



May 15<sup>th</sup>, 2023

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

Listed company name: CHANGE Holdings, Inc.

Listed share exchange: Tokyo Stock Exchange Securities Code: 3962

URL: <https://www.change-jp.com/>

Representative: Hiroshi Fukudome, CEO

For Inquiry: Yutaka Yamada, CFO TEL: 03-6435-7347

Scheduled date for general shareholders meeting: June 27, 2023

Scheduled commencement date of dividend payments: June 28, 2023

Scheduled filing date of securities report: June 27, 2023

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 Fiscal Year Ended March 31, 2023

(April 1, 2022 to March 31, 2023)

#### (1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before taxes		Net profit		Profit attributable to owners of the parent		Total comprehensive income	
	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%
FY 2023	20,021	-	5,730	-	5,653	-	3,910	-	3,856	-	3,910	-
FY 2022	10,140	-	4,582	-	4,564	-	3,156	-	3,093	-	3,156	-

	Net profit per share	Fully diluted net profit Per share	Return on equity attributable to owners of the parent	Profit before tax on total assets	Operating profit on revenue ratio
	Yen	Yen	%	%	%
FY ended March 31, 2023	53.31	52.41	11.0	11.8	28.6
FY ended March 31, 2022	42.81	42.04	9.7	11.1	45.2

(Reference) Equity in earnings of affiliates FY ended March 31, 2023 0mil yen FY ended March 31, 2022 -mil yen

- (Note)1. The fiscal year ended March 31, 1,2022 was only the six-month period from October 1, 2021 to March 31, 2022 due to a change in the fiscal year-end. As a result, year-on-year changes for the fiscal years ended March 31, 2022 and 2023 are not presented.  
 2. The amount of equity attributable to owners of the parent used in the calculation of return on equity attributable to owners of the parent is based on the average value during the period.  
 3. The average amount of total assets used in calculating the ratio of profit before tax to total assets is used during the period.

#### (2) Consolidated Financial Position

	Total assets	Total shareholders' equity	Profit attributable to owners of parent	Percentage of interests attributable to owners of parent	Parent company per share Equity attributable to owners
	Millions of yen	Millions of yen	Millions of yen	%	Yen
End of FY 2023	52,943	39,331	36,477	68.9	504.21
End of FY 2022	42,728	35,506	33,480	78.4	462.84

#### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents ending balance
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended March 31, 2023	△1,143	△7,882	1,608	22,968
FY ended March 31, 2022	3,742	△784	△241	30,407

**[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					Total dividend amount (total)	Dividend payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of the parent (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of the fiscal year	Total			
FY ended March 31, 2022	Yen 0.00	Yen -	Yen -	Yen 4.50	Yen 4.50	Millions of yen 325	% 10.5	% 1.0
FY Year ended March 31, 2023	-	0.00	-	10.00	10.00	723	18.8	2.1
FY ending March 31, 2024 (forecast)	-	0.00	-	12.00	12.00		12.0	

(Note) Breakdown of the dividends for the FY2022 ended March 31, 2023 Ordinary dividend: 7.00 yen  
Commemorate dividend: 3.00 yen

## 3. Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

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

	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	34,000	69.8	11,000	92.0	10,970	94.0	7,516	92.2	7,211	87.0	99.69

※ Notes

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

New company -

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)	FY2023	72,967,562 shares	FY2022	72,959,562 shares
(ii) Number of treasury shares at the end of the period	FY 2023	623,335 shares	FY2022	623,235 shares
(iii) Average number of shares during the period	FY 2023	72,336,551 shares	FY2022	72,246,797 shares

## (Reference) Summary of Non-consolidated Financial Results

Non-consolidated results for the year ended March 31, 1.2023 (April 1, 2022 to March 31, 2023)

(Percentages represent year-on-year changes.)

### (1) Non-Consolidated Operating Results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 31, 2023	3,396	-	677	-	669	-	469	-
FY ended March 31, 2022	1,286	-	82	-	66	-	42	-

	Net income per share	Fully diluted net income per share
	Yen	Yen
FY ended March 31, 2023	6.48	6.37
FY ended March 31, 2022	0.59	0.58

(Note) The fiscal year ended March 31, 1.2022 was only the six-month period from October 1, 2021 to March 31, 2022 due to a change in the fiscal year-end. As a result, year-on-year changes for the fiscal years ended March 31, 2022 and 2023 are not presented.

