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## Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending February 28, 2023 (Japanese GAAP)

January 13, 2023

Company name  MetaReal Corp. Listing Market TSE

Stock Code 6182 URL <https://www.metareal.jp>

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Scheduled date of filing of quarterly report: January 13, 2023 Scheduled date of commencement of dividend payment -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results briefings: Yes

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending February 28, 2023 (March 1, 2022-November 30, 2022)

(1) Consolidated Results of Operation (Cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q3 FY2/23	3,254	5.9	369	154.0	397	137.0	155	-
Q3 FY2/22	3,074	4.3	145	147.1	167	511.6	△80	-

(Note) Comprehensive income Q3 FY2/23 155Millions of yen (-%) Q3 FY2/22 △80Millions of yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Q3 FY2/23	14.60	14.37
Q3 FY2/22	△7.54	-

(Note) [Accounting Standard for Revenue Recognition] (ASBJ Statement No. 29, March 31, 2020) and other accounting standards have been applied since the beginning of the first quarter of the consolidated fiscal year under review. Figures related to the third quarter of the fiscal year ending February 28, 2023, represent figures after the application of these accounting standards. Year-on-year changes are calculated by comparing figures for the third quarter of the fiscal year ending February 28, 2023, following application of the relevant accounting standards etc., with those for the third quarter of the fiscal year ended February 28, 2022, prior to application of the relevant accounting standards.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
Q3 FY2/23	4,475	1,259	27.2
FY2/22	4,908	1,098	21.5

(Reference) Shareholders' equity Q3 FY2/23 1,218Millions of yen FY2/22 1,057Millions of yen

(Note) [Accounting Standard for Revenue Recognition] (ASBJ Statement No. 29, March 31, 2020) and other accounting standards have been applied since the beginning of the first quarter of the consolidated fiscal year under review. Figures related to the third quarter of the fiscal year ending February 28, 2023, represent figures after the application of these accounting standards.

2. Dividend payment

	Annual dividend per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2/22	-	0.00	-	0.00	0.00
FY2/23	-	0.00	-	-	-
FY2/23 (Forecast)	-	-	-	0.00	0.00

(Note) Revisions to the most recently announced dividend forecast: None

3. Consolidated Business Forecasts for the Fiscal Year Ending February 28, 2023 (March 1, 2022 to February 28, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	4,240	1.9	400	335.1	-	-	-	-	-

(Note) 1. Revisions to the most recently announced business forecasts: Yes

2. For details of the revisions to the consolidated business forecasts, see the [Notice Regarding Revisions to the Consolidated Business Forecasts] announced on January 13, 2023.

◆ Consolidated Business Forecasts by Segment

(Percentages indicate year-on-year changes.)

	Net sales		Operating income	
	Millions of yen	%	Millions of yen	%
Full year				
MT business	2,870	△2.2	570	49.8
HT business	1,360	11.5	250	37.2
Metaverse business	10	121.1	△450	-
Other corporate expenses	-	-	30	310.6

(Note) 1. For details of revisions to the consolidated business forecasts by segment, please refer to the [Notice of Revisions to the Consolidated Business Forecasts] announced on January 13, 2023.

2. While it is difficult to forecast the state of to which COVID-19 will be brought under control, we assume that the pandemic will continue through the fiscal year ending February 28, 2023.

3. [Ordinary income] and [Net income per share] in the consolidated business forecasts for the fiscal year ending February 28, 2023 are not disclosed at this time because they include items that are highly difficult to forecast such as non-operating income (loss) and extraordinary income (loss). We plan to disclose specific figures promptly once we are able to make more accurate projections.

4. [Accounting Standard for Revenue Recognition] (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied since the beginning of the fiscal year ending February 28, 2023. The above forecasts are based on figures after the application of these accounting standards. Year-on-year changes are calculated by comparing figures for the fiscal year ending February 28, 2023, following application of the relevant accounting standards etc., with those for the fiscal year ended February 28, 2022, prior to application of the relevant accounting standards.

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements: Yes

(Note) For details, please refer to [2. Quarterly Consolidated Financial Statements, (3) Notes on Quarterly Consolidated Financial Statements (Application of Accounting Procedures Specific to Preparation of Quarterly Consolidated Financial Statements)] on page 7 of the Appendix.

