



Earnings Report for the Fiscal Year Ended December 31, 2024 [Japanese GAAP] (Consolidated)

February 14, 2025

Listed company name: alt Inc. Stock listing: Tokyo Stock Exchange
 Securities code: 260A URL <http://alt.ai/>
 Representative: Kazutaka Yonekura, CEO
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 Scheduled date of the Ordinary General Meeting of Shareholders: March 26, 2025
 Scheduled date of dividend payout: -
 Scheduled date of submission of securities report: March 27, 2025
 Supplementary materials to financial results available: Yes
 Earnings presentation held: Yes (for individual and institutional investors and analysts)
 (Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal year ended December 31, 2024	6,057	-	(2,324)	-	(2,413)	-	(2,694)	-
Fiscal year ended December 31, 2023	-	-	-	-	-	-	-	-

(Note) Comprehensive income Fiscal year ended December 31, 2024: ¥(2,694) million (- %)
 Fiscal year ended December 31, 2023: ¥ - million (- %)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	¥	¥	%	%	%
Fiscal year ended December 31, 2024	(112.60)	-	(85.4)	(47.5)	(38.4)
Fiscal year ended December 31, 2023	-	-	-	-	-

(Reference) Share of profit in investments accounted for using the equity method

For the fiscal year ended December 31, 2024: ¥ (-) million

Fiscal year ended December 31, 2023: ¥ (-) million

- Notes: 1. Since the Company started preparing consolidated financial statements from the current year, figures for the previous period as well as percentage changes from the previous year are not presented.
2. The Company conducted a 100-for-1 common stock split on July 31, 2024. Basic earnings per share have been calculated as if this stock split had taken place at the beginning of the consolidated fiscal year ended December 31, 2024.
3. Information on diluted earnings per share is omitted although dilutive shares exist. This is because the Company recorded a loss per share for the period.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of December 31, 2024	6,765	4,006	59.2	115.47
As of December 31, 2023	-	-	-	-

(Reference) Equity As of December 31, 2024: ¥4,006 million

As of December 31, 2023: ¥ (-) million

- Notes: 1. Since the Company started preparing consolidated financial statements from the current year, figures for the previous period are not presented.
2. The Company conducted a 100-for-1 common stock split on July 31, 2024. Net assets per share have been calculated as if this stock split had taken place at the beginning of the consolidated fiscal year ended December 31, 2024.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	¥ million	¥ million	¥ million	¥ million
Fiscal year ended December 31, 2024	(2,419)	(625)	5,445	4,617
Fiscal year ended December 31, 2023	-	-	-	-

(Note) Since the Company started preparing consolidated financial statements from the current year, figures for the previous period are not presented.

2. Dividends

	Annual dividend per share					Dividend payment amount (total)	Payout ratio (consolidated)	Dividend on equity (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	¥	¥	¥	¥	¥	¥ million	%	%
FY ended December 31, 2023				0.00	0.00	-	-	-
FY ended December 31, 2024	-	0.00	-	0.00	0.00		-	-
FY ending December 31, 2025 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Forecast of consolidated operating results for the fiscal year ending December 31, 2025
(from January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	8,451	39.5	(2,498)	-	(1,931)	-	(1,932)	-	(55.70)

* Notes

(1) Significant changes in the scope of consolidation during the period

: Yes

alt RE Capital Inc.

Newly included three companies (company name): Wasabi Co., Ltd.

Excluded: - companies (company name) Green & Digital Partners Co., Ltd.

(2) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

- 1) Changes in accounting policies in accordance with amendments to accounting standards, etc. : None
- 2) Changes in accounting policies other than noted in 1) above : None
- 3) Changes in accounting estimates : None
- 4) Retrospective restatement : None

(3) Number of shares issued (common stock)

1) Number of shares issued at end of period (treasury shares included)	As of December 31, 2024	34,694,700 shares	As of December 31, 2023	6,840,000 shares
2) Number of treasury shares at end of period	As of December 31, 2024	- shares	As of December 31, 2023	- shares
3) Average number of shares outstanding during the period	Fiscal year ended December 31, 2024	23,927,093 shares	Fiscal year ended December 31, 2023	6,840,000 shares

Notes: 1. At the meeting of the Board of Directors held on July 11, 2024, the Board resolved to acquire Class A, Class B, Class C, Class D and Class D-1 preferred shares in accordance with the acquisition provisions in the Articles of Incorporation. Based on the resolution, the Company acquired them as treasury shares on July 29, 2024 and delivered, as consideration, one share of common stock for each share of Class A, Class B, and Class C preferred stock, and 2.34 shares of common stock (rounded to the second decimal place) for each share of Class D and Class D-1 preferred stock. All of the Class A, Class B, Class C, Class D and Class D-1 preferred shares acquired by the Company were cancelled on the same date. In accordance with the resolutions of the extraordinary general meeting of shareholders held on July 30, 2024, provisions concerning issuance of class shares in the Company's Articles of Incorporation were abolished as of July 31, 2024.

