



August 15<sup>th</sup>, 2022

## Summary of Consolidated Financial Results (IFRS) for the 1Q of Fiscal Year Ending March 31, 2023

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 filing date of quarterly report: August 15, 2022

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 First Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to June 30, 2022)

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

(Note) The Company changed the fiscal year-end from September 30 to March 31 from the year ended March 31, 2022. Accordingly, for comparison purpose, the first quarter of the fiscal year ending March 2023 (from April 1, 2022 to June 30, 2022) differs from the first quarter of the fiscal year ended March 2022 (from October 1, 2021 to December 31, 2021). Therefore, the rate of change from the first quarter of the previous fiscal year against the first quarter of the fiscal year ended March 2023 is not shown here.

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before taxes		Net profit		Quarterly profit attributable to owners of the parent		Total quarterly comprehensive income	
	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%
1Q of FY 2023 (April 1, 2022 to June 30, 2022)	2,762	-	△18	-	△23	-	△18	-	51	-	△18	-
1Q of FY 2022 (October 1, 2021 to December 31, 2021)	7,932	1.7	4,782	3.6	4,773	4.2	3,286	9.7	3,265	8.3	3,286	9.7

	Basic quarterly basic earnings per share	Diluted quarterly earnings per share
1Q of FY 2023 (April 1, 2022 to June 30, 2022)	Yen 0.71	Yen 0.70
1Q of FY 2022 (October 1, 2021 to December 31, 2021)	45.24	44.37

#### (2) Consolidated Financial Position

	Total assets	Total shareholders' equity	Profit attributable to owners of parent	Percentage of interests attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%
End of 1Q of FY 2023	40,114	35,355	33,206	82.8
End of FY 2022	42,728	35,506	33,480	78.4

**[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 Dividend Status

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	End of the fiscal year	Total
FY2022	Yen 0.00	Yen -	Yen -	Yen 4.50	Yen 4.50
FY 2023	-	-	-	-	-
FY 2023 (forecast)	-	0.00	-	7.00	7.00

(Note) Any change since the most recently made forecast: No

## 3 Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(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	21,000	-	7,000	-	6,967	-	4,806	-	4,669	-	64.54

(Note) 1. Revisions from the most recently published performance forecast: No

2. The consolidated fiscal year ended March 31, 2022 corresponds to six-month period from October 1, 2021 to March 31, 2022 due to the change in the consolidated fiscal year-end. As a result, year-on-year changes are not presented here.

※ Notes

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

New company (company name) one (Govmates, Inc.) 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)	1 Q of FY2023	72,959,562 shares	FY2022	72,959,562 shares
(ii) Number of treasury shares at the end of the period	1 Q of FY 2023	623,235 shares	FY2022	623,235 shares
(iii) Average number of shares during the period (cumulative quarterly period)	1Q of FY 2023	72,336,327 shares	1Q of FY2023	72,175,770 shares

※ 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 (iii) Forecasts for the next fiscal year" on page 4 hereof.

## Accompanying Materials

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

The forward-looking statements in the text are based on the judgment of the Group as of the last day of the first quarter consolidated accounting period of the current fiscal year.

The Company changed the fiscal year-end from September 30 to March 31 from the year ended March 31, 2022. Accordingly, for comparison purpose, the first quarter of the fiscal year ending March 2023 (from April 1, 2022 to June 30, 2022) differs from the first quarter of the fiscal year ended March 2022 (from October 1, 2021 to December 31, 2022). Therefore, the rate of change from the first quarter of the previous fiscal year against the first quarter of the fiscal year ended March 2023 is not shown here.

### (1) Overview of operating results

In the future, it is predicted that about 1 out of 2.6 citizens will be older than 65 in 2065, 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.

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 first quarter of the current fiscal year are as follows.

