



November 15<sup>th</sup>, 2021

## Summary of Consolidated Financial Results (IFRS) for the Fiscal Year Ending September 30, 2021

Listed company name: CHANGE Inc.  
 Listed share exchange: Tokyo Stock Exchange Securities Code: 3962  
 URL: <https://www.change-jp.com/>  
 Representative: Hiroshi Fukudome, President  
 For Inquiry: Yutaka Yamada, CFO TEL: 03-6435-7347  
 Scheduled date for holding General Shareholders Meeting: December 24, 2021  
 Scheduled filing date of quarterly report: December 24, 2021  
 Scheduled commencement date of dividend payments: None  
 Preparation of explanatory materials for financial results: Yes  
 Holding of a briefing on financial results: Yes (For institutional investors and analysts)

(Amounts less than one million are rounded down.)

### 1. Consolidated Financial Results for the Fiscal Year Ending September 30, 2021 (October 1, 2020 to September 30, 2021)

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

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before taxes		Net profit		Profit attributable to owners of the parent		Total comprehensive income	
	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%
FY 2021	15,653	48.5	5,985	42.4	5,911	42.1	4,113	48.4	4,104	100.3	4,113	48.4
FY 2020	10,542	75.9	4,203	309.1	4,160	334.5	2,771	320.2	2,049	330.0	2,771	322.0

	Basic earnings per share	Diluted earnings per share	Ratio of equity attributable to owners of the parent to revenue	Ratio of pretax profit to total assets	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
FY 2021	58.79	57.41	21.4	20.9	38.2
FY 2020	32.53	31.64	29.7	29.2	39.9

(Reference)

Equity in earnings (losses) of affiliates FY 2021 -¥Mil FY 2020 -¥Mil

(Note) The Company conducted a 2-for-1 stock split on September 1, 2020 and a 2-for-1 stock split on January 1, 2021. Basic earnings per share and diluted earnings per share are calculated as if the stock split had occurred at the beginning of the previous fiscal year.

#### (2) Consolidated Financial Position

	Total assets	Total shareholders' equity	Profit attributable to owners of parent	Percentage of interests attributable to owners of parent	Interests attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
End of FY 2021	39,386	32,394	30,455	77.3	422.66
End of FY 2020	17,093	9,406	7,959	46.6	126.13

#### (3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2021	3,804	△1,189	17,476	27,690
FY 2020	4,634	△269	△549	7,599

### 2. Dividend Status

	Annual dividends					Total dividend amount (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to interest attributable to owners of the parent (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of the fiscal year	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY 2020	-	0.00	-	0.00	0.00	-	-	-
FY 2021	-	0.00	-	0.00	0.00	-	-	-
FY 2022 (forecast)	-	0.00	-	0.00	0.00	-	-	-

**[Notes of caution] This document is an English translation of the Japanese original. In the event of any differences or inconsistencies between the Japanese and English versions, the Japanese language version shall take precedence.**

### 3. Forecasts for the Fiscal Year Ending September 30, 2022 (October 1, 2021 to September 30, 2022)

(Percentages indicate year-on-year changes for the full year and year-on-year changes for the quarter.)

	Revenue		Operating profit		Profit before taxes		Net profit		Profit attributable to owners of parent		Basic profit per share
	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%	¥ Mil	%	Yen
Full year	18,200	16.3	6,800	13.6	6,771	14.5	4,647	13.0	4,522	10.2	62.76

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New company (company name) None                      Excluded company (company name) None

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

(i) Changes in accounting policies required by IFRS: No

(ii) Changes in accounting policies other than (i): No

(iii) Changes in accounting estimates: No

(3) Number of shares outstanding (ordinary shares)

(i) Number of shares outstanding at the end of the period (including treasury share)	FY2021	72,679,562 shares	FY2020	63,105,600 shares
(ii) Number of treasury shares at the end of the period	FY 2021	623,235 shares	FY2020	392 shares
(iii) Average number of shares during the period (cumulative quarterly period)	FY 2021	69,816,513 shares	FY2020	62,999,633 shares

(Note) The Company conducted a 2-for-1 share split of its ordinary shares on September 1, 2020, and a 2-for-1 share split of its ordinary shares on January 1, 2021. The figures hereof were calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended September 30, 2020.

