343,588	2,890,753
Total assets	3,122,509	9,186,809	12,017,431

(Thousands of yen)

	Transition date (June 1, 2024)	As of May 31, 2025	As of May 31, 2026
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	467,446	684,613	1,004,756
Contract liabilities	8,778	41,380	2,431
Lease liabilities	142,060	141,645	364,400
Income taxes payable	9,273	1,004,206	592,799
Other financial liabilities	-	8,381	-
Other current liabilities	561,306	1,165,631	1,222,760
Total current liabilities	1,188,864	3,045,859	3,187,148
Non-current liabilities			
Lease liabilities	319,947	203,683	926,297
Other financial liabilities	-	34,231	69,226
Provisions	41,552	46,781	133,858
Other non-current liabilities	44,977	58,782	67,871
Total non-current liabilities	406,477	343,478	1,197,254
Total liabilities	1,595,341	3,389,337	4,384,403
Equity			
Share capital	90,000	1,195,288	1,195,288
Capital surplus	520,219	1,994,719	1,555,716
Retained earnings	912,345	2,495,182	5,370,780
Treasury shares	-	-	(512,344)
Other components of equity	4,603	(5,525)	23,587
Total equity attributable to owners of the parent	1,527,167	5,679,665	7,633,027
Non-controlling interests	-	117,806	-
Total equity	1,527,167	5,797,471	7,633,027
Total liabilities and equity	3,122,509	9,186,809	12,017,431

(2) Consolidated statement of profit or loss and Consolidated statement of comprehensive income

Consolidated statement of profit or loss

(Thousands of yen)

	Fiscal year ended May 31, 2025	Fiscal year ended May 31, 2026
Revenue	8,255,896	11,512,844
Cost of revenue	2,700,251	3,850,876
Gross profit	5,555,645	7,661,968
Selling, general and administrative expenses	2,846,636	3,650,578
Other operating income	24,314	11,139
Other operating expenses	126,727	19,039
Operating profit	2,606,595	4,003,490
Finance income	1,756	9,608
Finance costs	48,879	60,273
Profit before tax	2,559,472	3,952,825
Income tax expense	955,606	1,077,333
Profit	1,603,866	2,875,492
Profit attributable to		
Owners of the parent	1,582,836	2,875,598
Non-controlling interests	21,029	(106)
Profit	1,603,866	2,875,492
Earnings per share		
Basic earnings per share (yen)	57.74	100.98
Diluted earnings per share (yen)	53.85	91.43

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended May 31, 2025	Fiscal year ended May 31, 2026
Profit	1,603,866	2,875,492
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(10,128)	29,112
Other comprehensive income, net of tax	(10,128)	29,112
Total comprehensive income	1,593,737	2,904,604
Total comprehensive income attributable to		
Owners of the parent	1,572,708	2,904,710
Non-controlling interests	21,029	(106)
Total comprehensive income	1,593,737	2,904,604

(3) Consolidated statement of changes in equity

Fiscal year ended May 31, 2025

(Thousands of yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
				Other components of equity				
	Share capital	Capital surplus	Retained earnings	Exchange differences on translation of foreign operations	Total	Total		
Balance at beginning of period	90,000	520,219	912,345	4,603	4,603	1,527,167	−	1,527,167
Profit	−	−	1,582,836	−	−	1,582,836	21,029	1,603,866
Other comprehensive income	−	−	−	(10,128)	(10,128)	(10,128)	−	(10,128)
Total comprehensive income	−	−	1,582,836	(10,128)	(10,128)	1,572,708	21,029	1,593,737
Issuance of new shares	1,105,288	1,098,415	−	−	−	2,203,703	−	2,203,703
Share-based payment transactions	−	82,862	−	−	−	82,862	−	82,862
Changes in ownership interests due to capital increase of consolidated subsidiaries	−	293,223	−	−	−	293,223	96,776	390,000
Total transactions with owners	1,105,288	1,474,500	−	−	−	2,579,789	96,776	2,676,566
Balance at end of period	1,195,288	1,994,719	2,495,182	(5,525)	(5,525)	5,679,665	117,806	5,797,471

Fiscal year ended May 31, 2026

(Thousands of yen

	Equity attributable to owners of the parent							Non-controlling interests	Total equity
					Other components of equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Exchange differences on translation of foreign operations	Total	Total		
Balance at beginning of period	1,195,288	1,994,719	2,495,182	−	(5,525)	(5,525)	5,679,665	117,806	5,797,471
Profit	−	−	2,875,598	−	−	−	2,875,598	(106)	2,875,492
Other comprehensive income	−	−	−	−	29,112	29,112	29,112	−	29,112
Total comprehensive income	−	−	2,875,598	−	29,112	29,112	2,904,710	(106)	2,904,604
Share-based payment transactions	−	241,744	−	−	−	−	241,744	−	241,744
Purchase of treasury shares	−	−	−	(899,918)	−	−	(899,918)	−	(899,918)
Disposal of treasury shares	−	(387,574)	−	387,574	−	−	−	−	−
Changes in ownership interests due to additional acquisition of shares in consolidated subsidiaries	−	(293,173)	−	−	−	−	(293,173)	(117,700)	(410,874)
Total transactions with owners	−	(439,003)	−	(512,344)	−	−	(951,348)	(117,700)	(1,069,048)
Balance at end of period	1,195,288	1,555,716	5,370,780	(512,344)	23,587	23,587	7,633,027	−	7,633,027