In the NEW-IT Transformation Business, the Group continues to invest in M&A as a whole. On August 1, 2022, Digital Growth Academic, INC. acquired Logosware Corporation, which provides an E-learning and live-training distribution platform. We will swiftly evolve into a stage in which we will shift our business model to a platform-type in the field of digital human resource development. In addition, we announced the M&A of DFA Robotics Inc. on August 15, 2022. We will develop the robotics business, which is expected to grow dramatically in the future as one of Japan's solutions amid the declining birthrate, aging population, and declining population.

In the Investment Business, stock prices of some listed companies we invested in, mainly growth stocks, remained weak.

In the Publitech Business, on March 28, 2022, we established Govmates, Inc., a joint venture with Konica Minolta, Inc. and Konica Minolta Publitech, Inc., to accelerate the local governments' DX. As this business is aimed at local governments, revenues tends to be concentrated in the second half of the fiscal year. However, we have already made upfront investments as planned, and are steadily advancing our strategy. In addition, the number of LoGo chat and LoGo form, which are SaaS businesses for local governments, continued to grow smoothly with high reputation among users, and the number of paid subscriptions increased. In LoGo chat, the number of local government users, paid and free as a whole, has exceeded 1,000. For hometown tax donation, we are increasing added value by providing OEM systems for the hometown tax donation platform, diversifying settlement methods and payment methods, etc.

As a result, in the first quarter of the current consolidated fiscal year, revenue was 2,762 million yen, operating loss was 18 million yen, loss before taxes was 23 million yen, and quarterly profit attributable to owners of parent was 51 million yen.

### Segment operating results are as follows:

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

In the NEW-IT Transformation Business, the Group continues to invest in M&A as a whole. On August 1, 2022, Digital Growth Academic, Inc., acquired Logosware Corporation, which provides an E-learning and live-training distribution platform. We will swiftly evolve into a stage in which we will shift our business model to a platform-type in the field of digital human resource development. In addition, we announced the M&A of DFA Robotics Inc. on August 15, 2022. We will develop the robotics business, which is expected to grow dramatically in the future as one of Japan's solutions amid the declining birthrate, aging population, and declining population.

As a result, in the first quarter of the current consolidated fiscal year, revenue in the NEW-IT Transformation Business was 1,032 million yen and segment profit was 351 million yen.

#### (b) Investment Business

In the investment business, stock prices of some listed companies we invested in, mainly growth stocks, were weak.

As a result, in the first quarter of the current fiscal year, revenue in the Investment Business was  $\Delta$ 147 million yen and segment loss was 158 million yen.

#### (c) Publitech Business

In the Publitech Business, on March 28, 2022, we established Govmates, Inc., a joint venture with Konica Minolta, Inc. and Konica Minolta Publitech, Inc. to accelerate local governments' DX systems. As this business is aimed at local governments, revenues will be concentrated in the second half of the fiscal year. However, we have already made upfront investments as planned and are steadily advancing our strategy. In addition, the number of LoGo chat and LoGo form, which are SaaS businesses for local governments, continued to grow smoothly with high reputation among users, and the number of paid subscriptions increased. In LoGo chat, the number of local government users, paid and free as a whole, has exceeded 1,000. For hometown tax donation, we are increasing added value by providing OEM systems for the hometown tax donation platform and diversifying settlement methods

and payment methods.

As a result, in the first quarter of the current consolidated fiscal year, revenue in the Publitech Business was 1,879 million yen, and segment profit was 437 million yen.

## **(2) Financial Position**

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

#### **(Assets)**

Current assets at the end of the first quarter of the current consolidated fiscal year were 31,983 million yen, a decrease of 3,678 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 3,315 million yen in cash and cash equivalents. Non-current assets were 8,131 million yen, an increase of 1,064 million yen from the end of the previous fiscal year. This was primarily due to an increase of 499 million yen in the property, plant and equipment.

As a result, total assets were 40,114 million yen, a decrease of 2,614 million yen compared to the end of the previous fiscal year.