(Reference) Summary of Non-consolidated financial results

Non-consolidated results for the fiscal year ended September 30, 2021 (October 1, 2020 to September 30, 2021)

(1) Non-Consolidated Results of Operations (Percentages indicate year-on-year changes.)

	Revenue (Note 1)		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2021	3,072	△5.4	624	70.7	583	67.7	399	69.9
FY 2020	3,248	△2.8	366	△50.9	348	△42.6	234	△42.8

	Profit per share	Fully diluted profit per share
	Yen	Yen
FY 2021	5.72	5.58
FY 2020	3.73	3.63

(Note 1) In the fiscal year ended September 2021, we applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and the "Guidance on Accounting Standards for Revenue Recognition" (ASBJ Guidance No. 30, March 31, 2020), so revenue was partially offset. If this standard and guidelines were applied in the fiscal year ended September 2020, revenue would be ¥2,472 million.

(Note 2) The Company conducted a 2-for-1 stock split on September 1, 2020 and a 2-for-1 stock split on January 1, 2021. Basic earnings per share and diluted earnings per share are calculated as if the stock split had occurred at the beginning of the previous fiscal year.

**[Notes of caution] This document is an English translation of the Japanese original. In the event of any differences or inconsistencies between the Japanese and English versions, the Japanese language version shall take precedence.**

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2021	41,922	39,714	94.7	551.12
FY 2020	9,628	6,561	68.1	103.92

Reference: shareholders' equity    End of FY 2021    39,712    ¥ Mil                              End of FY 2020    6,558    ¥ Mil

(Note) The Company conducted a 2-for-1 stock split on September 1, 2020 and a 2-for-1 stock split on January 1, 2021. Net assets per share are calculated as if the stock split had occurred at the beginning of the previous fiscal year.

※ Financial results hereof are not subject to review by certified accountants or audit corporations.

※ Explanations and other special notes concerning the appropriate use of business performance forecast

The earnings forecasts and other forward-looking statements contained in this report are prepared based on information currently available to the Company and on certain assumptions deemed to be reasonable, but they are not promised by the Company regarding future performance. Actual results may differ significantly from these forecasts due to various factors. For future forecasts and assumptions, please refer to "1. Information on financial results for the current fiscal year (ii) Forecasts for the next fiscal year" on page 6 hereof.

## Accompanying Materials

### Index

<b>1.Information on financial results for the current fiscal year</b> .....	5
<b>(i)Overview of operating results</b> .....	5
<b>(ii)Forecast for the next fiscal year</b> .....	6
<b>(2)Financial Position</b> .....	6
<b>(3)Basic profit-appropriation policy and dividends for the current and next fiscal years</b> .....	6
<b>2.Basic Concept Regarding Selection of Accounting Standards</b> .....	7
<b>3. Condensed Consolidated Financial Statements and Major Notes</b> .....	8
<b>(1) Condensed Consolidated Statement of Financial Position</b> .....	8
<b>(2) Condensed Consolidated Statements of Income and Summary Consolidated Statements of Comprehensive Income</b> .....	10
<b>(3) Condensed Consolidated Statements of Changes in Equity</b> .....	12
<b>(4) Condensed Consolidated Statements of Cash Flows</b> .....	14
<b>(5) Notes to Condensed Consolidated Financial Statements</b> .....	15
<b>(Notes on the Going Concern Assumption)</b> .....	15
<b>(Segment Information)</b> .....	15
<b>(Per Share Information)</b> .....	17
<b>(Significant Subsequent Events)</b> .....	17

## **1. Information on financial results for the current fiscal year**

### **(1) Overview of operating results**

In the future, it is predicted that about 1 out of 2.5 citizens will be older than 65 in 2060, resulting in a world of super-aged society. In recent years, as a result of the spread of new corona viruses, it was found that Japanese digital transformation (hereinafter, "DX") is becoming increasingly behind the world. Therefore, in the stock market, there is a clear bipolarization between companies adaptive and evolving to DX and other companies. As a result, it is urgently necessary for surviving companies to respond to, transform, and invest in DX. In addition, it is also inevitable for local governments who are facing with the challenge of severe financial conditions and population decline and whose workloads are increasing despite the declining number of employees to improve operational efficiency through DX.