2. The Company conducted a 100-for-1 common stock split on July 31, 2024. The number of issued shares at the end of the period and the average number of shares outstanding during the period have been calculated as if this stock split had taken place at the beginning of the fiscal year ended December 31, 2023.

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2024
(from January 1, 2024 to December 31, 2024)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal year ended December 31, 2024	6,057	47.3	(2,268)	-	(2,413)		(2,694)	-
Fiscal year ended December 31, 2023	4,111	54.2	(1,485)	-	(1,497)		(1,498)	-

	Basic earnings per share	Diluted earnings per share
	¥	¥
Fiscal year ended December 31, 2024	(110.24)	-
Fiscal year ended December 31, 2023	(80.01)	-

Notes: 1. The Company conducted a 100-for-1 common stock split on July 31, 2024. Basic earnings per share have been calculated as if this stock split had taken place at the beginning of the fiscal year ended December 31, 2024.

2. Information on diluted earnings per share is omitted although dilutive shares exist. This is because the Company recorded a loss per share for the period.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of December 31, 2024	6,713	4,062	60.5	117.09
As of December 31, 2023	3,397	2,303	67.8	(663.53)

(Reference) Equity As of December 31, 2024 ¥4,062 million
As of December 31, 2023 ¥2,303 million

(Note) The Company conducted a 100-for-1 common stock split on July 31, 2024.

Net assets per share have been calculated as if this stock split had taken place at the beginning of each fiscal year.

*Earnings reports are exempt from audit conducted by certified public accountants or an audit firm.

*Appropriate use of earnings forecasts and other important information

The Company started preparing consolidated financial statements from the fiscal year ended December 31, 2024.

Any forecasts and forward-looking statements given herein are based on information available as of the date of the release of this document and on certain assumptions that are deemed reasonable. These forecasts are not guarantees of future performance, and actual results may differ materially from those expressed or implied herein due to several factors.

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1. Summary of Operating Results, etc.

(1) Summary of Operating Results for the Fiscal Year Ended December 31, 2024

Since the Group started preparing consolidated financial statements from the current fiscal year, comparative information related to the current consolidated fiscal year is not presented.

During the consolidated fiscal year under review, the Japanese economy was on a moderate recovery path thanks to the recovering economic activities. However, the outlook remained uncertain due to the impact of global monetary tightening, concerns about the Chinese economy, soaring resource prices associated with international circumstances, and the yen's continued depreciation.

The Group has been providing its clients with services based on the results of its AI research and development to realize "Digital Clone P.A.I. (= an AI which aims to digitize our intentions and place them on the cloud to let our clones deal with all digital operations)." The demand for AI in business continues to grow against the backdrop of the establishment of remote work and the shortage of human resources.

In these business environments, we continued promotional activities for the AX Products and Trading business, and were able to increase sales in the B2B sector especially through its main product, Communication Intelligence - AI GIJIROKU, as we did in the previous fiscal year. In the AX Research & Solutions business, we received a lot of consultation requests from various clients regarding the use of AI in their business settings, which has led to more orders than the previous fiscal year.

In addition, at the end of the fiscal year, we acquired shares in Wasabi Co., Ltd. and Green & Digital Partners Co., Ltd., which were engaged in contracted system development and DX consulting business, in order to strengthen in-house development concerning the AX Research & Solutions business. In addition, we launched a new real estate matching business, Clone RE Matching, and established a new subsidiary, alt RE Capital Inc., to carry out this business. The new business follows CloneM&A and CloneHR, which utilize alt's proprietary clone matching technology.

As a result of the above, for the consolidated business results for the fiscal year, the Company posted net sales of 6,057,288 thousand yen, operating loss of 2,324,616 thousand yen, ordinary loss of 2,413,437 thousand yen, and loss attributable to owners of parent of 2,694,114 thousand yen.

(2) Summary of Financial Position for the Fiscal Year Ended December 31, 2024

(Assets)

Total assets at the end of the consolidated fiscal year under review amounted to 6,765,549 thousand yen. Total current assets amounted to 6,181,774 thousand yen. The amount mainly consisted of cash and deposits of 4,617,501 thousand yen, accounts receivable of 1,315,894 thousand yen and consumption taxes refund receivable of 141,518 thousand yen. Total non-current assets amounted to 583,775 thousand yen. The amount mainly consisted of goodwill of 578,443 thousand yen.