2. Non-consolidated results are calculated in accordance with Japanese GAAP (J-GAAP).

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**(2)Non-Consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY ended March 31, 2023	43,488	39,888	91.7	551.36
FY ended March 31, 2022	41,331	39,610	95.8	547.57

Reference: Shareholders' equity      FY ended March 31, 2023      39,887mil yen      FY ended March 31, 2022      39,609mil yen

※ 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 7 hereof.

On April 1, 2023, the Company transitioned to a holding company structure and changed the corporate name to Change Holdings, Inc. On the same date, Change, Inc. a subsidiary of the Company, took over the NEW-IT Transformation Business through an absorption-type company split.

## Accompanying Materials

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

### (1) Overview of operating results

The fiscal year ended March 31, 2022 was only the six-month period from October 1, 2021 to March 31, 2022 due to a change in the fiscal year-end from September 30 to March 31. As a result, year-on-year changes for the fiscal years ended March 31, 2022 and 2023 are not presented.

#### (i) Operating results of the current fiscal year

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: the NEW-IT Transformation Business, which supports the development of digital human resources, innovations in business processes, and digitization; the 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 Mid-term Business Plan called "Digitize & Digitalize Japan (Phase2)." In order to lead DX in Japan after defining the priority areas of "Local" × "Social" × "Digital," and achieve the revised Mid-term Business Plan, we entered into a capital and business alliance with SBI Holdings, Inc. in March 2022. We are accelerating initiatives for regional revitalization, actively promoting the recruitment and development of human resources, expanding the growth areas of DX by establishing joint ventures with major companies, and accelerating investments for growth such as M&A.

On April 1, 2023, the Company completed the transition to a holding company structure and changed the name to CHANGE Holdings, Inc. 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. Our aim is to evolve into a flexible and robust management structure that can respond quickly to any changes in the business environment.

### Operating results for the consolidated fiscal year ended 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. Among this, related to the digital human resources development field, 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, for the growth of a subscription-type e-learning service called "KaWaL," which was launched by CHANGE, Inc, we 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 made it our subsidiary, 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, stock prices of listed companies, mainly growing companies, recovered revenue and their profits turned positive. As announced on April 14, 2023, we abolished the Investment Business and the investment segment because we decided that if we focus on business investments that will contribute to the development of the NEW-IT Transformation Business and the Publitech Business through synergies with such invested companies, such strategy will further contribute to the enhancement of the corporate value of the Group. Although we discontinue the Investment Business and the investment segment, there is no change in our policy of actively utilizing M&A and capital and business alliances as a useful means of growing our 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 1,200. 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 with Governance Technologies Inc., which has strengths in SaaS service for government. On December 23, 2022, we entered into a capital and business alliance with HOPE INC. to strengthen marketing and sales to local governments, to which we started applying the equity-method on January 10, 2023. In addition, On January 31, 2023, we acquired Travel Zip Co., Ltd. and made it our subsidiary. We will promote "Regional Creation" × "DX" in the tourism field.

As a result, in the current consolidated fiscal year ended March 31, 2023, revenue was 20,021 million yen, operating profit was 5,730 million yen, profit before taxes was 5,653 million yen, and quarterly profit attributable to owners of parent was 3,856 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. Among this, related to the digital human resources development field, 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, for the growth of a subscription-type e-learning service called "KaWaL," which was launched by CHANGE, Inc, we 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 made it our subsidiary, 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 current consolidated fiscal year ended March 31, 2023, revenue in the NEW-IT Transformation Business was 4,956 million yen, and segment profit was 1,195 million yen.

#### (b) Investment Business

In the Investment Business, stock prices of listed companies, mainly growing companies, recovered revenue and their profits turned positive. As announced on April 14, 2023, we abolished the Investment Business and the investment segment because we decided that if we focus on business investments that will contribute to the development of the NEW-IT Transformation Business and the Publitech Business through synergies with such invested companies, such strategy will further contribute to the enhancement of the corporate value of the Group. Although we discontinue the Investment Business and the investment segment, there is no change in our policy of actively utilizing M&A and capital and business alliances as a useful means of growing our business.

As a result, in the current consolidated fiscal year ended March 31, 2023, revenue in the Investment Business was 162 million yen and segment profit was 130 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 1,200. 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 with Governance Technologies Inc., which has strengths in SaaS service for government. On December 23, 2022, we entered into a capital and business alliance with HOPE INC. to strengthen marketing and sales to local governments, to which we started applying the equity-method on January 10, 2023. In addition, On January 31, 2023, we acquired Travel Zip Co., Ltd. and made it our subsidiary. We will promote "Regional Creation" × "DX" in the tourism field.