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended May 31, 2025	Fiscal year ended May 31, 2026
Cash flows from operating activities		
Profit before tax	2,559,472	3,952,825
Depreciation and amortization	187,044	405,253
Impairment losses	105,477	-
Share-based payment expenses	82,862	241,744
Interest and dividend income	(1,756)	(9,608)
Interest expenses	4,319	15,847
Foreign exchange loss (gain)	(8,122)	13,002
Listing expenses	21,061	-
Expenses related to the change of listing market	-	18,000
Subsidy income	(1,928)	(1,364)
Decrease (increase) in trade and other receivables	(243,800)	222,413
Decrease (increase) in contract assets	(300,913)	(427,885)
Increase (decrease) in trade and other payables	218,142	309,758
Increase (decrease) in accrued bonuses	171,062	147,564
Increase (decrease) in accrued consumption taxes	302,357	(94,695)
Other	262,117	79,574
Subtotal	3,357,395	4,872,429
Interest and dividends received	1,531	8,142
Income taxes paid or refunded	(103,752)	(1,546,547)
Net cash provided by (used in) operating activities	3,255,173	3,334,024
Cash flows from investing activities		
Payments into time deposits	-	(2,000,000)
Purchase of property, plant and equipment	(121,409)	(223,481)
Proceeds from sale of property, plant and equipment, and intangible assets	-	428
Purchase of intangible assets	(320,920)	(103,404)
Payments of leasehold and guarantee deposits	(5,923)	(240,930)
Proceeds from refund of leasehold and guarantee deposits	-	17,194
Payments for asset retirement obligations	-	(3,470)
Other	2,028	1,364
Net cash provided by (used in) investing activities	(446,224)	(2,552,297)
Cash flows from financing activities		
Proceeds from issuance of shares	2,200,669	-
Capital contribution from non-controlling interests	388,335	-
Proceeds from issuance of share acquisition rights	6,157	-
Purchase of treasury shares	-	(900,548)
Purchase of shares of subsidiaries not resulting in a change in the scope of consolidation	-	(410,874)
Repayments of lease liabilities	(154,811)	(366,754)
Interest paid	(4,319)	(15,101)
Other	(21,061)	(18,000)
Net cash provided by (used in) financing activities	2,414,969	(1,711,279)
Effect of exchange rate changes on cash and cash equivalents	(576)	11,004
Net increase (decrease) in cash and cash equivalents	5,223,342	(918,548)
Cash and cash equivalents at beginning of period	1,388,848	6,612,190
Cash and cash equivalents at end of period	6,612,190	5,693,642

(5) Notes to consolidated financial statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in the Scope of Consolidation during the Fiscal Year)

Effective December 1, 2025, X-AI.Labo Inc. (hereinafter “X-AI.Labo”), a consolidated subsidiary of the Company, was absorbed by the Company through an absorption-type merger, with the Company as the surviving entity and X-AI.Labo as the dissolved entity. As a result, X-AI.Labo was excluded from the scope of consolidation.

(Business Combinations)

(Transactions under Common Control)

Additional Acquisition of Shares of a Subsidiary

1. Overview of the Transaction

(1) Name and Business Description of the Combining Entity

Name: X-AI.Labo Inc.

Business description: Solution engineering for data-driven management using artificial intelligence

(2) Date of the Business Combination

September 30, 2025 (date of share acquisition)

(3) Legal Form of the Business Combination

Acquisition of shares from non-controlling shareholders

(4) Name of the Entity after the Business Combination

There was no change in the name of the entity.

(5) Other Matters Concerning the Overview of the Transaction

The voting rights ratio of the additionally acquired shares was 22%. As a result of this transaction, X-AI.Labo Inc. became a wholly owned subsidiary of the Company.

2. Overview of Accounting Treatment

The transaction qualifies as a business combination under common control, in which all of the combining entities or businesses are ultimately controlled by the same party both before and after the business combination and such control is not transitory. The Group accounts for transactions under common control based on the carrying amounts of the assets and liabilities involved.

3. Matters Concerning the Additional Acquisition of Shares of a Subsidiary

Breakdown of acquisition cost and type of consideration

Consideration transferred: Cash ¥410,874 thousand

Acquisition cost: ¥410,874 thousand

4. Changes in the Company's Ownership Interest Arising from Transactions with Non-controlling Interests

(1) Main reason for the change in capital surplus

Additional acquisition of shares of a subsidiary

(2) Amount of decrease in capital surplus resulting from transactions with non-controlling interests

¥293,173 thousand

(Absorption-Type Merger of a Consolidated Subsidiary)

1. Overview of the Transaction

(1) Name and Business Description of the Absorbed Company

Name X-AI.Labo Inc.

Business description Solution engineering for data-driven management using AI technology

(2) Effective Date of the Merger

December 1, 2025

(3) Method of the Merger

Absorption-type merger with Globe-ing Inc. as the surviving company and X-AI.Labo Inc. as the dissolved company

(4) Surviving Company

Globe-ing Inc.

(5) Purpose of the Merger

In May 2024, the Company established X-AI.Labo as a joint venture with Laboro.AI Inc. for the purpose of strengthening initiatives to support industrial transformation through the use of AI technology, and has achieved results in a wide range of fields including the automotive and construction industries.

Subsequently, as the Company's AI business entered a full-scale launch phase and direct collaboration between Globe-ing and Laboro.AI progressed, the Company concluded that a structure not involving a joint venture framework would be optimal to further accelerate initiatives in the AI-X domain.

As announced in the Company's press release dated September 25, 2025, titled "Notice Regarding Dissolution of the Joint Venture Agreement and Acquisition of Equity Interests," the Company acquired all shares of X-AI.Labo from Laboro.AI Inc. on September 30, 2025, making it a wholly owned subsidiary.

To further accelerate the AI-X business initiatives by integrating X-AI.Labo's AI engineering expertise into Globe-ing, the Company completed an absorption-type merger.

(6) Allotments Related to the Merger

As this merger involved the absorption of a wholly owned subsidiary, no new shares were issued and no cash or other consideration was allotted in connection with the merger.

2. Overview of Accounting Treatment to be Taken

The transaction qualifies as a business combination under common control, in which all of the combining entities or businesses are ultimately controlled by the same party both before and after the business combination and such control is not transitory. The Group accounts for transactions under common control based on the carrying amounts of the assets and liabilities involved.

(Notes to Segment Information, etc.)