(Liabilities)

Total liabilities at the end of the consolidated fiscal year under review amounted to 2,759,269 thousand yen. Total current liabilities amounted to 2,759,269 thousand yen. The amount mainly consisted of accounts payable - other of 920,988 thousand yen, short-term borrowings of 249,608 thousand yen and income taxes payable of 79,836 thousand yen. Total non-current liabilities amounted to 1,315,955 thousand yen. The amount consisted of long-term borrowings only.

(Net assets)

Total net assets at the end of the consolidated fiscal year under review amounted to 4,006,280 thousand yen. The amount mainly consisted of share capital of 2,298,340 thousand yen, capital surplus of 6,229,844 thousand yen and retained earnings of (4,522,064) thousand yen.

(3) Summary of Cash Flows for the Fiscal Year Ended December 31, 2024

Cash and cash equivalents (hereinafter referred to as "Funds") at the end of the consolidated fiscal year under review amounted to 4,617,501 thousand yen. The status of each cash flow and relevant factors during the consolidated fiscal year under review are as follows.

(Cash flows from operating activities)

The Funds used for operating activities in the consolidated fiscal year under review amounted to 2,419,421 thousand yen. This was mainly due to an increase in accounts payable-other of 391,919 thousand yen while there was loss before income taxes and others of 2,692,889 thousand yen and an increase in accounts receivable of 487,807 thousand yen.

(Cash flows from investing activities)

The Funds used for investing activities in the consolidated fiscal year under review amounted to 625,929 thousand yen. This was mainly due to purchase of shares of subsidiaries amounting to 504,931 thousand yen.

(Cash flows from financing activities)

The Funds provided by financing activities in the consolidated fiscal year under review amounted to 5,445,659 thousand yen. This was mainly due to proceeds from issuance of shares in the amount of 4,377,967 thousand yen and proceeds from long-term borrowings in the amount of 1,300,000 thousand yen.

(4) Future Outlook

While the economy has been on a gradual recovery path thanks to the improvement of economic activities after the rapid slowdown in the global economy caused by the spread of the novel coronavirus, the outlook is expected to remain uncertain due to continued high resource prices associated with the international situation, the ongoing depreciation of the yen, and rising interest rates and prices in Japan.

On the other hand, the AI-related market, in which the Group operates, is expected to continue to grow as expectations for AI in a business setting and interest in improving operational efficiency using AI continue to increase.

The Group is planning to use the Funds raised aggressively to further grow and increase its corporate value.

In the AX Products & Trading business, we are receiving a lot of inquiries for the introduction of Communication Intelligence: AI GIJIROKU, and altbrain, an agent generative AI platform released in 2023, as a set, driven by the rapid rise of the AI agent market, and we expect an increase in orders. Since there are signs that the unique data lake solution Communication Intelligence and the "actual operation by AI clones" that generates AI agents utilizing such data will become more widespread, we aim to further promote both services and increase sales by 1.16 times the current fiscal year.

In the AX Research & Solutions business, the number of projects for corporate problem solution utilizing powerful AI cloning technology is expected to continue to increase. In addition, with regard to clone matching in the M&A intermediary business, we have achieved results that far exceeded the M&A industry average in the current fiscal year, and we expect the number of contracts concluded through virtual interview matching between seller and buyer clones to increase in the future. As for the AX Research & Solutions business, we aim to achieve sales that are 3.16 times higher than those of the current fiscal year.

Because of the above, we expect net sales of 8,451,140 thousand yen (up 39.5% year-on-year), operating loss of 2,498,588 thousand yen, ordinary loss of 1,931,515 thousand yen, and loss attributable to owners of parent of 1,932,573 thousand yen, for the next fiscal year.

