



February 14th, 2023

Summary of Consolidated Financial Results (IFRS) for the 3Q 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/>

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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, personal investors and analysts)

(Amounts less than one million are rounded down.)

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2023

(April 1, 2022 to December 31, 2022)

(1) Consolidated Operating Results (Cumulative Period)

(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	%
3Q of FY 2023	15,519	-	5,230	-	5,169	-	3,539	-	3,623	-	3,539	-
3Q of FY 2022	-	-	-	-	-	-	-	-	-	-	-	-

	Basic quarterly basic earnings per share	Diluted quarterly earnings per share
	Yen	Yen
3Q of FY 2023	50.10	49.25
3Q of FY 2022	-	-

(Note) The Company changed the fiscal year-end from September 30 to March 31 from the year ended March 31, 2022. Because it did not prepare the consolidated third quarterly financial statements of the fiscal year ended March 2022, it does not show the operating results of the consolidated cumulative third quarter of the fiscal year ended March 2022 and the rate of change (%) from the consolidated third quarter of the previous fiscal year here.

(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 3Q of FY 2023	57,907	39,149	36,778	63.5
End of FY 2022	42,728	35,506	33,480	78.4

2. Dividend Status

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

[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. 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 third quarter (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New company (company name) one (Govmates, Inc.) Excluded company (company name) -

(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)	3Q of FY2023	72,959,562 shares	FY2022	72,959,562 shares
(ii) Number of treasury shares at the end of the period	3Q of FY 2023	623,335 shares	FY2022	623,335 shares
(iii) Average number of shares during the period (cumulative quarterly period)	3Q of FY 2023	72,336,308 shares	3Q of FY2022	- shares

(Note) The Company changed the fiscal year-end from September 30 to March 31 from the year ended March 31, 2022. Because it did not prepare the consolidated third quarterly financial statements of the fiscal year ended March 2022, it does not show the average number of shares during third quarter of the fiscal year ended 2022 (cumulative quarterly period) here.

※ 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 third 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. It did not prepare the condensed consolidated cumulative third quarterly financial statements of the fiscal year ended March 2022. Therefore, it does not show the comparison between the cumulative third quarter of the previous fiscal year and the same of the current fiscal year 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.

On May 13, 2022, we announced the revised "Digitize & Digitalize Japan (Phase2)", our Mid-term Business Plan. In March 2022, we entered into a capital and business alliance with SBI Holdings, Inc. to accelerate initiatives for regional creation in order to identify priority areas for "Local" × "Social" × "Digital" and lead the Japanese DX and achieve the revised Mid-term Business Plan. At the same time, we are accelerating recruitment and development of human resources, expansion of DX's growth areas through the establishment of joint ventures with major companies, and growth-oriented investments including, M&A.

In addition, we are currently preparing for transition to a holding company structure by April 2023. By shifting to a holding company structure, we will further strengthen Group governance and optimize the allocation of management resources, as well as promote the development of next-generation management personnel. We aim to evolve into a group having a flexible and robust management structure that can respond quickly to any changes in the management environment.

Operating results for the consolidated cumulative third quarter of the fiscal year ending March 31, 2023 are as follows.

In the NEW-IT Transformation Business, the Group continues to invest in growth-oriented businesses, centered on M&A and capital and business alliances. On August 1, 2022, Digital Growth Academic, INC made Logosware Corporation, a company that provides e-learning and training live distribution platforms, its subsidiary, and began offering "MINNADE" (*meaning all together*), a service for DX human resource development platform. The number of users has been steadily increasing. On November 4, 2022, we launched a subscription-type e-learning service called "KaWaL," and entered into a capital and business alliance with learningBOX, Inc., which provides a learning management system. Through these investments, we are accelerating the evolution into a platform-type business model in the field of digital human resource development. On October 3, 2022, we acquired DFA Robotics Inc. and we will develop the robotics business, which is expected to grow dramatically in the future as one of the solutions in Japan, which is experiencing a declining birthrate and aging population.

In the Investment Business, the negative revenue has narrowed due to steady stock prices of our listed investees, mainly growth stocks.