Under such circumstances, the Group (or simply, "we") has been developing businesses such as digitization of business models and business processes and support for the development of digital human resources in order to dramatically improve Japanese productivity with "People multiplied by Technology" and to make Japan a sustainable society with a decreasing population under the vision of "Change Productivity" under the mission of "Change People, Change Business, Change Japan". Since its inception, we have provided solutions to the digitization needs of many customers. We have been achieving steady growth in sales and profit every year since the listing of our shares in September 2016. Specifically, we are developing and expanding our business in three areas: NEW-IT Transformation Business, which supports the development of digital human resources, innovations in business processes, and digitization; Investment Business, which is investing in businesses that are synergistic with NEW-IT Transformation Business, to be responsible for creating new businesses and building business models; and the Publitech Business, which is committed to promoting DX-based regional creation.

### **Operating results for the current fiscal year are as follows.**

On February 15, 2021, we announced our new Mid-term Business Plan of "Digitize & Digitalize Japan (Phase2)" in which we define the key areas of "Local" × "Social" × "Digital", and we conducted equity financing in overseas markets in March 2021 and succeeded in raising 16.384 billion yen as growth funds in order to lead the Japanese DX. In addition, from the third quarter, we have been accelerating growth investment, including technology and service development, human resource recruitment, training, and M&A preparation.

Regarding the NEW-IT Transformation Business, we are pushing ahead with digitization projects for large corporations and government agencies while expanding projects related to digital human resource development. In addition, we established Digital Growth Academia INC., a joint venture with KDDI Corporation, to jointly implement digital human resource development, included beacapp Inc., a beacon-related solution provider in our subsidiaries, collaborated with Sumitomo Mitsui Banking Corporation and began providing DX support services for their major clients, and formed a business alliance with The Chiba Bank, Ltd. aiming at DX promotion in their region. Through these M&A, joint ventures, collaborations, and business alliances, we are accelerating the DX strategy.

Regarding the Investment Business, we have been accelerating collaborations with investees in the DX domain, and the share prices of listed companies in which we invested are steadily moving.

Regarding the Publitech Business, revenues increased significantly due to factors, such as an increase in the commission rate of the hometown tax payment platform business from April 2020. In April 2021, we began charging for LoGo Chat and LoGo Form, our SaaS business for local governments. This business has been well accepted by users and is steadily expanding. In the new energy-related field, we are making steady progress in developing unprecedented projects which will lead the market.

As a result, in the current consolidated fiscal year, revenue was 15,653 million yen (up 48.5% year on year), operating profit was 5,985 million yen (up 42.4% year on year), profit before taxes was 5,911 million yen (up 42.1% year on year), and profit attributable to owners of parent was 4,104 million yen (up 100.3% year on year).

### **Segment operating results are as follows:**

#### **(a) NEW-IT Transformation Business**

Regarding the NEW-IT Transformation Business, we are pushing ahead with digitization projects for large corporations and government agencies, while expanding projects related to digital human resource development.

In the second quarter of the current fiscal year, we established Digital Growth Academia INC., a joint venture with KDDI Corporation, to jointly implement digital human resource development, and included beacapp Inc, a beacon-related solution provider which leads the domestic market, in our subsidiaries. Since the third quarter, they started contributions to the Group's profit. In this way we have been accelerating our DX strategy through joint ventures and M&A. In the fourth quarter of the fiscal year, we collaborated with Sumitomo Mitsui Banking Corporation to provide DX support services to their major corporate clients, and made an alliance with The Chiba Bank, Ltd. aiming at DX promotion in their region. Through collaborations and business alliances, we have been expanding the DX strategy.

As a result, in the current fiscal year, revenue in the NEW-IT Transformation Business was 2,816 million yen (up 26.2% year on year) and segment profit was 927 million yen (up 52.4% year on year).

#### **(b) Investment Business**

Regarding the Investment Business, we have accelerated collaborations in the DX domain with investees, and the share prices of listed companies in which we invested have been steadily moving. In the first quarter of the current fiscal year, the Company invested in Writeup co., Ltd. which provides various DX services under the vision of "Making All Nationwide Small and Medium sized Companies Profitable", and in the third quarter, invested in L is B Corp which provides DX support solutions such as direct business chat platform in order to strengthen the services of LoGo Series and accelerate the development of other services for local communities, and in the fourth quarter, invested in PORT INC which develops businesses to support user decision-making by digitizing (DX) users/operators matching in areas, such as recruitment, house renovation, and financing.