(1) Overview of Reportable Segments

The Group's reportable segments are the constituent units of the Group for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating operating results. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other operating segments.

The Group is composed of service-based segments based on its business activities and has two reportable segments: the Consulting Business and the AI Business. Revenue from transactions between reportable segments is determined primarily based on prices for transactions with third parties or total costs.

The Consulting Business primarily provides Joint Initiative (JI)-type consulting services, under which the Group's consultants promote business operations from the client's standpoint, including through secondment and other arrangements, by serving as business managers. Through this approach, the Group provides personnel, expertise, and know-how that go beyond those offered in conventional consulting services, and contributes to improving clients' profitability through hands-on execution of business operations and transformation initiatives, including the utilization of AI and DX, thereby supporting revenue growth and cost reductions. In addition, AVALANCHE Ltd. provides services related to creative production, branding, community and social media management, and new digital domains such as web3.

The AI Business targets companies that require consulting services as well as potential consulting clients, and develops and provides AI agents and AI-related products that support clients' business transformation and decision-making by leveraging the knowledge and expertise accumulated through the Consulting Business.

(Notes to Changes to Reporting Segments, etc.)

From the fiscal year under review, the Group established the AI Business Division to develop and deploy AI agents that substitute for consultants and to systematize and expand Japan-originated management methodologies. In connection with this organizational change, in order to more appropriately disclose the actual organizational structure of the Group, the former "Cloud Product" segment has been reclassified as the "AI" segment. Segment information for the previous consolidated fiscal year is also presented based on the revised segment classifications after adjustments from Japanese GAAP to IFRS Accounting Standards.

(2) Information on Amounts of Revenue, Profit or Loss, and Other Items by Reportable Segment

Fiscal year ended May 31, 2025

(Thousands of yen)

	Reportable segments			Adjustments (Note 1)	Amounts presented in the consolidated financial statements (Note 2)
	Consulting	AI	Total		
Revenue					
Revenue from external customers	8,213,561	42,334	8,255,896	-	8,255,896
Intersegment revenue	-	-	-	-	-
Total	8,213,561	42,334	8,255,896	-	8,255,896
Segment profit (loss)	3,698,101	(206,539)	3,491,562	(884,966)	2,606,595
Finance income	-	-	-	-	1,756
Finance costs	-	-	-	-	48,879
Profit before tax	-	-	-	-	2,559,472
Other items					
Depreciation and amortization	123,105	29,518	152,623	34,420	187,044
Impairment losses	-	105,477	105,477	-	105,477

Notes:

1. Adjustments are as follows:

(1) The adjustment to segment profit of ¥(884,966) thousand consists of corporate expenses not allocated to each reportable segment, mainly general and administrative expenses that are not attributable to any reportable segment.

(2) The adjustment to depreciation consists of depreciation related to corporate assets that have not been allocated to each reportable segment.

2. Segment profit or loss is reconciled to operating profit presented in the consolidated statement of profit or loss.

Fiscal year ended May 31, 2026

(Thousands of yen)

	Reportable segments			Adjustments (Note 1)	Amounts presented in the consolidated financial statements (Note 2)
	Consulting	AI	Total		
Revenue					
Revenue from external customers	11,107,797	405,047	11,512,844	-	11,512,844
Intersegment revenue	-	140,840	140,840	(140,840)	-
Total	11,107,797	545,887	11,653,684	(140,840)	11,512,844
Segment profit	4,938,311	233,355	5,171,666	(1,168,176)	4,003,490
Finance income	-	-	-	-	9,608
Finance costs	-	-	-	-	60,273
Profit before tax	-	-	-	-	3,952,825
Other items					
Depreciation and amortization	281,963	29,015	310,979	94,273	405,253
Impairment losses	-	-	-	-	-

Notes:

1. Adjustments are as follows:

(1) The adjustment to segment profit of ¥(1,168,176) thousand mainly consists of general and administrative expenses that are not attributable to any reportable segment.

(2) The adjustment to depreciation consists of depreciation related to corporate assets that have not been allocated to each reportable segment.

2. Segment profit is reconciled to operating profit presented in the consolidated statement of profit or loss.

(3) Information by Product and Service

No additional information on products and services is provided because the reportable segments are classified based on the nature of products and services.

(4)Information by Geographic Segment

(i) Revenue to external customers

This information has been omitted because revenue from external customers in Japan accounts for the majority of revenue presented in the consolidated statement of profit or loss.

(ii) Non-current assets

This information has been omitted because non-current assets located in Japan account for the majority of non-current assets presented in the consolidated statement of financial position.

(5) Information by Major Customer

Fiscal year ended May 31, 2025

(Thousands of yen)

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

Fiscal year ended May 31, 2026

(Thousands of yen)

Name of customer	Revenue	Related segment name
TOYOTA MOTOR CORPORATION	2,313,700	Consulting and AI

(Per share information)

	Fiscal year ended May 31, 2025	Fiscal year ended May 31, 2026
Profit attributable to owners of the parent (thousands of yen)	1,582,836	2,875,598
Adjustment to profit (thousands of yen)	-	-
Profit used in the calculation of diluted earnings per share (thousands of yen)	1,582,836	2,875,598
Weighted average number of common shares outstanding during the period (shares) (Note)	27,413,890	28,475,680
Increase in number of common shares		
Share-based compensation plan (shares)	1,979,118	2,976,464
Weighted average number of diluted common shares (shares)	29,393,008	31,452,144
Basic earnings per share (yen)	¥57.74	¥100.98
Diluted earnings per share (yen)	¥53.85	¥91.43

Note: The Company conducted 5-for-1 stock splits of its common shares effective September 20, 2024 and March 1, 2025. Accordingly, basic earnings per share and diluted earnings per share have been calculated on the assumption that these stock splits were conducted at the beginning of the previous consolidated fiscal year.

