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February 13, 2024

Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (Under IFRS)

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 Listing: Tokyo Stock Exchange
 Securities code: 5842
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 Scheduled date of annual general meeting of shareholders: March 26, 2024
 Scheduled date to commence dividend payments: —
 Scheduled date to file annual securities report: March 27, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Revenue		Operating income		Profit before income taxes		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	14,082	159.1	10,994	266.5	10,919	274.8	7,574	274.7
December 31, 2022	5,435	40.7	3,000	69.7	2,913	73.3	2,021	72.3

Fiscal year ended	Profit attributable to owners of the parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
December 31, 2023	7,574	274.7	7,574	274.7	262.37	243.93
December 31, 2022	2,021	72.3	2,021	72.3	74.52	68.48

Fiscal year ended	Return on equity attributable to owners of parent	Ratio of profit before income taxes to total assets	Ratio of operating income to revenue
	%	%	%
December 31, 2023	25.6	23.9	78.1
December 31, 2022	11.0	8.7	55.2

Reference: Share of profit (loss) of investments accounted for using equity method

For the fiscal year ended December 31, 2023: —

For the fiscal year ended December 31, 2022: —

Note: The Company conducted a stock split with a ratio of 10 for 1 on July 7, 2023. “Basic earnings per share” and “Diluted earnings per share” are calculated assuming the stock split had already been carried out at the start of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
December 31, 2023	56,296	39,864	39,864	70.8	1,202.64
December 31, 2022	34,918	19,405	19,405	55.6	712.78

Note: The Company conducted a stock split with a ratio of 10 for 1 on July 7, 2023. "Equity attributable to owners of parent per share" is calculated assuming the stock split had already been carried out at the start of the previous fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2023	5,626	△5	10,992	18,922
December 31, 2022	383	△0	△382	2,309

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended December 31, 2022	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00	Millions of yen —	% —	% —
Fiscal year ended December 31, 2023	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending December 31, 2024 (Forecast)	—	12.00	—	12.00	24.00		9.1	

Note: Our dividend policy is to determine the amount of dividends based on the DoE (Dividend on Equity Ratio).

3. Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

Private equity investments, the Group's business, are significantly affected by market conditions such as the stock market and interest rates, as well as by opportunities to invest and dispose of investments.

In addition, Profit/(Loss) on fair value movements on investment calculated in accordance with International Financial Reporting Standards (IFRS) as adopted by the Group are highly dependent on estimates. Therefore, it is difficult to make reasonable earnings forecasts, and we do not make any business forecasts.

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (3) Number of issued shares (ordinary shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2023	34,975,000 shares
As of December 31, 2022	29,100,000 shares

- (ii) Number of treasury shares at the end of the period

As of December 31, 2023	1,828,300 shares
As of December 31, 2022	1,875,000 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2023	28,869,457 shares
Fiscal year ended December 31, 2022	27,123,630 shares

Note: The Company conducted a stock split with a ratio of 10 for 1 on July 7, 2023. “Total number of issued shares at the end of the period”, “Number of treasury shares at the end of the period” and “Average number of shares outstanding during the period” are calculated assuming the stock split had already been carried out at the start of the previous fiscal year.

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	8,996	224.0	5,826	372.7	5,423	370.4	3,765	379.8
December 31, 2022	2,776	5.3	1,232	△5.6	1,152	△6.2	784	△7.2

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2023	130.49	121.32
December 31, 2022	28.93	26.59

Note: The Company conducted a stock split with a ratio of 10 for 1 on July 7, 2023. “Basic earnings per share” and “Diluted earnings per share” are calculated assuming the stock split had already been carried out at the start of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2023	29,470	21,998	74.6	663.64
December 31, 2022	14,712	6,531	44.4	239.88

Reference: Equity

As of December 31, 2023: ¥21,997 million

As of December 31, 2022: ¥6,530 million

Note: The Company conducted a stock split with a ratio of 10 for 1 on July 7, 2023. “Net assets per share” is calculated assuming the stock split had already been carried out at the start of the previous fiscal year.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements and others)

The forward-looking statements contained in this document, including the financial results forecasts, are based on information currently available to the Company and certain assumptions deemed to be reasonable, and the Company does not promise achievement. Actual results may differ significantly from these forecasts due to a wide range of factors.

(Method of accessing supplementary material on quarterly financial results)

The Company plans to hold a briefing for institutional investors and analysts on Tuesday, February 13, 2024. Financial results presentation materials will be disclosed on the Company's website on the same date.