2. Basic Approach to the Selection of Accounting Standards

Considering the burden of establishing a system for preparing financial statements in accordance with International Financial Reporting Standards, the Group has prepared its financial statements in accordance with Japanese GAAP.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Unit: thousands of yen)

	Current fiscal year (As of December 31, 2024)
Assets	
Current assets	
Cash and deposits	4,617,501
Accounts receivable - trade	1,315,894
Work in process	13,351
Prepaid expenses	82,147
Consumption taxes refund receivable	141,518
Other	11,359
Total current assets	6,181,774
Non-current assets	
Property, plant and equipment	
Tools, furniture and fixtures, net	203
Total of property, plant and equipment	203
Intangible assets	
Goodwill	578,443
Total intangible assets	578,443
Investments and other assets	
Guarantee deposits	4,028
Other	1,100
Total investments and other assets	5,128
Total non-current assets	583,775
Total assets	6,765,549

(Unit: thousands of yen)

Current fiscal year (As of December 31, 2024)	
Liabilities	
Current liabilities	
Short-term borrowings	249,608
Current portion of long-term borrowings	6,900
Accounts payable - other	920,988
Accrued expenses	59,737
Income taxes payable	79,836
Advances received	75,385
Other	50,858
Total current liabilities	1,443,314
Non-current liabilities	
Long-term borrowings	1,315,955
Total non-current liabilities	1,315,955
Total liabilities	2,759,269
Net assets	
Shareholders' equity	
Share capital	2,298,340
Capital surplus	6,229,844
Retained earnings	(4,522,064)
Total shareholders' equity	4,006,120
Share acquisition rights	160
Total net assets	4,006,280
Total liabilities and net assets	6,765,549

(2) Consolidated Statements of Income and Comprehensive Income

(Unit: thousands of yen)

	(from January 1, 2024 to December 31, 2024)
Net sales	6,057,288
Cost of sales	330,110
Gross profit	5,727,177
Selling, general and administrative expenses	
Remuneration for directors (and other officers)	70,560
Salaries and allowances	243,659
Commission expenses	473,540
Taxes and dues	49,660
Advertising expenses	4,580,407
Outsourcing expenses	1,026,120
Research and development expenses	1,360,004
Fee expenses	50,799
Amortization of goodwill	58,357
Other	138,684
Total selling, general and administrative expenses	8,051,794
Operating loss	(2,324,616)
Non-operating income	
Interest income	252
Gain on disposal of merchandise	1,471
Other	515
Total non-operating income	2,238
Non-operating expenses	
Interest expenses	37,557
Listing expenses	48,388
Loss on disposal of merchandise and materials	2,878
Delay damages	1,629
Other	605
Total non-operating expenses	91,059
Ordinary loss	(2,413,437)
Extraordinary losses	
Impairment losses	279,452
Total extraordinary losses	279,452
Loss before income taxes and others	(2,692,889)
Income taxes - current	1,225
Total income taxes	1,225
Loss	(2,694,114)
Profit attributable to non-controlling interests	-
Loss attributable to owners of parent	(2,694,114)

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	(Unit: thousands of yen)
	Current fiscal year (from January 1, 2024 to December 31, 2024)
Loss	(2,694,114)
Comprehensive income	(2,694,114)
Comprehensive income attributable to:	
Owners of parent	(2,694,114)
Non-controlling interests	-

(3) Consolidated Statement of Changes in Equity

Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)

(Unit: thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of current period	100,000	4,031,504	(1,827,949)	2,303,554
Changes during period				
Issuance of new shares	2,198,340	2,198,340		4,396,680
Loss attributable to owners of parent			(2,694,114)	(2,694,114)
Net changes in items other than shareholders' equity	-	-	-	-
Total changes during period	2,198,340	2,198,340	(2,694,114)	1,702,565
Balance at the end of current period	2,298,340	6,229,844	(4,522,064)	4,006,120

	Share acquisition rights	Total net assets
Balance at the beginning of current period	160	2,303,714
Changes during period		
Issuance of new shares		4,396,680
Loss attributable to owners of parent		(2,694,114)
Net changes in items other than shareholders' equity	-	-
Total changes during period	-	1,702,565
Balance at the end of current period	160	4,006,280

(4) Consolidated Statement of Cash Flows

(Unit: thousands of yen)

	Consolidated fiscal year under review (from January 1, 2024 to December 31, 2024)
Cash flows from operating activities	
Loss before income taxes and others	(2,692,889)
Impairment losses	279,452
Listing expenses	18,712
Amortization of goodwill	58,357
Interest and dividend income	(252)
Interest expenses	37,557
Decrease (increase) in trade receivables	(487,807)
Decrease (increase) in inventories	4,981
Decrease (increase) in prepaid expenses	(58,822)
Decrease (increase) in consumption taxes refund receivable	(12,128)
Increase (decrease) in accounts payable - other	391,919
Increase (decrease) in income taxes payable	44,772
Increase (decrease) in accrued expenses	3,731
Increase (decrease) in advances received	25,169
Other	6,077
Subtotal	(2,381,165)
Interest and dividends received	252
Interest paid	(37,557)
Income taxes paid	(950)
Cash flows from operating activities	(2,419,421)
Cash flows from investing activities	
Payments of guarantee deposits	(4,136)
Proceeds from refund of guarantee deposits	2,006
Payments for investments in capital	(10)
Payments for acquisition of businesses	(118,857)
Purchase of shares of subsidiaries	(504,931)
Cash flows from investing activities	(625,929)
Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	(200,400)
Proceeds from long-term borrowings	1,300,000
Repayments of long-term borrowings	(31,908)
Proceeds from issuance of shares	4,377,967
Cash flows from financing activities	5,445,659
Net increase (decrease) in cash and cash equivalents	2,400,308
Cash and cash equivalents at the beginning of the year	2,217,193
Cash and cash equivalents at the end of the year	4,617,501