(3) Changes in accounting policies, changes in accounting estimates and restatements

① Changes in accounting policies due to revision of accounting standards, etc.: Yes

② Changes in accounting policies other than ①: None

③ Changes in accounting estimates: None

④ Restatements: None

(Note) For details, please refer to [2. Quarterly Consolidated Financial Statements, (3) Notes on Quarterly Consolidated Financial Statements (Changes in Accounting Policies)] on page 7 of the Appendix.

(4) Number of shares outstanding (common stock)

① Number of shares outstanding at the end of the period (including treasury stock)

② Treasury shares at the end of the year

③ Average number of shares outstanding during the period (cumulative)

Q3 FY2/23	10,688,460shares	FY2/22	10,657,660shares
Q3 FY2/23	468shares	FY2/22	468shares
Q3 FY2/23	10,682,490shares	Q3 FY2/22	10,657,213shares

※ This quarterly financial report is not subject to the quarterly review by a certified public accountant or an auditing firm.

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

(Cautionary Statement with Respect to Forward-Looking Statements)

Forecasts of future performance and other forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. The Company makes no promises concerning their achievement. Actual results may differ significantly from the forecasts due to various factors. Please refer to [1. Qualitative Information on Consolidated Financial Results (3) Consolidated Business Forecasts] on page 3 of the Appendix for the assumptions underlying the forecasts and cautions concerning the use thereof.

(Method of Obtaining Financial Results Briefing Materials)

Supplementary materials for financial results were disclosed on the TDnet on the same date.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Results of Operations

During the third quarter of the consolidated fiscal year under review (March 1 to November 30, 2022), while the MT business continued strong performance the Metaverse business incurred forward-looking investments in R&D and other areas.

As a result, our group posted net sales of 3,254,879 thousand yen (up 5.9% year on year), operating income of 369,452 thousand yen (up 154.0% year on year), ordinary income of 397,836 thousand yen (up 137.0% year on year), and profit attributable to owners of parent of 155,980 thousand yen (loss attributable to owners of parent of 80,314 thousand yen in the same period of the previous fiscal year) for the cumulative third quarter of the current fiscal year.

Businesses other than the Metaverse business recorded total sales of 3,245,594 thousand yen (up 5.6% year on year) and operating income of 708,308 thousand yen (up 36.6% year on year).

The performance of each business segment is as follows:

#### ① MT business

As for the MT business, sales were 2,191,416 thousand yen (up 0.4% year on year), and segment income was 475,150 thousand yen (up 17.0% year on year).

#### ② HT business

As for the HT business, sales were 1,054,178 thousand yen (up 18.5% year on year), and segment income was 214,803 thousand yen (up 72.7% year on year).

#### ③ Metaverse business

Sales in the Metaverse business, were 9,285 thousand yen (up 447.3% year on year), and segment loss was 338,856 thousand yen (segment loss of 372,968 thousand yen in the same period of the previous fiscal year).

### (2) Financial Position

#### (Assets)

Current assets decreased by 93,640 thousand yen from the end of the previous fiscal year to 2,855,053 thousand yen at the end of the third quarter of the current fiscal year. This was due mainly to a decrease of 135,948 thousand yen in notes and accounts receivable, a decrease of 32,166 thousand yen in allowance for doubtful accounts, and a decrease of 14,466 thousand yen in cash and deposits. Non-current assets decreased by 338,634 thousand yen from the end of the previous fiscal year to 1,620,693 thousand yen. This was due mainly to a decrease of 193,161 thousand yen in intangible assets and a decrease of 77,564 thousand yen in investments and other assets.

#### (Liabilities)

Current liabilities decreased by 441,734 thousand yen from the end of the previous fiscal year to 1,992,935 thousand yen at the end of the third quarter of the current fiscal year. This was due mainly to a decrease of 283,090 thousand yen in provision for surcharges, a decrease of 106,710 thousand yen in advances received, and a decrease of 100,000 thousand yen in short-term loans payable. Non-current liabilities decreased by 151,540 thousand yen from the end of the previous fiscal year to 1,223,144 thousand yen. This was due mainly to a decrease of 289,485 thousand yen in long-term debt and an increase of 158,000 thousand yen in bonds.

#### (Net assets)

Net assets increased by 161,000 thousand yen from the end of the previous consolidated fiscal year to 1,259,666 thousand yen at the end of the third quarter of the consolidated fiscal year under review. This was due mainly to an increase of 155,980 thousand yen in retained earnings as a result of recording profit attributable to owners of the parent.