As a result, in the current fiscal year, revenue in the Investment Business was 187 million yen (down 5.5% year on year) and segment profit was 166 million yen (down 6.1% year on year).

#### **(c) Publitech Business**

Regarding the Publitech Business, local governments briskly took initiatives to utilize the hometown tax payment system in response to New Corona Viruses, so our revenues increased significantly along with an increase in the commission rate in Furusato Choice, our hometown tax payment platform, from April 2020. In addition, in April 2021 we began shifting LoGo Chat and LoGo Form services,

SaaS businesses for local governments, to fee basis. These services have been well accepted by customers and are steadily expanding. In the new energy-related field, we have steadily started initiatives in developing unprecedented projects which will lead the market.

As a result, revenue in the Publitech Business for the current fiscal year was 12,654 million yen (up 55.9% year on year), and segment profit was 6,666 million yen (up 46.4% year on year).

## **(ii) Forecast for the next fiscal year**

We have announced the Mid-term Business Plan of "Digitize & Digitalize Japan (Phase2)". Under the flag of "Digital × Local × Social", we are actively acquiring digital human resources and expanding new business domains which utilize cutting-edge technologies and developing and expanding IT platform services for local governments, with NEW-IT transformation Business, Investment Business, and Publitech Business as our three pillars, in order to resolve social issues faced by local communities and to make them sustainable through DX. We are also conducting businesses that dramatically improve Japanese productivity through "People × Technology."

In the fiscal year ending September 2022, as the first year of the Mid-term Business Plan of "Digitize & Digitalize Japan (Phase2)", we will further push ahead with digitization projects for large corporations and government agencies and expand services that capture a variety of digitization needs, including the development of digital human resources, in the NEW-IT Transformation Business. In the Publitech Business, we will accelerate the digitization services for the public sector by expanding and monetizing LoGo series while further expanding the mainstream hometown tax payment business and promote new initiatives such as energy business. In this way, we will achieve the Mid-term Business Plan of "Digitize & Digitalize Japan (Phase2)".

Accordingly, we expect revenues of 18,200 million yen (up 16.3% from the previous fiscal year), operating profit of 6,800 million yen (up 13.6% from the previous fiscal year), and profit before tax of 6,771 million yen (up 14.5% from the previous fiscal year) and net profit attributable to owners of the parent of 4,522 million yen (up 10.2% from the previous fiscal year) for the fiscal year ending September 2022.

## **(2) Financial Position**

### **(i) Assets, Liabilities, and Shareholder Equity**

#### **(Assets)**

Current assets at the end of the current consolidated fiscal year were 32,956 million yen, an increase of 21,649 million yen from the end of the previous fiscal year. This was mainly due to an increase of 20,090 million yen in cash and cash equivalents. Non-current assets were 6,430 million yen, an increase of 643 million yen from the end of the previous fiscal year. This was primarily due to an increase of 650 million yen in goodwill related to beacapp Inc.

As a result, total assets were 39,386 million yen, an increase of 22,292 million yen compared to the end of the previous fiscal year.

#### **(Liabilities)**

Current liabilities at the end of the current consolidated fiscal year were 5,545 million yen, an increase of 390 million yen from the end of the previous fiscal year. This was mainly due to an increase of 448 million yen in trade and other payables. Non-current liabilities were 1,446 million yen, a decrease of 1,085 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 995 million yen in bonds and borrowings.

As a result, total liabilities were 6,992 million yen, a decrease of 694 million yen from the end of the previous fiscal year.

#### **(Equity)**

Equity at the end of the current consolidated fiscal year was 32,394 million yen, an increase of 22,987 million yen from the end of the previous fiscal year. This was due to the exchange of shares in conjunction with the 100% consolidation of TRUSTBANK, Inc., the fund procurement through overseas public offering, the third-party allotment of shares to Digital Growth Academia, which increased share capital by 8,263 million yen, capital surplus by 11,532 million yen.

### **(ii) Cash Flows**

Cash and cash equivalents at the end of the current consolidated fiscal year were 27,690 million yen, an increase of 20,090 million yen from the end of the previous fiscal year.

The status of each cash flow and main factors are as follows.

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

The increase in cash from operating activities during the current fiscal year was 3,804 million yen (an increase of 4,634 million yen during the previous fiscal year). This was mainly due to the recognition of net profit before tax of 5,911 million yen.