(Significant Subsequent Event)

(Notice Regarding Transition to a Holding Company Structure by Company Split)

The Company hereby announces that, at a meeting of its Board of Directors held on July 15, 2026, it resolved to establish Globe-ing Absorption-Type Company Split Preparatory Company, Inc. (the “Successor Company”), a wholly owned subsidiary of the Company, as a preparatory company for the company split in connection with the transition to a holding company structure, and to execute an absorption-type company split agreement (the “Absorption-Type Company Split Agreement”) under which the Company will have the Successor Company succeed to all of the Company’s businesses other than the group management business, together with the rights and obligations relating thereto (the “Succeeded Businesses”) (the “Absorption-Type Company Split”). The Company also resolved to submit to the 11th Annual General Meeting of Shareholders scheduled to be held on August 27, 2026 (the “Annual General Meeting of Shareholders”) a proposal to change its trade name to WAO Holdings Inc. effective December 1, 2026, subject to the Absorption-Type Company Split becoming effective, and to partially amend its Articles of Incorporation in order to change its business purposes to those appropriate for a holding company structure and change the number of Directors and Audit & Supervisory Board Members (the “Amendment to the Articles of Incorporation”).

Accordingly, subject to obtaining the necessary approvals at the Annual General Meeting of Shareholders and the completion of other required procedures, the Company plans to have the Successor Company succeed to the Succeeded Businesses as of December 1, 2026, and the Company will continue to maintain its listing as a holding company.

Because the Absorption-Type Company Split will be conducted with the Company as the splitting company and its wholly owned subsidiary as the successor company, certain disclosure items and details have been omitted. In addition, the transaction constitutes a transaction under common control and is expected to have only a minor impact on the Group's consolidated financial results.

I. Organizational Restructuring

1. Purpose of the Transition to a Holding Company Structure

The Company has decided to transition to a holding company structure in order to strengthen its group management functions and accelerate decision-making in each business, with a view to expanding its business portfolio, including through future M&A and the development of new businesses.

Through the transition to a holding company structure, the Company will focus on formulating management strategies for the entire Group, optimally allocating management resources, and strengthening governance, while each operating company will conduct agile business operations in response to changes in the business environment. Through these efforts, the Group aims to achieve sustainable growth and enhance corporate value.

2. Summary of the Organizational Restructuring

(1) Schedule of the Absorption-Type Company Split

July 15, 2026	Board of Directors resolution regarding the establishment of the Successor Company Establishment of the Successor Company Board of Directors resolution regarding the execution of the Absorption-Type Company Split Agreement Execution of the Absorption-Type Company Split Agreement
August 27, 2026 (scheduled)	Approval of the Absorption-Type Company Split Agreement and the Amendment to the Articles of Incorporation at the 11th Annual General Meeting of Shareholders (Record date: May 31, 2026)
December 1, 2026 (scheduled)	Transition to a holding company structure (effective date of the Absorption-Type Company Split and the Amendment to the Articles of Incorporation)

Note: The Absorption-Type Company Split constitutes a simplified split for the Successor Company as prescribed in the main clause of Article 796, Paragraph 1 and Article 795, Paragraph 1 of the Companies Act, and therefore will be conducted without approval at a general meeting of shareholders of the Successor Company.

(2) Method of the Absorption-Type Company Split

The Company plans to conduct an absorption-type company split, with the Company as the splitting company and the Successor Company, its wholly owned subsidiary, as the successor company, under which the Successor Company will succeed to the Succeeded Businesses. The Company plans to transition to a holding company structure with December 1, 2026 as the effective date. The Company will continue to maintain its listing as a holding company.

(3) Details of Allotment in Connection with the Absorption-Type Company Split

In connection with the Absorption-Type Company Split, the Successor Company does not plan to deliver cash or any other consideration to the Company in exchange for the rights and obligations to be succeeded to.

(4) Treatment of Share Acquisition Rights and Bonds with Share Acquisition Rights in Connection with the Absorption-Type Company Split

There will be no change in the treatment of the share acquisition rights issued by the Company in connection with the Absorption-Type Company Split. The Company has not issued any bonds with share acquisition rights.

(5) Increase or Decrease in Share Capital as a Result of the Split

There will be no change in the Company's share capital as a result of the Absorption-Type Company Split. The share capital of the Successor Company is expected to be 15,000 thousand yen.

(6) Rights and Obligations to Be Succeeded to by the Successor Company

Through the Absorption-Type Company Split, the Successor Company will succeed to the assets, liabilities, employment contracts, and other rights and obligations relating to the Succeeded Businesses, within the scope set forth in the Absorption-Type Company Split Agreement. The liabilities to be succeeded to will be assumed through cumulative assumption of obligations, and the Company will continue to bear responsibility for such liabilities.

(7) Prospects for Fulfillment of Obligations

Based on the amount of the Company's assets and liabilities, the estimated amount of assets and liabilities to be succeeded to by the Successor Company through the Absorption-Type Company Split, and the estimated amount of the Company's revenue and cash flows after the Absorption-Type Company Split, the Company has determined that there are reasonable prospects for the fulfillment of the Company's obligations after the effective date of the Absorption-Type Company Split.

In addition, based on the amount of the Successor Company's assets and liabilities, the estimated amount of assets and liabilities to be succeeded to by the Successor Company from the Company through the Absorption-Type Company Split, and the estimated amount of the Successor Company's revenue and cash flows after the Absorption-Type Company Split, the Company has determined that there are reasonable prospects for the fulfillment of the Successor Company's obligations after the effective date of the Absorption-Type Company Split.