#### **(Liabilities)**

Current liabilities at the end of the first quarter of the current consolidated fiscal year were 3,422 million yen, a decrease of 2,450 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,512 million yen in accrued income taxes.

Non-current liabilities were 1,336 million yen, a decrease of 12 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 68 million yen in bonds and borrowings.

As a result, total liabilities were 4,759 million yen, a decrease of 2,463 million yen from the end of the previous fiscal year.

#### **(Equity)**

Equity at the end of the first quarter of the current consolidated fiscal year was 35,355 million yen, a decrease of 150 million yen from the end of the previous fiscal year. This was due to a decrease of 273 million yen in retained earnings due to dividend payment.

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

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

Cash and cash equivalents at the end the first quarter of the current consolidated fiscal year were 27,091 million yen, a decrease of 3,315 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 decrease in cash from operating activities during the first quarter of current consolidated fiscal year was 2,221 million yen. This was mainly due to the decrease of 905 million yen in trade and other payables, and payment of 1,586 million yen of income taxes.

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

Net cash used in investing activities in the first quarter of the current consolidated fiscal year was 669 million yen. This was mainly due to the acquisition of the tangible fixed assets of 510 million yen.

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

Net cash used in financing activities in the first quarter of the current consolidated fiscal year was 424 million yen. This was mainly due to the payment of dividends of 310 million yen

## **(3) Explanation for the consolidated earnings forecasts**

Regarding earnings forecasts, there are no changes from the consolidated financial forecast announced on May 13, 2022.

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

(Millions of yen)

	Note	End of the previous consolidated fiscal year (As of March 31, 2022)	End of 1st quarter of the current consolidated fiscal year (As of June 30, 2022)
Assets			
Current assets			
Cash and cash equivalents		30,407	27,091
Trade and other receivables		3,430	2,893
Inventories		95	26
Investment securities held as part of operations		1,356	1,212
Other financial assets		30	30
Other current assets		341	728
Total current assets		35,661	31,983
Non-current assets			
Property, plant and equipment		423	922
Right-of-use assets		246	321
Goodwill		4,409	4,419
Intangible assets		1,432	1,744
Other financial assets		208	212
Deferred tax assets		344	507
Other non-current assets		2	3
Total non-current assets		7,067	8,131
Total assets		42,728	40,114

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(Millions of yen)

	Note	End of the previous consolidated fiscal year (As of March 31, 2022)	End of 1st quarter of the current consolidated fiscal year (As of June 30, 2022)
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		2,976	2,071
Short-term borrowings		277	277
Lease liabilities		126	167
Other financial liabilities		47	114
Accrued income taxes		1,713	200
Provisions		29	18
Other current liabilities		703	573
<b>Total current liabilities</b>		<b>5,873</b>	<b>3,422</b>
<b>Non-current liabilities</b>			
Bonds and borrowings		1,162	1,093
Lease liabilities		115	148
Provisions		22	45
Deferred tax liabilities		16	16
Other non-current liabilities		31	31
<b>Total non-current liabilities</b>		<b>1,349</b>	<b>1,336</b>
<b>Total liabilities</b>		<b>7,222</b>	<b>4,759</b>
<b>Equity</b>			
Share capital		1,002	1,002
Capital surplus		23,016	23,016
Retained earnings		10,867	10,593
Treasury shares		△1,405	△1,405
<b>Total equity attributable to owners of parent (total)</b>		<b>33,480</b>	<b>33,206</b>
Non-controlling interests		2,026	2,148
<b>Total equity</b>		<b>35,506</b>	<b>35,355</b>
<b>Total liabilities and equity</b>		<b>42,728</b>	<b>40,114</b>

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

[Quarterly Consolidated Statements of Income]