### (3) Consolidated Business Forecasts

Our two management themes for the future are:

#### ① [Metaverser] initiative for the Metaverse business

The Metaverse business will strive toward achievement of the Metaverser concept as the end result of the past two years of business activities. (For details, see the explanatory materials to the Financial Results for the Fiscal Year Ending February 28, 2023 [March 2022 to May 2022]). While previously the main activities in this business were conducted by Travel DX Corporation, which offers a VR travel service, in the future MATRIX Corporation, which operates the Docodemo Door Metaverser platform, will be the main focus of this business. As another new service, we will promote the VR Clone service offering opportunities to meet digital clones of celebrities and deceased persons in the metaverse offices and virtual spaces planned for sale by Rozetta Corp.

#### ② Stable growth in the MT business

We aim to achieve stable growth of 5% to 20% per year in the MT business, which provides services including [T-4OO] [T-3MT] for AI document translation and [Onyaku] for AI speech translation.

The impact of COVID-19 pandemic on our business results is reviewed below.

In the third quarter, the MT business, as the AI automatic translation market expands and grows, more new companies enter the market, and we have shifted to a competitive phase, including pricing. Among these, orders received for the core product, the document AI automatic translation segment, fell below the same period of the previous fiscal year. Net sales in the AI speech translation division, a new product, increased significantly year on year.

We continue to migrate from a passive style of marketing, highly dependent on creation of sales leads at trade shows, to proactive, dynamic creation of opportunities for contacting potential customers through means that include proposing operations improvements and product mixes to existing customers and holding webinars for them.

Results for the document AI automatic translation segment, which handles the core products [T-4OO] and [T-3MT], fell short of the (minimum) plan for orders received, which served as the basis for business forecasts.

Since the development process for the new product of the AI speech translation tool [Onyaku] has reached a certain stage, we commenced further business expansion in May. As a result, numbers of inquiries and business discussions are trending upward, as well as being gradually cultivated as a market. As a result, orders received (minimum) were significantly higher than planned.

In addition, the Switching to Maturity Phase described in the Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending February 28, 2022, continues, and currently we are striving to expand usage and increase the unit price of orders received by actively capitalizing on existing contracted customers.

We also are accelerating awareness-raising activities in the industrial translation industry, to grow the automatic translation market further.

While the impact of COVID-19 on the MT business is minor, there is a possibility of a significant impact due to an economic slowdown in the event that the virus spreads further in the future.

The performance of the HT business has been affected somewhat by developments such as restrictions on activities implemented in response to the spread of the pandemic. In the third quarter of the fiscal year ending February 28, 2023, sales and operating income both exceeded the level of the same period of the previous fiscal year, mainly due to the lifting of COVID-19 restrictions. In the fourth quarter, we expect the same trend to continue, assuming continuation of lifting of COVID-19 restrictions, despite expenses related to the hiring of replacement personnel for the future.

The COVID-19 pandemic has had only a minor impact on the Metaverse business.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (February 28, 2022)	Current third quarter (November 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	2,396,860	2,382,393
Notes and accounts receivable	452,567	316,619
Inventories	18,467	18,843
Other	165,987	190,219
Allowance for doubtful accounts	△85,189	△53,022
Total current assets	2,948,694	2,855,053
Non-current assets		
Property, plant and equipment	208,740	140,832
Intangible assets		
Goodwill	14,496	8,656
Software	893,720	765,318
Software in progress	61,628	7,777
Other	23,511	18,442
Total intangible assets	993,356	800,194
Investments and other assets		
Investment securities	319,675	252,193
Other	437,554	427,471
Total investments and other assets	757,230	679,665
Total non-current assets	1,959,327	1,620,693
Total assets	4,908,021	4,475,747
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	94,145	99,949
Short-term borrowings	100,000	-
Current portion of long-term loans payable	385,980	385,980
Current portion of corporate bonds	74,000	134,000
Income taxes payable	91,940	68,898
Provision for bonuses	48,359	90,567
Advances received	1,006,259	899,549
Provision for surcharge	283,090	-
Other	350,895	313,991
Total current liabilities	2,434,670	1,992,935
Non-current liabilities		
Corporate bonds	252,000	410,000
Long-term debt	1,055,530	766,045
Other	67,155	47,099
Total non-current liabilities	1,374,685	1,223,144
Total liabilities	3,809,355	3,216,080
<b>Net assets</b>		
Shareholders' equity		
Common stock	783,511	786,021
Capital surplus	1,757,458	1,759,968
Retained earnings	△1,482,498	△1,326,518
Treasury stock	△951	△951
Total shareholders' equity	1,057,519	1,218,520
Share subscription rights	41,146	41,146
Total net assets	1,098,666	1,259,666
Total liabilities and net assets	4,908,021	4,475,747