As a result, in the current consolidated fiscal year ended March 31, 2023, revenue in the Publitech Business was 14,943 million yen, and segment profit was 7,378 million yen.

#### (ii) Outlook for the next fiscal year

On May 13, 2022, we announced the revised Mid-term Business Plan called "Digitize & Digitalize Japan (Phase2)." In order to lead DX in Japan after defining the priority areas of "Local" × "Social" × "Digital," and achieve the revised Mid-term Business Plan, we entered into a capital and business alliance with SBI Holdings, Inc. in March 2022. We are accelerating initiatives for regional revitalization, actively promoting the recruitment and development of human resources, expanding the growth areas of DX by establishing joint ventures with major companies, and accelerating investments for growth such as M&A. On April 1, 2023, the Company completed the transition to a holding company structure and changed the name to CHANGE Holdings, Inc. 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. Our aim is to evolve into a flexible and robust management structure that can respond quickly to any changes in the business environment.

In the NEW-IT Transformation Business, the Group will continue to expand the field of digital human resource development, accelerate local DX through co-creation with regional financial institutions through the utilization of local government networks, and expand services to capture various needs for digitization. At the same time, the Group will push forward with the robotics business, which is expected to grow dramatically in the future as one of the solutions for Japan which is experiencing a declining birthrate and aging population.

In the Publitech Business, the Group will accelerate growth in the public DX field by expanding LoGo series, supporting the reform of local governments with Govmates, Inc, and expanding services and products through M&A and capital and business alliances, while further expanding growth by increasing the added value of hometown tax donation payment.

As a result of the above, for the fiscal year ending March 2024, we forecast revenue of 34,000 million yen (increase of 69.8% compared with the previous fiscal year), operating income of 11,000 million yen (increase of 92.0% compared with the previous fiscal year), profit before tax of 10,970 million yen (increase of 94.0% compared with the previous fiscal year), and profit attributable to owners of the parent of 7,211 million yen (increase of 87.0% compared with the previous fiscal year).

## (2) Financial Position

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

#### (a) Financial position

##### (Assets)

Current assets at the end of the current fiscal year were 36,699 million yen, an increase of 1,037 million yen from the end of the previous fiscal year. This was mainly due to an increase of 6,901 million yen in trade and other receivables. Non-current assets were 16,244 million yen, an increase of 9,177 million yen from the end of the previous fiscal year. This was mainly due to an increase of 4,632 million yen in goodwill.

As a result of the above, total assets increased by 10,214 million yen from the end of the previous fiscal year to 52,943 million yen.

(Liabilities)

Current liabilities at the end of the current fiscal year were 9,651 million yen, an increase of 3,777 million yen from the end of the previous fiscal year. This was mainly due to an increase of 2,535 million yen in trade and other payables. Non-current liabilities were 3,960 million yen, an increase of 2,611 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,876 million yen in other non-current liabilities due to an increase in other long-term accruals.

As a result of the above, total liabilities increased by 6,389 million yen from the end of the previous fiscal year to 13,611 million yen.

(Equity)

Shareholders' equity at the end of the current fiscal year was 39,331 million yen, an increase of 3,825 million from the end of the previous fiscal year. This was mainly due to an increase of 3,530 million in retained earnings resulting from the posting of net profit attributable to the owners of the parent and the payment of dividends.

(b)Cash Flows

Cash and cash equivalents at the end of the current fiscal year decreased by 7,438 million yen from the end of the previous fiscal year to 22,968 million yen.

**Cash flows and major factors are as follows:**

Cash flows from operating activities

Net cash used in operating activities for the current fiscal year was 1,143 million yen. This was mainly due to the recognition of △ 6,206 million (△ means increase) in trade and other receivables.

Cash flows from investing activities

Net cash used in investing activities for the current fiscal year was 7,882 million yen. This was mainly due to the purchase of shares of subsidiaries of 3,194 million yen.

Cash flows from financing activities

Net cash provided by financing activities for the current fiscal year was 1,608 million yen. This was mainly due to proceeds from long-term loans payable of 2,200 million yen.

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

We recognize that returning profits to shareholders is an important management issue. At present, we believe that we are still in the process of expanding growth. We have not paid dividends in the past because we believe that realizing further increases in corporate value will lead to the greatest return of profits to shareholders by enhancing internal reserves to strengthen our management base and aggressively develop our business, and by allocating them to working capital or investment to strengthen our financial position and expand our business.