		(Millions of yen)	
	Note	1st quarter of the previous consolidated fiscal year (From October 1, 2021 To December 31, 2021)	1st quarter of the current consolidated fiscal year (From April 1, 2022 To June 30, 2022)
Revenue from contracts with customers		7,907	2,910
Revenue from investment securities held as part of operations		24	△147
Total revenue		7,932	2,762
Cost of sales		1,001	1,415
Gross profit		6,931	1,346
Selling, general and administrative expenses		2,153	1,369
Other income		6	4
Other costs		1	0
Operating profit (△ means loss)		4,782	△18
Financial income		0	3
Financial cost		9	9
Profit before taxes (△ means loss)		4,773	△23
Income tax expense		1,487	△4
Quarterly net profit (△ means loss)		3,286	△18
Quarterly profit attributable to:			
Owners of the parent		3,265	51
Non-controlling interests		21	△70
Quarterly net profit (△ means loss)		3,286	△18
Quarterly earnings per share			
Quarterly basic earnings per share (yen)		45.24	0.71
Quarterly diluted earnings per share (yen)		44.37	0.70



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[Quarterly Consolidated Statements of Comprehensive Income]

		(Millions of yen)	
	Note	1st quarter of the previous consolidated fiscal year (From October 1, 2021 to December 31, 2021)	1st quarter of the current consolidated fiscal year (From April 1, 2022 To June 30, 2022)
Quarterly net profit (△means loss)		3,286	△18
Quarterly comprehensive income		<u>3,286</u>	<u>△18</u>
Quarterly comprehensive income attributable to:			
Owners of parent		3,265	51
Non-controlling interests		21	△70
Quarterly comprehensive income		<u>3,286</u>	<u>△18</u>

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

Previous fiscal year (From October 1, 2021 to December 31, 2021)

(Millions of yen)

	Note	Equity attributable to owners of parent				Total
		Share Capital	Capital surplus	Retained earnings	Treasury share	
Balance on October 1, 2021		1,000	23,086	7,774	△1,405	30,455
Quarterly net profit				3,265		3,265
Total quarterly comprehensive income		-	-	3,265	-	3,265
Issuance of shares		1	1			2
Changes in interests in subsidiaries			△72			△72
Total transactions with owners		1	△71	-	-	△69
Balance on December 31, 2021		1,001	23,015	11,039	△1,405	33,650

	Note	Non-controlling interests	Total
Balance on October 1, 2020		1,939	32,394
Quarterly net profit		21	3,286
Total quarterly comprehensive income		21	3,286
Issuance of shares			2
Changes in interests in subsidiaries		23	△48
Total transactions with owners		23	△46
Balance on December 31, 20210		1,984	35,634

Current fiscal year (from April 1, 2022 to June 30, 2022)

(Millions of yen)

	Note	Equity attributable to owners of parent				Total
		Share Capital	Capital surplus	Retained earnings	Treasury share	
Balance on April 1, 2022		1,002	23,016	10,867	△1,405	33,480
Quarterly net profit (△ means loss)				51		51
Total quarterly comprehensive income		-	-	51	-	51
Dividends				△325		△325
Changes in interests in subsidiaries related to acquisition						-
Total transactions with owners		-	-	△325	-	△325
Balance on June 30, 2021		<u>1,002</u>	<u>23,016</u>	<u>10,593</u>	<u>△1,405</u>	<u>33,206</u>

	Note	Non-controlling interests	Total
Balance on October 1, 2019		2,026	35,506
Quarterly net profit (△ means loss)		△70	△18
Total quarterly comprehensive income		△70	△18
Dividends			△325
Changes in interests in subsidiaries related to acquisition		193	193
Total transactions with owners		193	△132
Balance on June 30, 2022		<u>2,148</u>	<u>35,355</u>