3. Overview of the Companies Involved in the Organizational Restructuring

<table>
<tr><th></th><th colspan="2">Splitting Company
(As of May 31, 2026)</th><th>Successor Company
(At the time of establishment on July 15, 2026)</th></tr>
<tr><td>(1) Trade name</td><td colspan="2">Globe-ing Inc.
(Scheduled to change its trade name to WAO Holdings Inc. on December 1, 2026)</td><td>Globe-ing Absorption-Type Company Split Preparatory Company, Inc.
(Scheduled to change its trade name to Globe-ing Inc. on December 1, 2026)</td></tr>
<tr><td>(2) Location</td><td colspan="2">3-1-34 Minami Aoyama, Minato-ku, Tokyo</td><td>9-7-1 Akasaka, Minato-ku, Tokyo</td></tr>
<tr><td>(3) Title and name of representative</td><td colspan="2">Kohei Tanaka, Representative Director, President and CEO</td><td>Kohei Tanaka, Representative Director, President and CEO</td></tr>
<tr><td>(4) Business description</td><td colspan="2">Consulting business and AI business</td><td>Consulting business and AI business</td></tr>
<tr><td>(5) Share capital</td><td colspan="2">1,195,288 thousand yen</td><td>15,000 thousand yen</td></tr>
<tr><td>(6) Date of establishment</td><td colspan="2">January 20, 2021</td><td>July 15, 2026</td></tr>
<tr><td>(7) Number of issued shares</td><td colspan="2">28,728,000 shares</td><td>60,000 shares</td></tr>
<tr><td>(8) Fiscal year-end</td><td colspan="2">May 31</td><td>May 31</td></tr>
<tr><td rowspan="10">(9) Major shareholders and shareholding ratio</td><td>EMMA&KEITO Inc.</td><td>30.68%</td><td rowspan="10">The Company 100%</td></tr>
<tr><td>Sosuke Wajima</td><td>17.32%</td></tr>
<tr><td>Custody Bank of Japan, Ltd. (trust account)</td><td>7.08%</td></tr>
<tr><td>PERSOL CROSS TECHNOLOGY CO., LTD.</td><td>6.58%</td></tr>
<tr><td>KFV Inc.</td><td>4.38%</td></tr>
<tr><td>MSIP CLIENT SECURITIES</td><td>4.12%</td></tr>
<tr><td>Kohei Tanaka</td><td>3.25%</td></tr>
<tr><td>Morgan Stanley MUFG Securities Co., Ltd.</td><td>2.70%</td></tr>
<tr><td>Hidetoshi Masumoto</td><td>2.08%</td></tr>
<tr><td>Takuya Kodera</td><td>2.02%</td></tr>
</table>

4. Financial Position and Operating Results of the Splitting Company for the Most Recent Fiscal Year

Fiscal year ended May 31, 2026	Globe-ing Inc.
Net assets	¥7,920,410 thousand
Total assets	¥10,678,741 thousand
Net assets per share	¥277.75
Revenue	¥10,941,332 thousand
Operating profit	¥4,061,981 thousand
Ordinary profit	¥4,051,327 thousand
Net income	¥3,097,488 thousand
Earnings per share	¥108.78

Note: As the successor company was established on July 15, 2026, it has no financial position or operating results for the previous fiscal year.

5. Overview of the Business Division to Be Split

(i) Description of the business division to be split

All businesses other than the group management business

(ii) Operating results of the business division to be split (for the fiscal year ended May 31, 2026)

	Business division to be split (a)	Actual results of the Company (b)	Ratio (a/b)
Revenue	¥10,941,332 thousand	¥10,941,332 thousand	100.0%
Gross profit	¥7,406,741 thousand	¥7,405,874 thousand	100.0%
Operating profit	¥5,210,613 thousand	¥4,061,981 thousand	128.3%
Ordinary profit	¥5,194,870 thousand	¥4,051,327 thousand	128.2%

(iii) Assets and liabilities to be split and the respective amounts (as of May 31, 2026)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	¥4,935,564 thousand	Current liabilities	¥1,393,194 thousand
Non-current assets	¥1,025,498 thousand	Non-current liabilities	¥- thousand
Total	¥5,961,063 thousand	Total	¥1,393,194 thousand

Note: The amounts of the assets and liabilities to be split are based on the balance sheet as of May 31, 2026. The actual amounts of the assets and liabilities to be split will be finalized after adjusting the above amounts for increases and decreases up to the effective date of the absorption-type company split.

6. Status After the Absorption-Type Company Split (as of December 1, 2026)

	Splitting Company	Successor Company
(1) Name	WAO Holdings Inc. (Former trade name: Globe-ing Inc.)	Globe-ing Inc. (Former trade name: Globe-ing Absorption-Type Company Split Preparatory Company)
(2) Location	9-7-1 Akasaka, Minato-ku, Tokyo (Scheduled to change from 3-1-34 Minami Aoyama, Minato-ku, Tokyo on December 1, 2026)	9-7-1 Akasaka, Minato-ku, Tokyo
(3) Title and name of representative	Hiroki Fukuda, Representative Director, President and CEO	Kohei Tanaka, Representative Director, President and CEO
(4) Business description	Management and administration of the business activities of group companies, etc.	Consulting business and AI business
(5) Share capital	¥1,195,288 thousand	¥15,000 thousand
(6) Fiscal year-end	May 31	May 31

(Disposal of Treasury Shares as Restricted Stock for Employees)

The Company plans to dispose of treasury shares as restricted stock pursuant to a resolution of the Board of Directors held on August 20, 2026, as described below.

1. Overview of the Disposal

(1) Payment date October 16, 2026

(2) Type and number of shares to be disposed of 168,100 shares of the Company's common stock

(3) Disposal price ¥1,725 per share

(4) Total disposal amount ¥289,972,500

(5) Allottees 78 employees, 168,100 shares

2. Purpose and Reasons for the Disposal

The Company resolved to grant monetary claims totaling ¥289,972,500 to 78 employees of the Company and to dispose of 168,100 shares of the Company's common stock as restricted stock through an in-kind contribution of such monetary claims, with the aim of providing incentives for the sustainable enhancement of the Company's corporate value and further promoting value sharing with shareholders.

(First-time Adoption)

The Group has prepared its consolidated financial statements in accordance with IFRS Accounting Standards from the current consolidated fiscal year. The most recent consolidated financial statements prepared in accordance with Japanese GAAP were for the consolidated fiscal year ended May 31, 2025, and the date of transition to IFRS Accounting Standards is June 1, 2024.