Nevertheless, while continuing to prioritize investments to enhance internal reserves and expand our business, we have adopted a basic policy of continuously paying dividends while paying attention to the operating results of each fiscal year, based on the objective of continuously returning profits to shareholders in order to deepen their understanding of our policy of expanding our business from a medium-to long-term perspective.

For the fiscal year ending March 31, 2023, we plan to pay a year-end dividend of 7 yen per share, plus a commemorative dividend of 3 yen per share, for a total of 10 yen per share. In April 2023, we reached the 20th anniversary of the foundation. We would like to thank our customers, our suppliers, and our stakeholders for our long-standing support. To express our thanks to our shareholders, we have decided to provide a commemorative distribution. For details, please refer to the "Announcement of the Revision regarding the Dividend Forecast (due to Commemorative Dividend)" announced today (May 15, 2023).

For the fiscal year ending March 31, 2024, we plan to pay a year-end dividend of 12 yen per share on the assumption that we will be able to secure the profit forecast for the next fiscal year.

The record date for the payment of dividends from retained earnings is the end of the fiscal year, and the decision-making will be made by the shareholders' meeting.

In accordance with Article 454, Paragraph 5 of the Companies Act, the Company's Articles of Incorporation provide that interim dividends may be paid on September 30 of each year by resolution of the Board of Directors.

## **2. Basic Approach to Selection of Accounting Standards**

The Group adopted the International Financial Reporting Standards (IFRS) from the consolidated financial statements in the financial statements for the fiscal year ended September 30, 2020, with the aim of enhancing the international comparability of financial information in the capital markets and improving communications with stakeholders.



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

	(Millions of yen)	
	End of the previous consolidated fiscal year (As of March 31, 2022)	End of the current consolidated fiscal year (As of March 31, 2023)
Assets		
Current assets		
Cash and cash equivalents	30,407	22,968
Trade and other receivables	3,430	10,331
Inventories	95	480
Investment securities held as part of operations	1,356	1,689
Other financial assets	30	447
Other current assets	341	779
Total current assets	35,661	36,699
Non-current assets		
Property, plant, and equipment	423	2,170
Right-of-use assets	246	378
Goodwill	4,409	9,042
Intangible assets	1,432	2,219
Investments accounted for using the equity method	-	775
Other financial assets	208	785
Deferred tax assets	344	757
Other non-current assets	2	116
Total non-current assets	7,067	16,244
Total assets	42,728	52,943

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(Millions of yen)

	End of the previous consolidated fiscal year (As of March 31, 2022)	End of the current consolidated fiscal year (As of March 31, 2023)
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	2,976	5,511
Short-term borrowings	277	1,261
Lease liabilities	126	242
Other financial liabilities	47	170
Accrued income taxes	1,713	702
Provisions	29	26
Other current liabilities	703	1,736
<b>Total current liabilities</b>	<b>5,873</b>	<b>9,651</b>
<b>Non-current liabilities</b>		
Bonds and borrowings	1,162	1,786
Lease liabilities	115	124
Provisions	22	76
Deferred tax liabilities	16	65
Other non-current liabilities	31	1,907
<b>Total non-current liabilities</b>	<b>1,349</b>	<b>3,960</b>
<b>Total liabilities</b>	<b>7,222</b>	<b>13,611</b>
<b>Equity</b>		
Share capital	1,002	1,004
Capital surplus	23,016	22,480
Retained earnings	10,867	14,398
Treasury shares	△1,405	△1,405
<b>Total equity attributable to owners of parent (total)</b>	<b>33,480</b>	<b>36,477</b>
Non-controlling interests	2,026	2,854
<b>Total equity</b>	<b>35,506</b>	<b>39,331</b>
<b>Total liabilities and equity</b>	<b>42,728</b>	<b>52,943</b>

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

[Consolidated Statements of Income]

(Millions of yen)

	Previous consolidated fiscal year (From October 1, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Revenue from contracts with customers	10,356	19,859
Revenue from investment securities held as part of operations (△ means loss)	△216	162
Total revenue	10,140	20,021
Cost of sales	2,166	7,498
Gross profit	7,974	12,522
Selling, general and administrative expenses	3,327	7,168
Other income	10	401
Other costs	75	26
Share of profit (loss) of investments accounted for using equity method (△ means loss)	-	0
Operating profit	4,582	5,730
Financial income	2	0
Financial cost	19	77
Profit before taxes	4,564	5,653
Income tax expense	1,408	1,743
Current net profit	3,156	3,910
Current profit attributable to:		
Owners of the parent	3,093	3,856
Non-controlling interests	63	53
Current net profit	3,156	3,910
Current earnings per share		
Current basic earnings per share (yen)	42.81	53.31
Current diluted earnings per share (yen)	42.04	52.41