(4) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Note	1st quarter of the previous consolidated fiscal year (From October 1, 2021 to December 31, 2021)	1st quarter of the current consolidated fiscal year (From April 1, 2022 To June 30, 2022)
Cash flow from operating activities			
Profit before income taxes ( $\Delta$ means loss)		4,773	$\Delta$ 23
Depreciation and amortization		142	185
Finance income and finance costs		9	5
Increase (decrease) in inventory ( $\Delta$ is increase)		5	68
Increase (decrease) in trade and other receivables ( $\Delta$ is increase)		$\Delta$ 6,340	536
Increase (decrease) in investment securities held as part of operations ( $\Delta$ is increase)		$\Delta$ 25	144
Increase (decrease) in trade and other payables ( $\Delta$ is decrease)		3,110	$\Delta$ 905
Other		$\Delta$ 205	$\Delta$ 641
Subtotal		1,470	$\Delta$ 629
Interest and dividends received		0	-
Interest paid		$\Delta$ 6	$\Delta$ 5
Income taxes paid		$\Delta$ 1,142	$\Delta$ 1,586
Net cash provided by (used in) operating activities		320	$\Delta$ 2,221
Cash flow from investing activities			
Purchases of property, plant and equipment		$\Delta$ 73	$\Delta$ 510
Purchase of intangible assets		$\Delta$ 230	$\Delta$ 221
Other		34	62
Net cash provided by (used in) investing activities		$\Delta$ 269	$\Delta$ 669
Cash flow from financing activities			
Proceeds of long-term borrowings		10	-
Repayments of long-term borrowings		$\Delta$ 71	$\Delta$ 71
Repayments of lease liabilities		$\Delta$ 29	$\Delta$ 42
Proceeds from issuance of shares		2	-
Purchase of shares of subsidiaries from non-controlling interests		$\Delta$ 48	-
Dividend payment		-	$\Delta$ 310
Net cash provided by (used in) financing activities		$\Delta$ 137	$\Delta$ 424
Net increase in cash and cash equivalents ( $\Delta$ is decrease)		$\Delta$ 86	$\Delta$ 3,315
Cash and cash equivalents at beginning of period		27,690	30,407
Effect of exchange rate changes on cash and cash equivalents		0	0
Cash and cash equivalents at end of period		27,604	27,091

[Notes of caution]

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(5) Notes to Condensed Quarterly 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 innovating business processes and business models through new technology 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). The Publitech Business engaged in the platform business of hometown tax donation and the provision of technology services 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.

1st quarter of the previous fiscal year (From October 1, 2021 to December 31, 2021)

(Millions of yen)

	Reportable segments				Adjustment (Note) 1	Consolidated
	NEW-IT Transformation Business	Investment Business	Publitech Business	Total		
Revenue						
Revenue from external customers	653	24	7,254	7,932	-	7,932
Intersegment revenue	-	-	-	-	-	-
Total	653	24	7,254	7,932	-	7,932
Segment profit (Note 2)	203	19	5,087	5,311	△528	4,782
Finance income	-	-	-	-	-	0
Financing cost	-	-	-	-	-	9
Profit before tax	-	-	-	-	-	4,773

(Note) 1. The adjusted △528 million yen for the segment income is corporate expenses that are not allocated to each reportable segment, and mainly consists of general and administrative expenses that are not attributable to the reportable segment.

2. This segment income is adjusted with operating income in the condensed quarterly consolidated statements of income.

[Notes of caution]

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1<sup>st</sup> quarter of the current fiscal year (From April 1, 2022 to June 30, 2022)

(Millions of yen)

	Reportable segments				Adjustment (Note)	Consolidated
	NEW-IT Transformation Business	Investment Business	Publitech Business	Total		
Revenue						
Revenue from external customers	1,031	△147	1,879	2,762	-	2,762
Intersegment revenue	1	-	0	1	△1	-
Total	1,032	△147	1,879	2,764	△1	2,762
Segment profit (△ means loss) (Note 2)	351	△158	437	631	△649	△18
Finance income	-	-	-	-	-	3
Financing cost	-	-	-	-	-	9
Profit before tax	-	-	-	-	-	△23

(Note) 1. The adjusted △ 649 million yen for the segment income (△ means loss) is corporate expenses that are not allocated to each reportable segment, and mainly consists of general and administrative expenses that are not attributable to the reportable segment.