(1) Exemptions from Retrospective Application

IFRS Accounting Standards generally require entities adopting IFRS Accounting Standards for the first time ("first-time adopters") to apply the standards required under IFRS Accounting Standards retrospectively. However, IFRS 1 provides certain optional exemptions from retrospective application. The effects of applying these exemptions are adjusted against retained earnings or other components of equity at the date of transition. The exemptions adopted by the Group in transitioning from Japanese GAAP to IFRS Accounting Standards are as follows.

(i) Business combinations

The Group has elected not to apply IFRS 3 "Business Combinations" retrospectively to business combinations that occurred before the date of transition. As a result, the amount of goodwill arising from business combinations before the date of transition is based on its carrying amount under Japanese GAAP as of the date of transition.

Goodwill was tested for impairment as of the date of transition, regardless of whether there was any indication of impairment.

(ii) Leases

Under IFRS 1, a first-time adopter is permitted to determine whether a contract existing at the date of transition contains a lease based on the facts and circumstances existing at that date.

In addition, lease liabilities are permitted to be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition. Right-of-use assets are permitted to be measured, on a lease-by-lease basis, either at their carrying amount as if IFRS 16 "Leases" had been applied from the commencement date of the lease, using the lessee's incremental borrowing rate at the date of transition as the discount rate, or at an amount equal to the corresponding lease liability.

Furthermore, as a practical expedient, for leases whose lease term ends within 12 months of the date of transition and leases for which the underlying asset is of low value, an entity is permitted not to recognize right-of-use assets and lease liabilities and instead to recognize the lease payments as an expense on either a straight-line basis over the lease term or another systematic basis.

The Group has recognized and measured leases by applying these exemptions and practical expedients.

(2) Mandatory Exceptions in IFRS 1

IFRS 1 prohibits the retrospective application of IFRS Accounting Standards with respect to "estimates," "derecognition of financial assets and financial liabilities," "hedge accounting," "non-controlling interests" and "classification and measurement of financial instruments." The Group has applied these items prospectively from the date of transition.

(3) Reconciliations

The effects of the transition from Japanese GAAP to IFRS Accounting Standards on the Group's financial position, operating results and cash flows are as follows. In the reconciliations, "Reclassifications" includes items that do not affect retained earnings or comprehensive income, while "Differences in recognition and measurement" includes items that affect retained earnings or comprehensive income.

Reconciliation of equity as of June 1, 2024 (date of transition)

(Thousands of yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS Accounting Standards	Notes	Presentation under IFRS Accounting Standards
Assets						Assets
Current assets						Current assets
Cash and deposits	1,388,848	-	-	1,388,848		Cash and cash equivalents
Accounts receivable - trade	228,138	22,514	-	250,653		Trade and other receivables
Electronically recorded monetary claims	5,534	(5,534)	-	-		
Contract assets	369,867	-	-	369,867		Contract assets
Inventories	10,581	-	-	10,581		Inventories
Other	58,605	(16,980)	(3,528)	38,096	(a)	Other current assets
	-	-	9,570	9,570	(a)	Other financial assets
Total current assets	2,061,576	-	6,041	2,067,617		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	99,732	(29,229)	7,299	77,803	(b)	Property, plant and equipment
Intangible assets	209,239	(104,789)	-	104,450		Goodwill
	-	104,789	-	104,789		Intangible assets
	-	29,229	445,318	474,547	(a)	Right-of-use assets
Investments and other assets						
Long-term prepaid expenses	1,419	(1,419)	-	-		
Leasehold and guarantee deposits	103,181	100	5,324	108,605	(a)	Other financial assets
Deferred tax assets	118,378	-	59,573	177,952	(c)	Deferred tax assets
Other	100	1,319	5,324	6,743	(a)	Other non-current assets
Total non-current assets	532,051	-	522,839	1,054,891		Total non-current assets
Total assets	2,593,628	-	528,881	3,122,509		Total assets

(Thousands of yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS Accounting Standards	Notes	Presentation under IFRS Accounting Standards
Liabilities						Liabilities and equity
Current liabilities						Current liabilities
Accounts payable - other	210,467	256,979	-	467,446		Trade and other payables
Accrued expenses	256,979	(256,979)	-	-		
Income taxes payable	9,618	(345)	-	9,273		Income taxes payable
Accrued consumption taxes	122,823	(122,823)	-	-		
Contract liabilities	8,778	-	-	8,778		Contract liabilities
	-	-	142,060	142,060	(a)	Lease liabilities
Provision for bonuses	270,297	(270,297)	-	-		
Provision for directors' bonuses	12,228	(12,228)	-	-		
Other	56,607	405,694	99,004	561,306	(d)	Other current liabilities
Total current liabilities	947,800	-	241,064	1,188,864		Total current liabilities
Non-current liabilities						Non-current liabilities
Provision for directors' retirement benefits	52,276	-	(7,299)	44,977		Other non-current liabilities
Asset retirement obligations	41,552	-	-	41,552		Provisions
	-	-	319,947	319,947	(a)	Lease liabilities
Total non-current liabilities	93,829	-	312,647	406,477		Total non-current liabilities
Total liabilities	1,041,629	-	553,711	1,595,341		Total liabilities
Net assets						Equity
Share capital	90,000	-	-	90,000		Share capital
Capital surplus	459,000	61,219	-	520,219	(h)	Capital surplus
Retained earnings	936,870	-	(24,525)	912,345	(i)	Retained earnings
Foreign currency translation adjustment	4,908	-	(305)	4,603		Other components of equity
Share acquisition rights	61,219	(61,219)	-	-	(h)	
				1,527,167		Total Equity attributable to owners of the parent
Total net assets	1,551,998	-	(24,830)	1,527,167		Total equity
Total liabilities and net assets	2,593,628	-	528,881	3,122,509		Total liabilities and equity

Reconciliation of equity as of May 31, 2025 (end of the previous consolidated fiscal year)