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

Net cash used in investing activities in the current fiscal year was 1,189 million yen (a decrease of 269 million yen during the previous fiscal year). This was mainly due to the acquisition of a subsidiary of 660 million yen.

#### **(Cash flows from financing activities)**

Net cash used in financing activities in the current fiscal year was 17,476 million yen (a decrease of 549 million yen from the previous fiscal year). This was mainly due to issuance of new shares of 16,415 million yen.

## **(3) Basic profit-appropriation policy and dividends for the current and next fiscal years**

The Company considers that the return of profits to shareholders is one of the most important management issues. However, at present, we are in the process of expanding our businesses, so we believe that realizing further increases in corporate value by enhancing our internal reserves to strengthen our financial position as well to increase our management foundation and allocating them to working capital or investments to aggressively develop our businesses will lead to the greatest return of profits to shareholders.

Accordingly, the Company does not pay dividends for the current fiscal year, and even for the foreseeable future, our policies will be to enhance internal reserves in order to actively recruit talented personnel for growth, introduce new technologies, provide new services to customers, and expand our business domains through alliances with new business partners. In the future, we may implement returning profits to shareholders in the form of dividends after taking into account the financial condition and operating results for a relevant fiscal year. However, at this moment, we have not determined when we will pay dividends.

The record date for the payment of dividends from retained earnings is the last day of the fiscal year, and the General Meeting of Shareholders will make such decision.

**[Notes of caution] This document is an English translation of the Japanese original. In the event of any differences or inconsistencies between the Japanese and English versions, the Japanese language version shall take precedence.**

In accordance with the provisions of Paragraph 5 of Article 454 of the Companies Act, our Articles of Incorporation provide that we may pay interim dividends on March 31 of each year as the base date subject to the resolution of the Board of Directors.

## **2. Basic Concept Regarding Selection of Accounting Standards**

We have prepared consolidated financial statements in accordance with the International Financial Reporting Standard (IFRS) from the fiscal year ended September 30, 2020 in order to enhance international comparability of financial information in capital markets and improve communications with stakeholders.

**[Notes of caution] This document is an English translation of the Japanese original. In the event of any differences or inconsistencies between the Japanese and English versions, the Japanese language version shall take precedence.**

**3. Condensed Consolidated Financial Statements and Major Notes**  
**(1) Condensed Consolidated Statement of Financial Position**

(Millions of yen)

	Previous consolidated fiscal year (As of September 30, 2020)	Current consolidated fiscal year (As of September 30, 2021)
Assets		
Current assets		
Cash and cash equivalents	7,599	27,690
Trade and other receivables	2,921	3,226
Inventories	10	46
Investment securities held as part of operations	541	1,571
Other financial assets	30	30
Other current assets	202	390
Total current assets	11,306	32,956
Non-current assets		
Property, plant and equipment	189	183
Right-of-use assets	85	220
Goodwill	3,759	4,409
Intangible assets	1,499	1,288
Other financial assets	218	160
Deferred tax assets	35	167
Total non-current assets	5,787	6,430
Total assets	17,093	39,386



(Millions of yen)

	Previous consolidated fiscal year (As of September 30, 2020)	Current consolidated fiscal year (As of September 30, 2021)
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	2,494	2,942
Short-term borrowings	356	277
Lease liabilities	66	128
Other financial liabilities	24	57
Income taxes payable	1,424	1,317
Provisions	70	24
Other current liabilities	718	797
<b>Total current liabilities</b>	<b>5,154</b>	<b>5,545</b>
<b>Non-current liabilities</b>		
Bonds and borrowings	2,286	1,290
Lease liabilities	3	82
Provisions	53	23
Deferred tax liabilities	46	17
Other non-current liabilities	143	31
<b>Total non-current liabilities</b>	<b>2,532</b>	<b>1,446</b>
<b>Total liabilities</b>	<b>7,687</b>	<b>6,992</b>
<b>Equity</b>		
Share capital	2,397	1,000
Capital surplus	1,892	23,086
Retained earnings	3,669	7,774
Treasury shares	△0	△1,405
<b>Total equity attributable to owners of parent (total)</b>	<b>7,959</b>	<b>30,455</b>
Non-controlling interests	1,447	1,939
<b>Total equity</b>	<b>9,406</b>	<b>32,394</b>
<b>Total liabilities and equity</b>	<b>17,093</b>	<b>39,386</b>