2. This segment income (△ means loss) is adjusted with operating income in the condensed quarterly consolidated statements of income.

**(Significant Subsequent Events)**

(Acquisition of Logosware Corporation and making it a subsidiary)

1. Purpose of acquiring shares

As one of our strategies in the revised Mid-term Business Plan (DJ2), we are evolving our business model from a consulting-type business to a SaaS-type business and even a platform-type business.

Against this backdrop, Digital Growth Academia, INC., our subsidiary engaged in the digital human resource development business, has decided to acquire shares in Logosware Corporation, which operates E-learning and live-training distribution platforms, and consolidate this company in its subsidiary in order to further accelerate growth in this field. We will convert our business model to a subscription business type by combining the training content and know-how held by Digital Growth Academia, INC. with the platform owned by Logosware Corporation and we further expand our business by developing services that leverage the strengths of both companies. Although both companies have already collaborated, we will, through this share acquisition, further deepen the relationship and accelerate business development.

2. Name, business, and size of the counter-partner that relates this time share acquisition

(1)	Name	Logosware Corporation
(2)	Address	20-2, Kenkyu-gakuen 5-chome, Tsukuba City, Ibaraki
(3)	Title/Name of Representative	Masaru Ishigami, President
(4)	Description of Businesses	E-learning, on-line live seminars, digital libraries, etc.
(5)	Share capital	38.5 million yen
(6)	Date of Incorporation	July 3, 2001

[Notes of caution]

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(7)	Major shareholders and percentage of shares	Masaru Ishigami 82.4%		
(8)	Relationship with CHANGE Inc.	Capital relationship	Not applicable.	
		Human relationships	Not applicable.	
		Business relationship	CHANGE Inc. has been using the E-learning system provided by Logosware.	
(9)	Operating results and financial position of Logosware for the past three years			
	Fiscal year end	FY 2019 June	FY 2020 June	FY 2021 June
	Net assets	493 million yen	649 million yen	895 million yen
	Total assets	582 million yen	792 million yen	1,086 billion yen
	Revenues	450 million yen	611 million yen	911 million yen
	Operating profit	125 million yen	230 million yen	362 million yen
	Net profit	91 million yen	163 million yen	258 million yen

3. Number of shares acquired, acquisition cost, and status of owned shares before and after acquisition

(1)	Shares owned prior to the transaction	-
(2)	Shares acquired	3,774 shares (Number of voting rights: 3,774)
(3)	Acquisition cost	Acquisition of shares in exchange for cash: 1,402 million yen Acquisition-related expenses: 13 million yen
(4)	Shares owned after the transaction	3,774 shares (Number of voting rights: 3,774) (Voting rights: 51.0%)

4. Timing of acquisition of shares, etc.

(1)	Date of resolution of the Board of Directors	July 29, 2022
(2)	Contract day	July 29, 2022
(3)	Execution Date of Share Transfer	August 1, 2022

5. Effect on income

The impact of this event on the Group's performance for the fiscal year ending March 31, 2023 is immaterial.

6. The accounting process for this business combination has not been completed at this time because amount and cause of goodwill generated, amount of assets and liability to be accepted on the date of business combination, etc. are not decided yet.

(Acquisition of DFA Robotics Inc. and making it a subsidiary)

1. Purpose for acquiring shares

DFA Robotics Inc. (hereinafter, "DFA Robotics") is working to reduce and optimize the workload in industries such as the restaurant industry, where human-power operations are intensive, by introducing food-delivery robots as well as providing operation-related consulting services.

In the "New Service Robot Business", which is developed for the restaurant industry, DFA Robotics not only sells robots but also provides 3D mapping, inside-shop delivery-route designing, and repair maintenance services based on its accumulated know-how. Its strength exists in a system that it can provide one stop services from the introduction of robots to actual operations and maintenance. In addition, by monitoring the operating status of the robot, it is developing proactive data-based services, such as detecting failures in advance. It is also considering robot-based advertising business by developing dedicated LEDs and using wrapping of robots. It will not only expand the robot market in Japan but also introduce these robots in the overseas market, both which are faced with the serious lack of workforce.