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(For the Nine-month Period)

(Thousands of yen)

	Previous third quarter (From March 1, 2021 to November 30, 2021)	Current third quarter (From March 1, 2022 to November 30, 2022)
Net sales	3,074,084	3,254,879
Cost of sales	1,100,042	1,153,946
Gross profit	1,974,042	2,100,932
Selling, general and administrative expenses		
Salaries, allowances and bonuses	637,671	560,851
Research and development expenses	193,783	220,388
Provision for bonuses	25,503	34,490
Retirement benefit expenses	6,859	5,281
Other	964,748	910,467
Total selling, general and administrative expenses	1,828,566	1,731,480
Operating income	145,475	369,452
Non-operating income		
Interest income	69	40
Dividends income	9	-
Foreign exchange gain	1,368	693
Subsidy income	35,513	15,181
Reversal of allowance for doubtful accounts	-	44,191
Other	11,217	1,447
Total non-operating income	48,178	61,554
Non-operating expenses		
Interest expenses	10,432	10,042
Share of loss of investments accounted for using equity method	10,064	14,109
Other	5,263	9,018
Total non-operating expenses	25,760	33,169
Ordinary income	167,893	397,836
Special income		
Gain on sale of investment securities	78	-
Total special income	78	-
Special loss		
Expenses related to restatements of prior years	203,876	-
Loss on sales and retirement of noncurrent assets	8,594	2,435
Impairment loss	31,435	-
Loss on valuation of investment securities	-	67,641
Other	18,041	-
Total special loss	261,947	70,076
Income or loss (△) before income taxes	△93,974	327,759
Income taxes	△13,660	171,779
Net income or loss (△) per quarter	△80,314	155,980
Net income or loss (△) attributable to owners of parent	△80,314	155,980



(Quarterly Consolidated Statement of Comprehensive Income)  
(For the Nine-month Period)

(Thousands of yen)

	Previous third quarter (From March 1, 2021 to November 30, 2021)	Current third quarter (From March 1, 2022 to November 30, 2022)
Net income or loss ( $\Delta$ ) per quarter	$\Delta 80,314$	155,980
Comprehensive income	$\Delta 80,314$	155,980
Comprehensive income (loss) attributable to:		
Owners of parent	$\Delta 80,314$	155,980
Non-controlling interests	-	-

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Application of Accounting Procedures Specific to Preparation of the Quarterly Consolidated Financial Statements)

Income taxes are calculated by multiplying the income before income taxes by the forecasted effective tax rate, which is computed by matching the forecasted yearly income taxes with the forecasted yearly income before taxes.

However, if the calculation of tax expenses using the estimated effective tax rate yields a highly unreasonable result, then the statutory tax rate is used.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition)

[Accounting Standard for Revenue Recognition] (ASBJ Statement No. 29, March 31, 2020. Hereinafter referred to as [Revenue Recognition Accounting Standard].) is applied from the beginning of the first quarter of the consolidated fiscal year under review. Revenue is recognized in the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to customers.

In applying the Accounting Standard for Revenue Recognition in accordance with the transitional handling stipulated in the proviso to Paragraph 84 of that Standard the cumulative impact of applying the new accounting policy retrospectively prior to the beginning of the first quarter of the consolidated fiscal year is adjusted by retained earnings at the beginning of the first quarter, and the new accounting policy is applied beginning with the starting balance.

As a result, application of this standard has had no effect on income for the third quarter of the consolidated fiscal year under review. It also has had no effect on the starting balance of retained earnings.

In accordance with the transitional handling stipulated in Paragraph 28-15 of the [Accounting Standard for Quarterly Financial Statements] (ASBJ Statement No. 12, March 31, 2020), information on a breakdown of revenue arising from contracts with customers for the third quarter of the previous consolidated fiscal year is not presented.