In the Publitech Business, our OEM service and our diversified payment and settlement services regarding the hometown tax donation platform have contributed to a solid performance in the hometown tax donation transaction volume. LoGo chat and LoGo form, which are SaaS services for local governments, continue to receive a strong reputation among customers, and the number of subscribers has steadily increased. In the LoGo chat, the total number of local governments using both paid and free services exceeded 1,100. In order to accelerate DX of local governments, the Group is accelerating growth-oriented investments, centered on M&A, capital and business alliances, and the establishment of joint ventures. 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. Although the revenue coming from services for local governments tends to be concentrated in the last half of the fiscal year, we have already made upfront investments as planned, and are steadily advancing our strategy. On October 21, 2022, we entered into a capital and business alliance agreement with Governance Technologies inc., which has strengths in SaaS service for government, and on December 23, 2022, we also entered into a capital and business alliance agreement with HOPE INC. to strengthen marketing and sales to local governments, to which we started applying the equity-method on January 10, 2023.

As a result, in the consolidated cumulative third quarter of the fiscal year ending March 31, 2023, revenue was 15,519 million yen, operating profit was 5,230 million yen, profit before taxes was 5,169 million yen, and quarterly profit attributable to owners of parent was 3,623 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 growth-oriented businesses, centered on M&A and capital and business alliances. On August 1, 2022, Digital Growth Academic, INC made Logosware Corporation, a company that provides e-learning and training live distribution platforms, its subsidiary, and began offering "MINNADE" (*meaning all together*), a service for DX human resource development platform. The number of users has been steadily increasing. On November 4, 2022, we launched a subscription-type e-learning service called "KaWaL," and entered into a capital and business alliance with learningBOX, Inc., which provides a learning management system. Through these investments, we are accelerating the evolution into a platform-type business model in the field of digital human resource development. On October 3, 2022, we acquired DFA Robotics Inc. and we will develop the

robotics business, which is expected to grow dramatically in the future as one of the solutions in Japan, which is experiencing a declining birthrate and aging population.

As a result, in the consolidated cumulative third quarter of the fiscal year ending March 31, 2023, revenue in the Publitech Business was 3,655 million yen, and segment profit was 1,023 million yen.

(b) Investment Business

In the Investment Business, the negative revenue has narrowed due to steady stock prices of our listed investees, mainly growth stocks.

As a result, in the consolidated cumulative third quarter of the fiscal year ending March 31, 2023, revenue in the Investment Business was Δ 150 million yen and segment loss was 174 million yen.

(c) Publitech Business

In the Publitech Business, our OEM service and our diversified payment and settlement services regarding the hometown tax donation platform have contributed to a solid performance in the hometown tax donation transaction volume. LoGo chat and LoGo form, which are SaaS services for local governments, continue to receive a strong reputation among customers, and the number of subscribers has steadily increased. In the LoGo chat, the total number of local governments using both paid and free services exceeded 1,100. In order to accelerate DX of local governments, the Group is accelerating growth-oriented investments, centered on M&A, capital and business alliances, and the establishment of joint ventures. 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. Although the revenue coming from services for local governments tends to be concentrated in the last half of the fiscal year, we have already made upfront investments as planned, and are steadily advancing our strategy. On October 21, 2022, we entered into a capital and business alliance agreement with Governance Technologies inc., which has strengths in SaaS service for government, and on December 23, 2022, we also entered into a capital and business alliance agreement with HOPE INC. to strengthen marketing and sales to local governments, to which we started applying the equity-method on January 10, 2023.

As a result, in the consolidated cumulative third quarter of the fiscal year ending March 31, 2023, revenue in the Publitech Business was 12,038 million yen, and segment profit was 6,466 million yen.

(2) Financial Position

(i) Assets, Liabilities, and Shareholder Equity

(Assets)

Current assets at the end of the consolidated third quarter of the current fiscal year were 42,332 million yen, an increase of 6,670 million yen from the end of the previous fiscal year. This was mainly due to an increase of 11,625 million yen in trade and other receivables. Non-current assets were 15,575 million yen, an increase of 8,508 million yen from the end of the previous fiscal year. This was mainly due to an increase of 4,334 million yen in goodwill.

As a result, total assets were 57,907 million yen, an increase of 15,178 million yen compared to the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the consolidated third quarter of the current fiscal year were 15,229 million yen, an increase of 9,356 million yen from the end of the previous fiscal year. This was mainly due to an increase of 5,039 million yen in trade and other payables. Non-current liabilities were 3,528 million yen, an increase of 2,179 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,336 million yen in other non-current liabilities accompanying an increase of long-term accrued amount payables.