(Thousands of yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS Accounting Standards	Notes	Presentation under IFRS Accounting Standards
Assets						Assets
Current assets						Current assets
Cash and deposits	6,612,190	-	-	6,612,190		Cash and cash equivalents
Accounts receivable - trade	433,728	52,244	-	485,973		Trade and other receivables
Electronically recorded monetary claims	18,171	(18,171)	-	-		
Contract assets	670,781	-	-	670,781		Contract assets
Inventories	6,523	-	-	6,523		Inventories
Other	90,182	(34,072)	(1,749)	54,359	(a)	Other current assets
	-	-	13,392	13,392	(a)	Other financial assets
Total current assets	7,831,578	-	11,643	7,843,221		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	180,797	(22,257)	10,982	169,522	(b)	Property, plant and equipment
Intangible assets	381,991	(288,633)	11,092	104,450	(e)	Goodwill
	-	288,633	-	288,633		Intangible assets
	-	22,257	323,053	345,311	(a)	Right-of-use assets
Investments and other assets						
Leasehold and guarantee deposits	103,541	5,340	4,445	113,326	(a)	Other financial assets
Deferred tax assets	264,267	-	53,631	317,899	(c)	Deferred tax assets
Other	5,340	(5,340)	4,445	4,445	(a)	Other non-current assets
Total non-current assets	935,938	-	407,649	1,343,588		Total non-current assets
Total assets	8,767,516	-	419,292	9,186,809		Total assets

(Thousands of yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS Accounting Standards	Notes	Presentation under IFRS Accounting Standards
Liabilities						Liabilities and equity
Current liabilities						Current liabilities
Accounts payable - other	239,611	445,002	-	684,613		Trade and other payables
Accrued expenses	445,002	(445,002)	-	-		
Income taxes payable	1,080,219	(76,012)	-	1,004,206		Income taxes payable
Accrued consumption taxes	425,180	(425,180)	-	-		
Contract liabilities	41,380	-	-	41,380		Contract liabilities
	-	-	141,645	141,645	(a)	Lease liabilities
	-	8,381	-	8,381		Other financial liabilities
Provision for bonuses	441,360	(441,360)	-	-		
Other	107,561	934,170	123,898	1,165,631	(d)	Other current liabilities
Total current liabilities	2,780,315	-	265,544	3,045,859		Total current liabilities
Non-current liabilities						Non-current liabilities
Provision for directors' retirement benefits	70,221	-	(11,439)	58,782		Other non-current liabilities
Asset retirement obligations	46,781	-	-	46,781		Provisions
Deferred tax liabilities	448	-	(448)	-		Deferred tax liabilities
	-	-	203,683	203,683	(a)	Lease liabilities
	-	-	34,231	34,231	(f)	Other financial liabilities
Total non-current liabilities	117,451	-	226,026	343,478		Total non-current liabilities
Total liabilities	2,897,766	-	491,571	3,389,337		Total liabilities
Net assets						Equity
Share capital	1,195,288	-	-	1,195,288		Share capital
Capital surplus	1,857,511	-	137,208	1,994,719	(g)(h)	Capital surplus
Retained earnings	2,705,078	-	(209,895)	2,495,182	(i)	Retained earnings
Foreign currency translation adjustment	(5,935)	-	409	(5,525)		Other components of equity
				5,679,665		Total Equity attributable to owners of the parent
Non-controlling interests	117,806	-	-	117,806		Non-controlling interests
Total net assets	5,869,749	-	(72,278)	5,797,471		Total equity
Total liabilities and net assets	8,767,516	-	419,292	9,186,809		Total liabilities and equity

Reconciliation of profit or loss and comprehensive income for the previous consolidated fiscal year (June 1, 2024 to May 31, 2025)

(Thousands of yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS Accounting Standards	Notes	Presentation under IFRS Accounting Standards
Net sales	8,255,896	-	-	8,255,896		Revenue
Cost of revenue	(2,653,425)	-	(46,826)	(2,700,251)	(a)(b)(d)	Cost of revenue
Gross profit	5,602,471	-	(46,826)	5,555,645		Gross profit
Selling, general and administrative expenses	(2,801,950)	(2,700)	(41,986)	(2,846,636)	(a)(b)(d)(e)(h)	Selling, general and administrative expenses
	-	85,365	(61,051)	24,314	(h)	Other operating income
	-	(138,299)	11,572	(126,727)	(g)	Other operating expenses
Operating profit	2,800,520	(55,634)	(138,291)	2,606,595		Operating profit
Non-operating income	26,071	(26,071)	-	-		
Non-operating expenses	(43,115)	43,115	-	-		
Extraordinary income	61,051	(61,051)	-	-		
Extraordinary losses	(105,512)	105,512	-	-		
	-	1,756	-	1,756		Finance income
	-	(10,328)	(38,550)	(48,879)	(a)(f)	Finance costs
Profit before income taxes	2,739,015	(2,700)	(176,842)	2,559,472		Profit before tax
Total income taxes	(949,778)	2,700	(8,527)	(955,606)	(c)	Income tax expense
Profit	1,789,236	-	(185,370)	1,603,866		Profit
Profit attributable to owners of the parent	1,768,207	-	(185,370)	1,582,836		Owners of the parent
Profit attributable to non-controlling interests	21,029	-	-	21,029		Non-controlling interests
Other comprehensive income						Other comprehensive income
						Items that may be reclassified to profit or loss
Foreign currency translation adjustment	(10,843)	-	714	(10,128)		Exchange differences on translation of foreign operations
Total other comprehensive income	(10,843)	-	714	(10,128)		Other comprehensive income, net of tax
Comprehensive income	1,778,393	-	(184,655)	1,593,737		Total comprehensive income
Comprehensive income attributable to owners of the parent	1,757,363	-	(184,655)	1,572,708		Owners of the parent
Comprehensive income attributable to non-controlling interests	21,029	-	-	21,029		Non-controlling interests

Notes to the Reconciliations

(1) Reclassifications

・ “Accounts receivable - trade” and “Electronically recorded monetary claims,” which were presented separately under Japanese GAAP, are included in “Trade and other receivables” under IFRS Accounting Standards.