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[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Previous consolidated fiscal year (From October 1, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Current income	3,156	3,910
Current comprehensive income	<u>3,156</u>	<u>3,910</u>
Current comprehensive income attributable to		
Owner of the parent company	3,093	3,856
Non-controlling interests	<u>63</u>	<u>53</u>
Current comprehensive income	<u>3,156</u>	<u>3,910</u>

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

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

(Millions of yen)

	Share Capital	Capital surplus	Retained earnings	Treasury share
Balance on October 1, 2021	1,000	23,086	7,774	△1,405
Current net profit			3,093	
Comprehensive income	-	-	3,093	-
Issuance of shares	2	2		
Changes in interests in controlled subsidiaries		△72		
Total transactions with owners	2	△70	-	-
Balance on March 31, 2022	1,002	23,016	10,867	△1,405

	Equity attributable to owners of the parent company	Non-controlling interests	Total
	Total		
Balance at October 1, 2021	30,455	1,939	32,394
Current net profit	3,093	63	3,156
Comprehensive income	3,093	63	3,156
Issuance of shares	4		4
Change in ownership interest in controlled subsidiaries	△72	23	△48
Total transactions with owners	△67	23	△44
Balance at March 31, 2022	33,480	2,026	35,506

Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Share Capital	Capital surplus	Retained earnings	Treasury share
Balance on April 1, 2022	1,002	23,016	10,867	△1,405
Net profit			3,856	
Comprehensive income	-	-	3,856	-
Issuance of shares	1	1		
Dividends paid			△325	
Purchase of treasury share				△0
Payment from non-controlling shareholders				
Change due to acquisition of control of subsidiaries	-	-	-	-
Put option granted to non-controlling interests		△537		
Total transactions with owners	1	△535	△325	△0
Balance on March 31, 2023	1,004	22,480	14,398	△1,405

	Equity attributable to owners of the parent company	Non-controlling interests	Total
	Total		
Balance at April 1, 2022	33,480	2,026	35,506
Net profit	3,856	53	3,910
Comprehensive income	3,856	53	3,910
Issue of shares	3		3
Dividends paid	△325	△9	△335
Purchase of treasury share	△0		△0
Payment from non-controlling shareholders	-	200	200
Change due to acquisition of control of subsidiaries	-	584	584
Put option granted to non-controlling interests	△537		△537
Total transactions with owners	△859	775	△84
Balance at March 31, 2023	36,477	2,854	39,331

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous consolidated fiscal year (From October 1, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Cash flow from operating activities		
Current quarterly profit before income taxes	4,564	5,653
Depreciation and amortization	280	972
Investment loss due to equity method ( $\Delta$ means profit)	-	$\Delta 60$
Finance income and finance costs	17	76
Increase (decrease) in inventory ( $\Delta$ is increase)	$\Delta 48$	19
Increase (decrease) in trade and other receivables ( $\Delta$ is increase)	$\Delta 203$	$\Delta 6,206$
Increase (decrease) in investment securities held as part of operations ( $\Delta$ is increase)	214	$\Delta 332$
Increase (decrease) in trade and other payables ( $\Delta$ is decrease)	33	2,393
Other	16	$\Delta 106$
Subtotal	4,874	2,469
Interest and dividends received	0	0
Interest paid	$\Delta 10$	$\Delta 34$
Income taxes paid	$\Delta 1,120$	$\Delta 3,578$
Net cash provided by (used in) operating activities	3,742	$\Delta 1,143$
Cash flow from investing activities		
Purchases of property, plant, and equipment	$\Delta 236$	$\Delta 2,244$
Purchase of intangible assets	$\Delta 487$	$\Delta 943$
Acquisition of subsidiaries	-	$\Delta 3,194$
Payment related to sale of shares of subsidiaries accompanying change in range of consolidation	-	$\Delta 315$
Acquisition of investments accounted for using equity method	-	$\Delta 774$
Other	$\Delta 60$	$\Delta 410$
Net cash provided by (used in) investing activities	$\Delta 784$	$\Delta 7,882$
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings ( $\Delta$ is decrease)	-	50
Proceeds of long-term borrowings	10	2,200
Repayments of long-term borrowings	$\Delta 147$	$\Delta 487$
Repayments of lease liabilities	$\Delta 59$	$\Delta 23$
Proceeds from issuance of shares	4	3
Proceeds from share issuance to non-controlling interests	-	200
Purchase of shares of subsidiaries from non-controlling interests	$\Delta 48$	-
Dividend payment	-	$\Delta 324$
Others	-	$\Delta 9$
Net cash provided by (used in) financing activities	$\Delta 241$	1,608
Net increase in cash and cash equivalents ( $\Delta$ is decrease)	2,717	$\Delta 7,416$
Cash and cash equivalents at beginning of period	27,690	30,407
Effect of exchange rate changes on cash and cash equivalents	$\Delta 0$	$\Delta 21$
Cash and cash equivalents at end of period	30,407	22,968