As a result, total liabilities were 18,758 million yen, an increase of 11,535 million yen from the end of the previous fiscal year.

(Equity)

Equity at the end of the consolidated third quarter of the current fiscal year was 39,149 million yen, an increase of 3,643 million yen from the end of the previous fiscal year. This was mainly due to an increase of 3,298 million yen in retained earnings coming from the current net profit attributable to the owners of the parent.

(ii) Cash Flows

Cash and cash equivalents at the end the consolidated third quarter of the current fiscal year were 24,657 million yen, a decrease of 5,749 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 consolidated third quarter of the current fiscal year was 3,749 million yen. This was mainly due to a net increase in trading and other receivables of 11,095 million yen.

(Cash flows from investing activities)

The decrease in cash from investing activities in the consolidated third quarter of the current fiscal year was 6,204 million yen. This was mainly due to the acquisition of the subsidiary of 2,682 million yen.

(Cash flows from financing activities)

The increase in cash from financing activities in the consolidated third quarter of the current fiscal year was 4,230 million yen. This was mainly due to a net increase in short-term borrowings of 3,000 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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2. Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

	(Millions of yen)	
	End of the previous consolidated fiscal year (As of March 31, 2022)	End of 3Q of the current consolidated fiscal year (As of December 31, 2022)
Assets		
Current assets		
Cash and cash equivalents	30,407	24,657
Trade and other receivables	3,430	15,055
Inventories	95	493
Investment securities held as part of operations	1,356	1,376
Other financial assets	30	47
Other current assets	341	700
Total current assets	35,661	42,332
Non-current assets		
Property, plant, and equipment	423	2,766
Right-of-use assets	246	429
Goodwill	4,409	8,744
Intangible assets	1,432	1,893
Investment under the equity method	-	164
Other financial assets	208	824
Deferred tax assets	344	747
Other non-current assets	2	6
Total non-current assets	7,067	15,575
Total assets	42,728	57,907

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(Millions of yen)

	End of the previous consolidated fiscal year (As of March 31, 2022)	End of 3Q of the current consolidated fiscal year (As of December 31, 2022)
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	2,976	8,015
Short-term borrowings	277	4,297
Lease liabilities	126	251
Other financial liabilities	47	97
Accrued income taxes	1,713	777
Provisions	29	43
Other current liabilities	703	1,746
Total current liabilities	5,873	15,229
Non-current liabilities		
Bonds and borrowings	1,162	1,903
Lease liabilities	115	170
Provisions	22	70
Deferred tax liabilities	16	15
Other non-current liabilities	31	1,368
Total non-current liabilities	1,349	3,528
Total liabilities	7,222	18,758
Equity		
Share capital	1,002	1,002
Capital surplus	23,016	23,016
Retained earnings	10,867	14,165
Treasury shares	△1,405	△1,405
Total equity attributable to owners of parent (total)	33,480	36,778
Non-controlling interests	2,026	2,370
Total equity	35,506	39,149
Total liabilities and equity	42,728	57,907

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

[Condensed Quarterly Consolidated Statements of Income]

[Consolidated Cumulative Third Quarter]

	(Millions of yen)	
	Previous consolidated fiscal year (From October 1, 2021 to March 31, 2022)	Cumulative 3Q of the current consolidated fiscal year (From April 1, 2022 to December 31, 2022)
Revenue from contracts with customers	10,356	15,669
Revenue from investment securities held as part of operations (△ means loss)	△216	△150
Total revenue	10,140	15,519
Cost of sales	2,166	5,211
Gross profit	7,974	10,307
Selling, general and administrative expenses	3,327	5,253
Other income	10	184
Other costs	75	3
Investment profit due to equity method (△ means loss)	-	△3
Operating profit	4,582	5,230
Financial income	2	0
Financial cost	19	61
Profit before taxes	4,564	5,169
Income tax expense	1,408	1,630
Current quarterly net profit	<u>3,156</u>	<u>3,539</u>
Current quarterly profit attributable to:		
Owners of the parent	3,093	3,623
Non-controlling interests	63	△84
Current quarterly net profit	<u>3,156</u>	<u>3,539</u>
Current quarterly earnings per share		
Current quarterly basic earnings per share (yen)	42.81	50.10
Current quarterly diluted earnings per share (yen)	42.04	49.25