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1. Overview of Business Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

For the year ended December 31, 2023, the Group exited one investee (JRC) by the sale of shares through IPO, three investees (Convano, Bigtree Technology and Consulting, Nitto FC) by the sale of shares through trade-sale and by the partial sale of one investee through trade-sale (Skymark).

Realized profits/(losses) on the disposal of investments increased on a year-on-year basis due to disposal of principal investments among the above-mentioned sales of investees.

Changes in fair value of investee companies are as follows.

The fair value of listed investees decreased as a result of declining the share price of several investees.

The fair value of unlisted investees increased mainly due to the improvement in the performance and financial condition of the investees by the easing of restrictions on economic activities by COVID-19 and the commencement of valuation that begins from one year after the investment.

The Group received Carried interest from Fund II Series due to its excess of the hurdle rate by the sale of Skymark shares in November 2023. As a result, Carried interest increased from the previous year.

Operating expenses increased year-on-year mainly due to an increase in personnel expenses resulting from an increase in the number of employees, an increase in travel expenses resulting from an increase in domestic and international business trips, an increase in expenses associated with the consideration of new investment opportunities, and an increase in tax expenses.

As a result of the above, Revenue for the year ended December 31, 2023 was ¥14,082 million (up 159.1% year-on-year), Operating income was ¥10,994 million (up 266.5% year-on-year), Profit before income taxes was ¥10,919 million (up 274.8% year-on-year), and Profit for the year was ¥7,574 million (up 274.7% year-on-year).

As for changes in fair value of investee companies during the fourth quarter of the current fiscal year (October 1, 2023 to December 31, 2023), the fair value of listed investees decreased due to declining share prices of several investees, and the fair value of unlisted investees increased due to the investee's recent earning recovery and improved financial condition and the commencement of valuation that begins from one year after the investment, although the financial figures of comparable listed companies and other indicators referred in the process of valuation deteriorated. The overall fair value of the portfolio companies increased during the fourth quarter of this fiscal year.

(2) Overview of Financial Position for the Fiscal Year under Review

Analysis of financial position

Assets, liabilities and equity at the end of this fiscal year under review were as follows:

(Assets)

Total assets increased by ¥21,377 million from the end of the previous fiscal year to ¥56,296 million.

Total current assets increased by ¥16,510 million to ¥19,229 million, mainly due to a ¥16,613 million increase in Cash and cash equivalents. Non-current assets increased by ¥4,866 million to ¥37,066 million, mainly due to a ¥684 million increase in Investment portfolio and a ¥4,326 million increase in Investment in subsidiaries measured at fair value.

(Liabilities)

Total liabilities increased by ¥918 million from the end of the previous fiscal year to ¥16,432 million.

Current liabilities increased by ¥468 million to ¥7,519 million, mainly due to a ¥1,415 million increase in Income tax payable. Non-current liabilities increased by ¥449 million to ¥8,912 million, mainly due to a ¥1,390 million increase in Deferred tax liabilities.

(Equity)

Total equity increased by ¥20,458 million from the end of the previous fiscal year to ¥39,864 million, mainly due to a ¥6,556 million increase in Share capital and a ¥6,328 million increase in Capital surplus by initial public offering, and a ¥7,574 million increase in Retained earnings by the record in Profit for the year attributable to owners of the parent.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash flows

Cash flows at the end of the fiscal year under Review were as follows:

(Cash flows from operating activities)

Cash flows provided by operating activities for the year ended December 31, 2023 was a ¥5,626 million (¥383 million provided in the same period of the previous year). This was mainly due to the record of Profit before income taxes of ¥10,919 million, an increase in Investment portfolio of ¥684 million and an increase in Investment in subsidiaries measured at fair value of ¥4,326 million.

(Cash flows from investing activities)

Cash flows used in investing activities for the year ended December 31, 2023 was a ¥5 million (¥0 million used in the same period of the previous year). This was mainly due to the Purchase of property, plant and equipment of ¥5 million.

(Cash flows from financing activities)

Cash flows provided by financing activities for the year ended December 31, 2023 was ¥10,992 million (¥382 million used in the same period of the previous year). This was mainly due to proceeds from issuance of shares of ¥13,113 million.

As a result, Cash and cash equivalents increased by ¥16,613 million, and Cash and cash equivalents at the end of the year was ¥18,922 million (¥2,309 million at the end of the previous fiscal year).