**[Notes of caution] This document is an English translation of the Japanese original. In the event of any differences or inconsistencies between the Japanese and English versions, the Japanese language version shall take precedence.**

**(2) Condensed Consolidated Statements of Income and Summary Consolidated Statements of Comprehensive Income**

[Condensed Consolidated Statements of Income]

From October 1, 2020 to September 30, 2021

(Millions of yen)

	Previous consolidated fiscal year (From October 1, 2019 To September 30, 2020)	Current consolidated fiscal year (From October 1, 2020 To September 30, 2021)
Revenue from contracts with customers	10,343	15,465
Revenue from investment securities held as part of operations	198	187
Total revenue	10,542	15,653
Cost of sales	2,592	4,065
Gross profit	7,950	11,588
Selling, general and administrative expenses	3,757	5,543
Other income	24	10
Other costs	14	70
Operating profit	4,203	5,985
Financial income	0	0
Financial costs	42	73
Profit before taxes	4,160	5,911
Income tax expense	1,389	1,798
Net profit	<u>2,771</u>	<u>4,113</u>
Profit attributable to:		
Owners of the parent	2,049	4,104
Non-controlling interests	721	8
Net profit	<u>2,771</u>	<u>4,113</u>
Earnings per share		
Basic earnings per share (yen)	32.53	58.79
Diluted earnings per share (yen)	31.64	57.41

**[Notes of caution] This document is an English translation of the Japanese original. In the event of any differences or inconsistencies between the Japanese and English versions, the Japanese language version shall take precedence.**

[Condensed Consolidated Statements of Comprehensive Income]

	(Millions of yen)	
	Nine-month period of the previous consolidated fiscal year (From October 1, 2019 to June 30, 2020)	Nine-month period of the current consolidated fiscal year (From October 1, 2020 To June 30, 2021)
Net profit	2,771	4,113
Other comprehensive income		
Items not to be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	△0	-
Total of items not to be reclassified to profit or loss	△0	-
Other comprehensive income (loss), net of tax	△0	-
Comprehensive income	<u>2,771</u>	<u>4,113</u>
Comprehensive income attributable to:		
Owners of parent	2,049	4,104
Non-controlling interests	721	8
Comprehensive income	<u>2,771</u>	<u>4,113</u>

**(3) Condensed Consolidated Statements of Changes in Equity**

Previous fiscal year (From October 1, 2019 to September 30, 2020)

(Millions of yen)

	Equity attributable to owners of parent			
	Share Capital	Capital surplus	Retained earnings	Treasury share
Balance on October 1, 2019	2,374	1,859	1,620	△0
Net profit			2,049	
Other comprehensive income				
Total comprehensive income	-	-	2,049	-
Issuance of shares	22	22		
Purchase of treasury shares				△0
Non-controlling interests for acquiring subsidiaries				
Increase (decrease) in share-based payment transactions		10		
Transfer from other components of equity to retained earnings			△0	
Total transactions with owners	22	32	△0	△0
Balance on September 30, 2020	2,397	1,892	3,669	△0

	Equity attributable to owners of parent				
	Other components of equity		Total	Non-controlling interests	Total
	Financial assets measured at fair value through other comprehensive income	Total			
Balance on October 1, 2019	-	-	5,854	720	6,575
Net Profit		-	2,049	721	2,771
Other comprehensive income	△0	△0	△0		△0
Total comprehensive income	△0	△0	2,049	721	2,771
Issuance of shares		-	45		45
Purchase of treasury shares		-	△0		△0
Non-controlling interests for acquiring subsidiaries		-	-	4	4
Increase (decrease) in share-based payment transactions		-	10		10
Transfer from other components of equity to retained earnings	0	0	-		-
Total transactions with owners	0	0	55	4	59
Balance on September 30, 2020	-	-	7,959	1,447	9,406

**[Notes of caution] This document is an English translation of the Japanese original. In the event of any differences or inconsistencies between the Japanese and English versions, the Japanese language version shall take precedence.**

Current fiscal year (from October 1, 2020 to September 30, 2021)

(Millions of yen)