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[Condensed Quarterly Consolidated Statements of Comprehensive Income]
[Consolidated Cumulative Third Quarter]

	Previous consolidated fiscal year (From October 1, 2021 to March 31, 2022)	Cumulative 3Q of the current consolidated fiscal year (From April 1, 2022 to December 31, 2022)
Current quarterly income	3,156	3,539
Current quarterly comprehensive income	<u>3,156</u>	<u>3,539</u>
Current quarterly comprehensive income attributable to		
Owner of the parent company	3,093	3,623
Non-controlling interests	63	△84
Current quarterly comprehensive income	<u>3,156</u>	<u>3,539</u>

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Previous fiscal year (From October 1, 2021 to March 31, 2022)

(Millions of yen)

	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
Current quarterly net profit			3,093		3,093
Quarterly comprehensive income	-	-	3,093	-	3,093
Issuance of shares	2	2			4
Changes in interests in subsidiaries		△72			△72
Total transactions with owners	2	△70	-	-	△67
Balance on March 31, 2022	1,002	23,016	10,867	△1,405	33,480

	Non-controlling interests	Total
Balance on October 1, 2021	1,939	32,394
Current quarterly net profit	63	3,156
Quarterly comprehensive income	63	3,156
Issuance of shares		4
Changes in interests in subsidiaries	23	△48
Total transactions with owners	23	△44
Balance on March 31, 2022	2,026	35,506

Consolidated cumulative third quarter of the current fiscal year (from April 1, 2022 to December 31, 2022)

(Millions of yen)

	Equity attributable to owners of parent				
	Share Capital	Capital surplus	Retained earnings	Treasury share	Total
Balance on April 1, 2022	1,002	23,016	10,867	△1,405	33,480
Quarterly net profit (△ means loss)			3,623		3,623
Quarterly comprehensive income	-	-	3,623	-	3,623
Dividends			△325		△325
Purchase of treasury share				△0	△0
Changes in interests in subsidiaries related to acquisition					-
Total transactions with owners	-	-	△325	△0	△325
Balance on December 31, 2022	1,002	23,016	14,165	△1,405	36,778

	Non-controlling interests	Total
Balance on April 1, 2022	2,026	35,506
Quarterly net profit (△ means loss)	△84	3,539
Quarterly comprehensive income	△84	3,539
Dividends	△9	△335
Purchase of treasury share		□0
Changes in interests in subsidiaries related to acquisition	438	438
Total transactions with owners	428	103
Balance on December 31, 2022	2,370	39,149

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Previous consolidated fiscal year (From October 1, 2021 to March 31, 2022)	Cumulative 3Q of the current consolidated fiscal year (From April 1, 2022 to December 31, 2022)
Cash flow from operating activities		
Current quarterly profit before income taxes	4,564	5,169
Depreciation and amortization	280	653
Investment loss due to equity method (Δ means profit)		63
Finance income and finance costs	17	61
Increase (decrease) in inventory (Δ is increase)	Δ 48	6
Increase (decrease) in trade and other receivables (Δ is increase)	Δ 203	Δ 11,095
Increase (decrease) in investment securities held as part of operations (Δ is increase)	214	Δ 19
Increase (decrease) in trade and other payables (Δ is decrease)	33	4,935
Other	16	Δ 263
Subtotal	4,874	Δ 548
Interest and dividends received	0	0
Interest paid	Δ 10	Δ 26
Income taxes paid	Δ 1,120	Δ 3,174
Net cash provided by (used in) operating activities	3,742	Δ 3,749
Cash flow from investing activities		
Purchases of property, plant, and equipment	Δ 236	Δ 2,157
Purchase of intangible assets	Δ 487	Δ 679
Acquisition of subsidiaries	-	Δ 2,682
Other	Δ 60	Δ 684
Net cash provided by (used in) investing activities	Δ 784	Δ 6,204
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings (Δ is decrease)		3,000
Proceeds of long-term borrowings	10	2,000
Repayments of long-term borrowings	Δ 147	Δ 280
Repayments of lease liabilities	Δ 59	Δ 154
Proceeds from issuance of shares	4	-
Purchase of shares of subsidiaries from non-controlling interests	Δ 48	-
Dividend payment	-	Δ 324
Others		Δ 9
Net cash provided by (used in) financing activities	Δ 241	4,230
Net increase in cash and cash equivalents (Δ is decrease)	2,717	Δ 5,723
Cash and cash equivalents at beginning of period	27,690	30,407
Effect of exchange rate changes on cash and cash equivalents	Δ 0	Δ 26
Cash and cash equivalents at end of period	30,407	24,657

[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.