(4) Future Outlook

Private equity investments, the Group's business, are significantly affected by market conditions such as the stock market and interest rates, as well as by opportunities to invest and dispose of investments. In addition, Gain/(Loss) on fair value movements of investees calculated in accordance with International Financial Reporting Standards (IFRS) as adopted by the Group are highly dependent on estimates. Therefore, it is difficult to make reasonable earnings forecasts, and we do not make any business forecasts. However, for the convenience of investors and shareholders, instead of earnings forecasts, we disclose the recurring profit/loss forecasts as reference information. The recurring profit/loss forecasts for the fiscal year ending December 31, 2024 (January 1, 2024 to December 31, 2024) are as follows.

(Reference information)

(Unit: million yen, %)

	Year ended December 31, 2024 (Forecast) *1		Year ended December 31, 2023 (Actual)	Year ended December 31, 2022 (Actual)
		Percentage change from the previous year		
Fund management fees	4,320	15.0%	3,755	3,817
Management support fees	241	22.5%	197	198
Recurring expenses	3,543	20.7%	2,936	2,331
Operating expenses	5,091	64.9%	3,087	2,435
One-time expenses	1,548	924.5%	151	103

【Assumptions for Recurring Profit/Loss Forecast for the year ending December 31, 2024 (Consolidated)】

1. Outlook for the Group as a whole

We are an independent private equity management company that invest in both listed and unlisted companies in Japan. We seek to provide investors with superior returns by investing at appropriate valuations in mid-cap Japanese companies with potential for earnings growth.

Our company name “Integral” originates from “integral calculus - accumulation among relations over time”, meaning that we strive to establish a relationship of deep trust and accumulation of the highest wisdom. As a result of this accumulation, we aim to contribute to the realization of Japanese-style business improvement as "Trusted Investor", which is our corporate mission.

Our Group has established a business model with diversified earning opportunities utilizing our principal capital. The Company's subsidiaries, affiliates, and investees are managed as an investment portfolio, and under this structure, the Group earns fund management fees, management support fees, and carried interest. In this situation, we aim to continuously increase the rate of earnings growth by expanding assets under management (“AUM”) over the medium to long term by increasing the value of equity of investees, to maximize the carried interest received through the realization of investment income, and to continuously grow the fair value (“FV”) of principal investments.

It is difficult to reasonably forecast future AUM, realization of investment income, and FV of principal investments, so we do not forecast these results. These actual figures are as follows.

[Reference for actual results]

(Unit: 100 million yen)

	As of and for the year ended December 31, 2021	As of and for the year ended December 31, 2022	As of and for the year ended December 31, 2023
AUM *1	2,598	2,464	2,185
Fee-Earning AUM *2	1,944	1,940	1,835
FV of principal investments	256	284	327
Acquisition value of principal investments *3	63	76	82
FV of fund investments	1,557	1,790	2,244
Unrealized carried interest *4			
Fund II Series *5	60	64	20
Fund III Series *6	92	74	146
Fund IV Series *7	-	-	54

Note: *1 AUM is calculated based on capital commitment amounts for funds for which the investment period has not ended or for funds without a defined investment period, and based on the fair value of the remaining investments for funds for which the investment period has ended. AUM includes only the funds for which we receive management fee, and excludes funds in which co-investors make investments for specific investees. The investment period is the period during which the partnership agreement allows the Group to make new investments, which is approximately 5 years after the start of the fund.

*2 Fee Earning AUM consist of the balance of managed assets that are used as the basis in calculating fund management fees. It is calculated based on capital commitment amounts for funds for which the investment period has not ended or for funds without a defined investment period, and based on the investment acquisition cost of the remaining investments for funds for which the investment period has ended.

*3 The acquisition value of principal investments is calculated based on (i) the acquisition cost of shares and bonds based on IFRS and (ii) the amount calculated by subtracting the amounts distributed as investment return from the amount of invested capital.

*4 Unrealized carried interest is the amount of carried interest that is expected to be received assuming that the relevant funds were terminated and liquidated as of the relevant date and at the estimated fair value of their investments. Unrealized carried interest is calculated as 20% of the sum of (i) the accumulated distribution amounts as of the end of the fiscal year, (ii) gain or loss from fair market valuation of the portfolio and (iii) net assets, less (iv) the amount of investments to be made. Unrealized carried interest shown in the table above consists of the prospective amount that we expect to receive from the unrealized carried interest calculated in accordance with the aforementioned formula, less the GP investments by our directors and employees.