[Notes of caution]

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**(5) Notes to 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 operating results of the reportable segments of the Group are as follows:

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

Intersegment revenue is based on prevailing market prices.

The previous consolidated 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	1,366	△216	8,990	10,140	-	10,140
(△ means loss)						
Intersegment revenue	-	-	-	-	-	-
Total	1,366	△216	8,990	10,140	-	10,140
Segment profit (△ means loss) (Note 2)	392	△226	5,471	5,637	△1,055	4,582
Finance income	-	-	-	-	-	2
Finance cost	-	-	-	-	-	19
Profit before tax	-	-	-	-	-	4,564
Other items						
Depreciation and amortization	32	0	190	223	57	280

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



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- 1,055 million yen that are not attributable to the reportable segments.
2. This segment income ( $\Delta$  means loss) is adjusted with operating income in the condensed quarterly consolidated statements of income.
3. Segment assets, segment liabilities, and capital expenditures are not presented because they are not considered for the purpose of deciding the allocation of management resources and evaluating business performance.

Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments				Adjustment (Note ) 1	Consolidated
	NEW-IT Transformation Business	Investment Business	Publitech Business	Total		
Revenue						
Revenue from external customers	4,918	162	14,941	20,021	-	20,021
( $\Delta$ means loss)						
Intersegment revenue	38	-	2	40	$\Delta$ 40	-
Total	4,956	162	14,943	20,062	$\Delta$ 40	20,021
Segment profit ( $\Delta$ means loss) (Note 2)	1,195	130	7,378	8,704	$\Delta$ 2,973	5,730
Finance income	-	-	-	-	-	0
Finance cost	-	-	-	-	-	77
Loss before tax	-	-	-	-	-	5,653
Other items						
Depreciation and amortization	235	0	650	885	86	972

(Note) 1. The adjusted  $\Delta$ 2,973 million yen for the segment income ( $\Delta$  means loss) is corporate expenses that are not allocated to each reportable segment, and mainly consists of general and administrative expenses of  $\Delta$ 2,973 million yen that are not attributable to the reportable segment.

2. This segment income ( $\Delta$  means loss) is adjusted with operating income in the condensed quarterly consolidated statements of income.
3. Segment assets, segment liabilities, and capital expenditures are not presented because they are not considered for the purpose of deciding the allocation of management resources and evaluating business performance.

(3)Information on products and services

This information is omitted in the previous consolidated fiscal year and the current consolidated fiscal year because similar information is disclosed in the segment information.

(4)Information on geographic areas

Disclosure is omitted because revenue from sales to external customers in Japan and non-current assets located in Japan accounted for the majority of sales in the previous fiscal year and the current fiscal year.

**[Notes of caution]**

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(5) Information about major customers

Disclosure is omitted because revenue from certain customers in the previous fiscal year and the current fiscal year does not account for more than 10% of revenue in the consolidated statements of income.

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**(Per Share Information)**

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

	Previous consolidated fiscal year (October 1, 2021 To March 31, 2022)	Current consolidated fiscal year (April 1, 2022 To March 31, 2023)
Profit attributable to owners of the parent (Millions of yen)	3,093	3,856
Net profit used to calculate diluted earnings per share (Millions of yen)	3,093	3,856
Weighted average number of common shares (thousands)	72,246	72,336
Increase in ordinary share		
Share options (thousands of shares)	1,326	1,252
Weighted average number of diluted ordinary shares (in thousands)	73,573	73,589
Net profit per share (yen)	42.81	53.31
Diluted net profit per share (yen)	42.04	52.41

**(Significant Subsequent Events)**

Not applicable.