Because of the application of the Accounting Standard for Revenue Recognition from the first quarter of the previous consolidated fiscal year, we decided to include Notes and accounts receivable that had been presented under Current assets under Contract assets in Other from the first quarter of the fiscal year under review. In accordance with the transitional handling stipulated in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassifications have been made using the new presentation method for the previous consolidated fiscal year.

(Additional Information)

(Handling of Application of Tax Effect Accounting for Transition from the Consolidated Tax Payment System to the Group Comprehensive Accounting System)

We, as well as some of our domestic consolidated subsidiaries, have not applied the provisions of Paragraph 44 of the Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018) for items for which the unconsolidated tax payment system has been revised in conjunction with the adoption of the group-wide tax system under the Act on Partial Amendments to the Income Tax Act (Act No. 8 of 2020) and our transition to such a group-wide tax system. This reflects application of the handling described in Paragraph 3 of the Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (Practical Issues Task Force No. 39, March 31, 2020).

(Application of Accounting Standard for Calculation of Market Value)

We have applied the [Accounting Standard for Calculation of Market Value] (ASBJ Statement No. 30, July 4, 2019. Hereinafter referred to as [Market Value Accounting Standard].) and other standards since the beginning of the first quarter of the consolidated fiscal year under review. We have also decided to apply the new accounting policies established by these standards in the future in accordance with the transitional handling provided for in Article 19 of the Accounting Standard for Calculation of Market Value and Article 44-2 of the [Accounting Standard for Financial Instruments] (ASBJ Statement No. 10, July 4, 2019). Since we do not hold any financial instruments with fair values on the quarterly consolidated balance sheet, this has had no impact on the quarterly consolidated financial statements.

(Accounting Estimates Related to the COVID-19 Pandemic)

There have been no significant changes to the details of the impact of the COVID-19 pandemic during the third quarter of the consolidated fiscal year under review as described in the Securities Report for the previous consolidated fiscal year.

(Notes to the Quarterly Consolidated Statements of Income)

(1) Expenses related to restatements of prior years

Previous third quarter (From March 1, 2021 to November 30, 2021)

We have established the Special Investigation Committee and have revised our prior year financial results to reflect facts that were discovered based on the results of the Committee's investigations, as it has become apparent that there is a possibility of errors in past accounting treatment.

As a result, as a result of the correction, we have recorded 203,876 thousand yen in expenses related to corrections to prior years' financial results in extraordinary losses, such as audit fees for corrections incurred through November 30, 2021, expenses for investigations by the Special Investigation Committee, and expenses to support the preparation of corrective disclosure documents.

Current third quarter (From March 1, 2022 to November 30, 2022)

Not applicable.

(2) Impairment loss

Previous third quarter (From March 1, 2021 to November 30, 2021)

1. Amount of impairment loss

During the third quarter of the consolidated fiscal year under review, our group recorded impairment loss on the following assets.

Location	Application	Type	Amount (thousands of yen)
Chioda-ku, Tokyo	Business assets	Software in progress	29,526
Chioda-ku, Tokyo	Business assets	Software	1,908

2. Method of grouping assets

Business assets are grouped based on the smallest cash-flow-generating unit to be largely independent of the cash flows of other assets or asset groups.

3. Background to recording of impairment loss

As a result of reassessment of profitability and consolidation of development and operating resources for existing development projects and related businesses, we do not have high expectations regarding development and use of some projects under development or in operation. As a result, we have recorded impairment loss reflecting estimation of the recoverable amount to be zero in terms of both securing cash flows from internal use and reduction of expenses.

Current third quarter (From March 1, 2022 to November 30, 2022)

Not applicable.

(3) Loss on valuation of investment securities

Previous third quarter (From March 1, 2021 to November 30, 2021)

Not applicable.

Current third quarter (From March 1, 2022 to November 30, 2022)

We believe that the real value of the following investment securities we hold (e.g., stocks with no market price) has declined significantly. Accordingly, we have recorded unrealized gains and losses on investment securities as losses on valuation of investment securities in extraordinary losses.