(5) Notes to Consolidated Financial Statements

(Note on the Going-concern Assumption)

Not applicable

(Segment Information, etc.)

The information is omitted as the Group comprises of only one segment, which is Artificial Intelligence (AI) business.

(Per share information)

	Consolidated fiscal year under review (January 1, 2024 to December 31, 2024)
Book-value per share	115.47 yen
Net loss per share	(112.60 yen)
Diluted earnings per share	-

(Note) The basis for calculation of net loss per share is as follows.

	Consolidated fiscal year under review (January 1, 2024 to December 31, 2024)
Net loss per share	
Loss attributable to owners of parent (in thousands of yen)	(2,694,114)
Amount not attributable to common shareholders (in thousands of yen)	-
Loss attributable to owners of parent concerning common stock (in thousands of yen)	(2,694,114)
Average number of shares of common stock during the period (the number of shares)	23,927,093
Common share	16,821,921
Class A preferred share	1,503,279
Class B preferred share	1,078,689
Class C preferred share	1,690,902
Class D preferred share	2,684,041
Class D-1 preferred share	148,262

- Notes: 1. Information on diluted earnings per share is not presented although dilutive shares exist. This is because we recorded loss per share for the period.
2. Class A, Class B, Class C, Class D and Class D-1 preferred shares are treated as equivalent to common shares because, in terms of the right to claim dividends from surplus, the shareholders of these preferred shares have the same rights as those of common shares. At the meeting of the Board of Directors held on July 11, 2024, the Board resolved to acquire Class A, Class B, Class C, Class D and Class D-1 preferred shares in accordance with the acquisition provisions in the Articles of Incorporation. Based on the resolution, we acquired them as treasury shares on July 29, 2024 and delivered, as consideration, one share of common stock for each one share of Class A, Class B, and Class C preferred stock, and 2.34 shares of common stock (rounded to the second decimal place) for each one share of Class D and Class D-1 preferred stock. All of the Class A, Class B, Class C, Class D and Class D-1 preferred shares acquired by the Company were cancelled on the same date. In accordance with the resolutions of the extraordinary general meeting of shareholders held on July 30, 2024, provisions concerning issuance of class shares in the Company's Articles of Incorporation were abolished as of July 31, 2024.

(Significant Subsequent Events)

(Reduction of the stated capital)

At the meeting of the Board of Directors held on February 4, 2025, it was resolved to submit a proposal for the reduction of the stated capital to the Ordinary General Meeting of Shareholders to be held on March 26, 2025.

1. Purpose of the reduction of the stated capital

With the aim of eliminating the current deficit in retained earnings brought forward, improving financial soundness, and realizing a flexible and agile capital policy in the future, we are considering reducing the amount of the capital and transferring it to other capital surplus to make up for the deficit.

2. Outline of the reduction of the stated capital

(1) Amount of the capital to be reduced

The amount of 2,278,340,000 yen will be decreased from the Company's share capital.

(2) Procedures for the reduction

Pursuant to Article 447, Paragraph 1 of the Companies Act, the amount of capital will be reduced as described above and the entire amount of the reduced capital will be transferred to other capital surplus.

3. Schedule

(1) Board of Directors resolution date: February 4, 2025

(2) Public notice concerning submission of objection by creditors: February 17, 2025 (planned date)

(3) Final date for creditors to file objections: March 19, 2025 (planned date)

(4) Date of resolution of the General Meeting of Shareholders: March 26, 2025 (planned date)

(5) Effective date of capital reduction: March 27, 2025 (planned date)

4. Future Outlook

This above procedure is to transfer a certain amount of the share capital in the net assets section of the balance sheet to the account of other capital surplus, so that the entire amount is used to compensate for the deficit. There will be no change in our net assets and no impact on our business performance.