	Equity attributable to owners of parent			
	Share Capital	Capital surplus	Retained earnings	Treasury share
Balance on October 1, 2020	2,397	1,892	3,669	△0
Net profit			4,104	
Other comprehensive income				
Total comprehensive income	-	-	4,104	-
Issuance of shares	8,263	8,186		
Purchase of treasury shares				△1,405
Transfer from share capital to capital surplus	△9,660	9,660		
Changes in equity due to capital increase of consolidated subsidiaries		1,913		
Changes in interests in subsidiaries		1,433		
Non-controlling interests for acquiring subsidiaries				
Total transactions with owners	△1,397	21,194	-	△1,405
Balance on September 30, 2021	1,000	23,086	7,774	△1,405

	Equity attributable to owners of the parent	Non-controlling interests	Total
	Total		
Balance on October 1, 2020	7,959	1,447	9,406
Net profit	4,104	8	4,113
Other comprehensive income	-		-
Total comprehensive income	4,104	8	4,113
Issuance of shares	16,449		16,449
Purchase of treasury share	△1,405		△1,405
Transfer from share capital to capital surplus	-		-
Changes in equity due to capital increase of consolidated subsidiaries	1,913	1,914	3,828
Changes in interests in subsidiaries	1,433	△1,442	△8
Non-controlling interests for acquiring subsidiaries	-	11	11
Total transactions with owners	18,391	483	18,874
Balance on September 30, 2021	30,455	1,939	32,394

(4) Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Previous consolidated fiscal year (From October 1, 2019 to September 30, 2020)	Current consolidated fiscal year (From October 1, 2020 To September 30, 2021)
Cash flow from operating activities		
Profit before income taxes	4,160	5,911
Depreciation and amortization	572	743
Share-based payment expenses	10	-
Finance income and finance costs	32	73
Increase (decrease) in inventory (increase in $\Delta$ )	$\Delta$ 3	$\Delta$ 29
Increase (decrease) in trade and other receivables (increase in $\Delta$ )	$\Delta$ 1,410	$\Delta$ 251
Increase (decrease) in investment securities held as part of operations (increase in $\Delta$ )	$\Delta$ 401	$\Delta$ 1,029
Increase (decrease) in trade and other payables (decrease in $\Delta$ )	1,663	419
Other	280	190
Subtotal	4,905	6,027
Interest and dividends received	0	0
Interest paid	$\Delta$ 10	$\Delta$ 13
Income taxes paid	$\Delta$ 259	$\Delta$ 2,210
Net cash provided by (used in) operating activities	4,634	3,804
Cash flow from investing activities		
Purchases of property, plant and equipment	$\Delta$ 26	$\Delta$ 142
Purchase of intangible assets	$\Delta$ 254	$\Delta$ 443
Purchase of subsidiaries	$\Delta$ 36	$\Delta$ 660
Other	48	56
Net cash provided by (used in) investing activities	$\Delta$ 269	$\Delta$ 1,189
Cash flow from financing activities		
Proceeds from long-term borrowings	-	300
Repayments of long-term borrowings	$\Delta$ 392	$\Delta$ 1,501
Repayments of lease liabilities	$\Delta$ 201	$\Delta$ 144
Proceeds from issuance of shares	45	16,415
Proceeds from non-controlling interests	-	3,823
Payments for acquisition of interests in subsidiaries from non-controlling interests	-	$\Delta$ 8
Purchase of treasury shares	$\Delta$ 0	$\Delta$ 1,407
Net cash provided by (used in) financing activities	$\Delta$ 549	17,476
Net increase in cash and cash equivalents ( $\Delta$ in decrease)	3,815	20,090
Cash and cash equivalents at beginning of period	3,784	7,599
Effect of exchange rate changes on cash and cash equivalents	$\Delta$ 0	0
Cash and cash equivalents at end of period	7,599	27,690

[Notes of caution]

**This document is an English translation of the Japanese original. In the event of any differences or inconsistencies between the Japanese and English versions, the Japanese language version shall take precedence.**

**(5) Notes to Condensed Consolidated Financial Statements**

**(Notes on the Going Concern Assumption)**

Not applicable

**(Segment Information)**

(1) Description of reportable segments

The Group's reportable segments are the components of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Company's Board of Directors to make decisions about the allocation of management resources to the segments and assess their performance. No operating segments have been aggregated in determining the reportable segments.

The reportable segments of the Group are as follows: the "NEW-IT Transformation Business," the "Investment Business," and the "Publitech Business." They are classified by the type of service provided.

The NEW-IT Transformation Business provides services that improve the productivity and added value of Japanese companies by principally innovating business processes, promoting digitization, and training of digital talent.