The previous fiscal year (From October 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segments				Adjustment (Note) 1	Consolidated
	NEW-IT Transformation Business	Investment Business	Publitech Business	Total		
Revenue						
Revenue from external customers (Δ means loss)	1,366	Δ 216	8,990	10,140	-	10,140
Intersegment revenue	-	-	-	-	-	-
Total	1,366	Δ 216	8,990	10,140	-	10,140
Segment profit (Δ means loss) (Note 2)	392	Δ 226	5,471	5,637	Δ 1,055	4,582
Finance income	-	-	-	-	-	2
Financing cost	-	-	-	-	-	19
Profit before tax	-	-	-	-	-	4,564

(Note) 1. The adjustment amount in segment profit (Δ means loss) of Δ 1,055 million yen comprises company-wide expenses not allocable to any reportable segment and mostly consists of general and administrative expenses of Δ 1,055 million yen that are not attributable to the reportable segments.

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

[Notes of caution]

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Consolidated cumulative third quarter of the current fiscal year (From April 1, 2022 to December 31, 2022)

(Millions of yen)

	Reportable segments				Adjustment (Note) 1	Consolidated
	NEW-IT Transformation Business	Investment Business	Publitech Business	Total		
Revenue						
Revenue from external customers	3,633	△150	12,036	15,519	-	15,519
Intersegment revenue	22	-	1	23	△23	-
Total	3,655	△150	12,038	15,543	△23	15,519
Segment profit (△ means loss) (Note 2)	1,023	△174	6,466	7,315	△2,084	5,230
Finance income	-	-	-	-	-	0
Financing cost	-	-	-	-	-	61
Loss before tax	-	-	-	-	-	5,169

(Note) 1. The adjusted △ 2,084 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 of △ 2,084 million yen 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.

[Notes of caution]

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(Significant Subsequent Events)

(Acquisition of HOPE INC. and applying the equity method)

On December 23, 2022, our Board of Directors decided to enter into a capital and business alliance agreement with HOPE, INC. (hereinafter referred to as "HOPE") and on January 10, 2023, the Company (or simply, "we") underwrote a third-party allotment of their new shares. Although the share portion owned by us through a third-party allotment is less than 20% of its voting rights, HOPE is to become our affiliated company to which the equity method is applied because we plan to dispatch a director to its board of directors, which may have a significant impact both on its management and on its operating and financial policies.

1. Purpose of the Capital and Business Alliance

Our Group is currently developing and expanding our DX services and products for the public sector, such as LoGo chat and LoGo forms, which are SaaS-based services for local governments, and we believe it is urgent that we shall accelerate our business expansion by further strengthening our sales and marketing capabilities. Therefore, to enter into this capital and business alliance with HOPE, which has strengths in sales and marketing to local governments and private-sector companies nationwide, and to expand sales of our DX services and products by leveraging HOPE's marketing and sales capabilities for local governments will accelerate the promotion of the municipal DX that both companies are aiming for and further contribute to enhancing mutual corporate value since we believe that synergies between the two companies' businesses are extremely high in terms of multiplying our respective strengths.

We and HOPE have already been collaborating to support the program for local governments through the adoption of doctors for combating with new corona virus. However, based on this new capital and business alliance, our relationship will be more robust since we and HOPE can leverage respective strengths under a further cooperative structure to expand and improve mutual businesses for local governments. In the future, we and HOPE will serve as the forefront of local government DX and regional creation. We and HOPE will cooperate together to accelerate changes in local governments.