・ “Leasehold and guarantee deposits,” which was presented separately under Japanese GAAP, and “guarantee deposits” and “capital contributions” included in “Other” (investments and other assets) are included in “Other financial assets” (non-current) under IFRS Accounting Standards.

・ “Accounts payable - other” and “Accrued expenses,” which were presented separately under Japanese GAAP, are presented as “Trade and other payables” under IFRS Accounting Standards.

・ “Accrued consumption taxes,” “Provision for bonuses” and “Provision for directors’ bonuses,” which were presented separately under Japanese GAAP, are included in “Other current liabilities” under IFRS Accounting Standards.

・ Under Japanese GAAP, a portion of enterprise tax levied on a pro forma standard basis (the capital levy and the value-added levy) and the per capita portion of inhabitant tax were included in “Income taxes payable,” whereas under IFRS Accounting Standards they are included in “Other current liabilities.”

・ “Provision for directors’ retirement benefits,” which was presented separately under Japanese GAAP, is presented as “Other non-current liabilities” under IFRS Accounting Standards.

・ “Asset retirement obligations,” which was presented separately under Japanese GAAP, is presented separately as “Provisions” (non-current) under IFRS Accounting Standards.

・ “Share acquisition rights,” which was presented separately under Japanese GAAP, is included in “Capital surplus” under IFRS Accounting Standards.

・ Items presented as “Non-operating income,” “Non-operating expenses,” “Extraordinary income” and “Extraordinary losses” under Japanese GAAP are presented under IFRS Accounting Standards as “Finance income” and “Finance costs” for finance-related items, and as “Other operating income” and “Other operating expenses” for other items.

・ Under Japanese GAAP, the per capita portion of inhabitant tax was included in “Income taxes - current,” whereas under IFRS Accounting Standards it is included in “Selling, general and administrative expenses.”

(2) Differences in recognition and measurement

(a) Leases

Under Japanese GAAP, leases of a lessee were classified as finance leases or operating leases, and operating leases were accounted for in a manner similar to that for ordinary rental transactions. Under IFRS Accounting Standards, such classification is not made for leases of a lessee, and right-of-use assets and lease liabilities are recognized for all leases other than short-term leases and leases for which the underlying asset is of low value.

In addition, under Japanese GAAP, rent for company housing leased by the Company was recognized as an expense, whereas under IFRS Accounting Standards the head lease from the external lessor is recognized as a right-of-use asset and the sublease to employees is treated as a sublease transaction. Accordingly, the right-of-use asset is transferred, with the portion borne by employees presented as “Other financial assets” (current and non-current) and the portion borne by the Company presented as “Other current assets” and “Other non-current assets” and recognized as an expense.

(b) Property, plant and equipment

With respect to the depreciation method for certain property, plant and equipment, the declining-balance method was applied under Japanese GAAP, whereas it has been changed to the straight-line method under IFRS Accounting Standards.

(c) Income taxes

In connection with the application of IFRS Accounting Standards, the recoverability of all deferred tax assets has been reassessed. In addition, deferred tax assets and deferred tax liabilities have been recognized for temporary differences arising from the adjustments from Japanese GAAP to IFRS Accounting Standards.

(d) Accrued paid leave

A liability is recognized under IFRS Accounting Standards for unused paid leave, which was not recognized under Japanese GAAP, and “Cost of revenue” and “Selling, general and administrative expenses” have been adjusted accordingly.

(e) Goodwill

Under Japanese GAAP, goodwill was amortized over the period during which its effects were estimated to continue, whereas under IFRS Accounting Standards goodwill is not amortized on or after the date of transition. As a result, “Selling, general and administrative expenses” decreased and “Goodwill” increased.

(f) Contingent consideration

Under Japanese GAAP, contingent consideration relating to transactions to which business combination accounting under Japanese GAAP was applied at the time of acquisition was not recognized until it became certain that the consideration would be delivered or transferred after the business combination. Under IFRS Accounting Standards, the fair value of contingent consideration is measured and recognized as “Other financial liabilities” (non-current). Changes in the fair value of such financial liabilities are recognized as “Finance income” or “Finance costs.”

(g) Share issuance costs

Under Japanese GAAP, share issuance costs were recognized in profit or loss, whereas under IFRS Accounting Standards they are treated as a deduction from capital surplus. As a result, “Other operating expenses” and “Capital surplus” decreased.

(h) Share acquisition rights

Share acquisition rights, which were measured at intrinsic value under Japanese GAAP, are measured at fair value under IFRS Accounting Standards because they vest on or after the date of transition. In addition, because gains on reversal of share acquisition rights are not permitted under IFRS Accounting Standards, such amounts are recognized in capital surplus.

(i) Retained earnings

The effects on retained earnings resulting from the application of IFRS Accounting Standards are as follows. The amounts below are stated after adjusting for the related tax effects.

(Thousands of yen)

	Transition date (June 1, 2024)	Previous consolidated fiscal year (May 31, 2025)
Leases	-	(1,189)
Property, plant and equipment	4,774	7,520
Income taxes	30,942	22,133
Accrued paid leave	(65,017)	(85,846)
Goodwill	-	11,092
Contingent consideration	-	(34,231)
Share issuance costs	-	5,388
Share acquisition rights	-	(144,081)
Other	4,774	9,318
Total adjustments to retained earnings	(24,525)	(209,895)

Reconciliation of cash flows for the previous consolidated fiscal year (June 1, 2024 to May 31, 2025)

Under Japanese GAAP, lease payments relating to operating lease transactions were presented in “cash flows from operating activities,” whereas under IFRS Accounting Standards lease liabilities are recognized and such payments are presented in “cash flows from financing activities” as repayments of lease liabilities.