The Investment Business invests primarily in so-called late-stage companies which are in the process of preparing for an initial public offering (IPO) and already listed companies that are expected to continue a high growth and is responsible for earning capital gains and creating new businesses and building business models.

The Publitech Business focuses on the public sector with a view to promoting the DX of regional economies and mainly provides platform businesses for hometown tax payment and SaaS businesses for government agencies.

(2) Information regarding reportable segments

The accounting policies of the reportable segments are the same as those of the Group.

Segment profit in the reportable segments is based on operating profit.

Intersegment revenue is based on prevailing market prices.

Previous fiscal year (From October 1, 2019 to September 30, 2020)

(Millions of yen)

	Reportable segments				Adjustment (Note) 1	Consolidated
	NEW-IT Transformation Business	Investment Business	Publitech Business	Total		
Revenue						
Revenue from external customers	2,226	198	8,116	10,542	-	10,542
Intersegment revenue	4	-	-	4	△4	-
Total	2,231	198	8,116	10,546	△4	10,542
Segment profit (Note 2)	608	177	4,555	5,341	△1,138	4,203
Finance income	-	-	-	-	-	0
Financing cost	-	-	-	-	-	42
Profit before tax	-	-	-	-	-	4,160
Other items						
Depreciation and amortization	75	0	419	495	77	572

[Notes of caution]

**This document is an English translation of the Japanese original. In the event of any differences or inconsistencies between the Japanese and English versions, the Japanese language version shall take precedence.**

- (Note) 1. The adjustment amount in segment profit of negative 1,138 million yen comprises company-wide expenses not allocable to any reportable segment and mostly consists of general and administrative expenses of 1,138 million yen that are not attributable to the reportable segments.
2. Segment profit reconciles to operating profit in the condensed quarterly consolidated statement of profit or loss when the adjustment described above is applied.
3. Segment assets, segment liabilities and capital expenditures are not presented because they are not subject to deciding how to allocate resources and assess performances.

Current fiscal year (From October 1, 2020 to September 30, 2021)

(Millions of yen)

	Reportable segments				Adjustment (Note)	Consolidated
	NEW-IT Transformation Business	Investment Business	Publitech Business	Total		
Revenue						
Revenue from external customers	2,811	187	12,654	15,653	-	15,653
Intersegment revenue	5	-	-	5	△5	-
Total	2,816	187	12,654	15,658	△5	15,653
Segment profit (Note 2)	927	166	6,666	7,761	△1,776	5,985
Finance income	-	-	-	-	-	0
Financing cost	-	-	-	-	-	73
Profit before tax	-	-	-	-	-	5,911
Other items						
Depreciation and amortization	139	0	505	644	99	743

- (Note) 1. The adjustment amount in segment profit of negative 1,776 million yen comprises company-wide expenses not allocable to any reportable segment and mostly consists of general and administrative expenses of 1,776 million yen that are not attributable to the reportable segments.
2. Segment profit reconciles to operating profit in the condensed quarterly consolidated statement of profit or loss when the adjustment described above is applied.
3. Segment assets, segment liabilities and capital expenditures are not presented because they are not subject to deciding how to allocate resources and assess performances.



[Notes of caution]

This document is an English translation of the Japanese original. In the event of any differences or inconsistencies between the Japanese and English versions, the Japanese language version shall take precedence.

**(Per Share Information)**

The following table sets forth the computation of basic earnings per share and diluted earnings per share:

	Previous consolidated fiscal year (From October 1, 2019 to September 30, 2020)	Current Consolidated Fiscal Year (From October 1, 2020 to September 30, 2021)
Profit attributable to owners of the parent (millions of yen)	2,049	4,104
Net profit used to calculate diluted earnings per share (millions of yen)	2,049	4,104
Weighted average number of ordinary shares (thousand shares)	62,999	69,816
Increase in ordinary shares		
Share options (thousand shares)	1,773	1,671
Weighted average number of diluted ordinary shares (thousand shares)	64,772	71,488
Basic earnings per share (yen)	32.53	58.79
Diluted earnings per share (yen)	31.64	57.41

(Note) We conducted a 2-for-1 stock split on September 1, 2020 and a 2-for-1 stock split on January 1, 2021. Basic earnings per share and diluted earnings per share are calculated as if the stock split had occurred at the beginning of the previous fiscal year.

**(Significant Subsequent Events)**

Not applicable.