With the consolidation of DFA Robotics, we will focus on resolving the manpower shortage issue in every field in Japan, including hospitals, nursing care facilities, factories, commercial facilities, and public facilities, starting with the restaurant industry. In addition to sales, maintenance, and operation of robots, we will be able to create new business opportunities, such as the development of a consulting business based on big data, such as behavioral data

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and location data collected from on-site robots.

2. Overview of the subsidiary to be acquired

(1)	Name	DFA Robotics Inc.		
(2)	Address	Aoyama Seven Heights 2F, 7-5, Shibuya 1-chome, Shibuya-ku, Tokyo		
(3)	Job Title/Name of Representative	Masaaki Hatano, President		
(4)	Description of Businesses	• Import, sale, support for introduction, after-sales services, etc. regarding autonomous mobile robots		
(5)	Paid-in Capital	56 million yen		
(6)	Date of Incorporation	Sep. 2017		
(7)	Major shareholders and percentage of shares	Waveland and Company Inc.:48.9% Samurai Incubate Fund 5 Limited Partnership: 12.3% Chiba Road Drone Department No.2 Limited Liability Partnership: 10.0%		
(8)	Relationship between the listed company and this company	Capital relationship	Not applicable.	
		Human relationships	Not applicable.	
		Business relationship	Not applicable.	
(9)	Consolidated operating results and financial position of the subject company for the past three years			
	Fiscal year end	FY2019 December	FY2020 December	FY2021 October
	Net assets	81 million yen	59 million yen	128 million yen
	Total assets	278 million yen	71 million yen	380 million yen
	Net assets per share	664.02 yen	483.74 yen	1,048.03 yen
	Net sales	67 million yen	220 million yen	¥369 million
	Operating income (△ means loss)	△ ¥26 million	△ ¥24 million	74 million yen
	Ordinary income (△ means loss)	△ ¥26 million	△ ¥22 million	75 million yen
	Net income (△ means loss)	△ ¥26 million	△ ¥22 million	69 million yen
	Net income per share (△ means loss)	△ ¥239.40 yen	△ ¥180.27 yen	564.28 yen
	Dividend per share	-	-	-

(Note) This period is an irregular 10-month period due to a change in the fiscal year ending October 2021.

3. Number of shares acquired, acquisition cost, and status of owned shares before and after the acquisition

(1)	Shares owned prior to the transaction	0 shares (Number of voting rights: 0) (Percentage of voting rights: 0%)
(2)	Shares acquired	96,500 shares (Including 84,300 shares of common stock and 12,200 shares of Class A common stock) (Number of voting rights: 96,500) (Percentage of voting rights: 79.27%)
(3)	Acquisition cost	We do not disclose the acquisition cost in accordance with the confidentiality obligation in the share transfer agreement with the subject company. Such value is determined through the negotiations with the subject company and a fair process based on third-party valuation. Accordingly, we recognize it as the fair value. Acquisition-related expenses: 126 million yen
(4)	Shares owned after the transaction	96,500 shares (Including 84,300 shares of common stock and 12,200 shares of Class A common stock) (Number of voting rights: 96,500) (Voting rights ownership: 79.27%)

4. Schedule

(1)	Date of resolution by the Board of Directors	August 15, 2022
(2)	Agreement date	August 15, 2022
(3)	Share transfer date	October 3, 2022 (Scheduled)

5. Effect on income

The impact of this event on the Group's performance for the fiscal year ending March 31, 2023 is immaterial.

6. The accounting process for this business combination has not been completed at this time because amount and



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cause of goodwill generated, amount of assets and liability to be accepted on the date of business combination, etc. are not decided yet.