(Thousands of yen)

Investment securities	Loss on valuation of investment securities
Synamon Inc.	7,525
VoiceApp, Inc.	60,116

(Segment Information)

[Segment Information]

I Previous third quarter (From March 1, 2021 to November 30, 2021)

1. Information on net sales and income (loss) by reportable segment

(Thousands of yen)

	Reportable Segments				Adjustment Note 1:	Amounts on the consolidated financial statements Note 2
	MT business	HT business	Metaverse business	Total		
Net sales						
Net sales to unaffiliated customers	2,182,561	889,826	1,696	3,074,084	-	3,074,084
Intersegment sales or transfer	7,614	26,234	-	33,849	△33,849	-
Total	2,190,176	916,060	1,696	3,107,934	△33,849	3,074,084
Segment income or loss (△)	406,218	124,376	△372,968	157,626	△12,150	145,475

(Note) 1. Adjustments to segment income or loss (△) of (12,150) thousand yen include elimination of intersegment transactions and corporate expenses. Corporate expenses mainly consist of expenses related to the administrative departments of the parent company that are not attributable to reportable segments.

2. Segment income (loss) is adjusted with operating income in the quarterly consolidated statements of income.

2. Information on impairment loss on noncurrent assets or goodwill by reportable segment

(Significant impairment loss on noncurrent assets)

During the current third quarter, intangible assets of 31,435 thousand yen were recorded for software under development in the MT business as a result of the assessment of profitability and liquidation of projects to consolidate resources.

II Current third quarter (From March 1, 2022 to November 30, 2022)

1. Information on net sales and income (loss) by reportable segment and breakdown of income

(Thousands of yen)

	Reportable Segments				Adjustment Note 1:	Amounts on the consolidated financial statements Note 2
	MT business	HT business	Metaverse business	Total		
By type of goods or services						
Machine translation	2,140,904	24,145	-	2,165,049	-	2,165,049
Human translation	25,038	1,030,033	-	1,055,071	-	1,055,071
Metaverse	-	-	9,285	9,285	-	9,285
Consigned development	25,473	-	-	25,473	-	25,473
Revenue from contracts with customers	2,191,416	1,054,178	9,285	3,254,879	-	3,254,879
Revenue recognition by period						
Goods or services that are transferred at one time	184,004	950,858	6,533	1,141,396	-	1,141,396
Goods or services that are transferred over a period of time	2,007,411	103,319	2,751	2,113,482	-	2,113,482
Revenue from contracts with customers	2,191,416	1,054,178	9,285	3,254,879	-	3,254,879
Net sales to unaffiliated customers	2,191,416	1,054,178	9,285	3,254,879	-	3,254,879
Intersegment sales or transfer	4,550	34,775	-	39,326	△39,326	-
Total	2,195,966	1,088,953	9,285	3,294,205	△39,326	3,254,879
Segment income or loss (△)	475,150	214,803	△338,856	351,098	18,353	369,452

(Note) 1. Adjustments to segment income or loss (△) of 18,353 thousand yen include elimination of intersegment transactions and corporate expenses. Corporate expenses mainly consist of expenses related to the administrative departments of the parent company that are not attributable to reportable segments.

2. Segment income or loss (△) is adjusted with operating income in the quarterly consolidated statements of income.

(Per share Information)

Net income or loss per share and the basis for calculating it, and diluted net income per share and the basis for calculating it are as follows.

	Previous third quarter (From March 1, 2021 to November 30, 2021)	Current third quarter (From March 1, 2022 to November 30, 2022)
(1) Net income or loss ( $\Delta$ ) per share	$\Delta$ 7.54 yen	14.60 yen
(Basis of calculation)		
Net income or loss ( $\Delta$ ) attributable to owners of parent (thousands of yen)	$\Delta$ 80,314	155,980
Amount not attributable to common shareholders (thousands of yen)	-	-
Net income or loss ( $\Delta$ ) attributable to owners of parent related to common stock (thousands of yen)	$\Delta$ 80,314	155,980
Average number of shares of common stock outstanding during the period (shares)	10,657,213	10,682,490
(2) Diluted net income per share	-	14.37 yen
(Basis of calculation)		
Adjustment to net income attributable to owners of parent (thousands of yen)	-	-
Increase in number of common shares (shares)	-	175,751
Outline of potential shares that had not been included in the calculation of diluted net income per share because they had no dilutive effect, and that had changed significantly since the end of the previous fiscal year	-	-

(Note) Diluted net income per share for the third quarter of the previous consolidated fiscal year is not presented because net loss per share was recorded despite the existence of potential shares.

(Significant Subsequent Events)

Not applicable.