2. Overview of the equity-method applied affiliate (HOPE) as of September 30, 2022

(1)	Name	HOPE, INC	
(2)	Address	MG Yakuin Building, Yakuin 1-14-5, Chuo-ku, Fukuoka-shi	
(3)	Job title/Name of Representative	President and Representative Director Takayasu Tokitsu	
(4)	Description of Businesses	Services specific for local governments	
(5)	Amount of share capital	94,478,000 yen	
(6)	Date of incorporation	October 1993 (foundation: February 2005)	
(7)	Major shareholders and percentage of shares	Kabushiki-kaisha E.T. : 11.32% Takayasu Tokitsu: 8.68% MACQUARIE BANK RIMITED DBU AC (Standing proxy: Citibank, N.A. Tokyo Branch) 2.53% Shohei Saito 2.16% Hiroshi Fukudome 2.09%	
(8)	Our relationship with this company	Capital relationship	Not applicable.
		Personal relationship	Not applicable.
		Business relationship	Not applicable.

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

(1)	Shares owned prior to the transaction	0 shares (Number of voting rights: 0) (0.00% of voting rights)
(2)	Shares acquired	2,585,000 shares (Number of voting rights: 25,850)
(3)	Acquisition cost	Cash: 584 million yen Acquisition related expenses(approximately): 20 million yen
(4)	Shares owned after the transaction	2,585,000 shares (Number of voting rights: 25,850) (Percentage of voting rights: 17.94%)

4. Schedule

[Notes of caution]

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(1)	Date of resolution of the Board of Directors	December 23, 2022
(2)	Date for executing Agreement	December 23, 2022
(3)	Date of stock transfer	January 10, 2023

5. Future outlook

The impact of this capital and business alliance on our business results in the fiscal year ending March 31, 2023 is not determined yet.

[Notes of caution]

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(Acquisition of shares of Travel Zip, Inc to make it a subsidiary)

At the meeting of the Board of Directors held on January 16, 2023, the Company (or simply, “we”) resolved to acquire the shares of Travel Zip Ltd. (hereinafter simply, "Travel Zip") and make it a subsidiary, and we acquired the shares on January 31, 2023.

1. Purpose of the share acquisition

We will work to develop new solutions and expand our clients by combining the solid relationships we have cultivated with local governments in the Publitech business such as our hometown tax donation business and our Logo chat business and our expertise in developing business models from consulting services to SaaS and platform business with the product development and marketing capability of Travel Zip in the tourism business. We will increase our corporate value over the medium to long term by accelerating business development in the tourism field through making Travel Zip our subsidiary.

2. Overview of subsidiaries to be transferred

(1)	Name	Travel Zip Ltd.	
(2)	Address	2F, 4-15 Hiroo 1-cho-me, Shibuya-ku, Tokyo	
(3)	Job Title/Name of Representative	Mr. Toshiro Oizumi, President	
(4)	Description of Businesses	Production of websites, their maintenance, strategy planning consulting, and human resource education, etc. for tourism business	
(5)	Amount of share capital	10 million yen	
(6)	Date of Incorporation	Sep. 2005	
(7)	Major shareholders and percentage of shares	Mr. Toshiro Oizumi : 100.0%	
(8)	Our relationship with this company	Capital relationship	Not applicable.
		Personal relationship	Not applicable.
		Business relationship	Not applicable.

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

(1)	Shares owned prior to the transaction	0 shares (Number of voting rights: 0) (Percentage of voting rights: 0.00%)
(2)	Shares acquired	39 shares (Number of voting rights: 60) (Percentage of voting rights: 65.00%)
(3)	Acquisition cost	Cash: 711 million yen Acquisition-related expenses (approximately): 59 million yen
(4)	Shares owned after the transaction	39 shares (Number of voting rights: 39) (65.00% of voting rights)

4. Schedule

(1)	Date of resolution of the Board of Directors	January 16, 2023
(2)	Execution date	January 20, 2023
(3)	Execution date of share transfer	January 31, 2023

5. Future outlook

Following the acquisition of the shares, Travel Zip will become a consolidated subsidiary of the Company since the acquisition date of January 31, 2023. The impact of this share acquisition on our consolidated results for the year ended March 31, 2023 is immaterial.

6. Amount and cause of goodwill, amount of assets and indebtedness accepted on the date of business combination, and amount of non-controlling interest

Accounting for the business combination has not been completed, therefore, they have not been finalized at this time.