*5 Fund II Series consists of Integral 2 Limited Partnership and Integral Fund II(A) L.P.. The unrealized carried interest of Fund II Series decreased in the year ended December 31, 2023 due to the realization of carried interest of ¥3.2 billion and the following distribution to the Group in the same period.

*6 Fund III Series consists of Integral 3 Limited Partnership and Innovation Alpha L.P..

*7 Fund IV Series consists of Integral 4 Limited Partnership, Innovation Alpha IV L.P. and Initiative Delta IV L.P..

2. Fund management fees

Fund management fees are recognized as revenue with the passage of time, as the Group, in principle, provides investment management services to the funds over the duration of the funds in accordance with the partnership agreement with the funds that the Group manages. In accordance with the partnership agreement, Fund management fees is calculated in principal based on (i) the amount of capital commitments of the fund currently in the investment period and (ii) the investment balance of the fund after the end of the investment period. The total amount of capital commitment of Fund IV Series, which are currently in the investment period, is ¥123.8 billion.

3. Carried interest

Under our existing fund agreements, as a general partner, we are entitled to distribution referred to as “carried interest” based on the fund’s performance. We record the amount that is up to 20% of cumulative gains on capital invested less the amount that has already been recorded and that will highly probable not to be subject to claw-back as carried interest, when it is certain that the funds will

make distributions in excess of the hurdle rate of 8% of the deployment capital set forth in the partnership agreement and that we will be able to receive carried interest.

4. Management support fees
After making an investment, the Company dispatches our employees to the investees and supports its management to realize investees' short to mid strategic goals. Management support fees are paid to us in accordance with the management support agreement and are recognized as revenue over the contract period with the passage of time.
5. Operating expenses
The Group's operating expenses consist primarily of personnel expenses, commissions expenses, depreciation (including depreciation of right-of-use assets), and other expenses.
6. One-time expenses
The Group's one-time expenses are the cost that are not expected to be incurred on an ongoing basis, such as costs with regard to the listing or fund-raising activities. In the year ended December 31, 2024, the commission fee to a placement agent (an advisor who introduce overseas LP investors, cultivate relationships with investors, etc.) for the fundraising of the next fund is included, thus the one-time expenses increased from the previous year.

2. Basic Policy on Selection of Accounting Standards

The Group has adopted International Financial Reporting Standards (IFRS) from the year ended December 31, 2021 in order to aim to diversify the financing methods in the global market by improving the international comparability of financial conditions in the capital markets, and to appropriately reflect the fair value of investee companies in our consolidated financial statements.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statement of Profit or Loss and Comprehensive Income

Consolidated Statement of Profit or Loss

	(Thousands of Yen)	
	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Realized profits/(losses) on the disposal of investments	(19)	1,045,814
Fair value movements on investment portfolio	(266,247)	2,182,307
Fair value movements on subsidiaries measured at fair value	1,665,634	3,605,156
Dividends	13,267	33,014
Interest income from investment portfolio	2,776	3,764
Gross investment return	1,415,411	6,870,057
Fund management fees	3,817,013	3,755,321
Carried interest	—	3,254,459
Management support fees	198,104	197,549
Other operating income	4,841	5,191
Revenue	5,435,371	14,082,580
Operating expenses	(2,435,186)	(3,087,743)
Operating income (loss)	3,000,184	10,994,836
Finance income	2,523	6,371
Finance costs	(89,331)	(81,369)
Profit (loss) before income taxes	2,913,377	10,919,838
Income taxes	(892,038)	(3,345,343)
Profit (loss) for the year	2,021,338	7,574,494
Profit (loss) for the year attributable to:		
Owners of the parent	2,021,338	7,574,494
Profit (loss) for the year	2,021,338	7,574,494
Earnings per share	Yen	Yen
Basic earnings (loss) per share	74.52	262.37
Diluted earnings (loss) per share	68.48	243.93

Consolidated Statement of Comprehensive Income

	(Thousands of Yen)	
	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit (loss) for the year	2,021,338	7,574,494
Comprehensive income for the year	2,021,338	7,574,494
Comprehensive income for the year attributable to:		
Owners of the parent	2,021,338	7,574,494
Comprehensive income for the year	2,021,338	7,574,494

(2) Consolidated Statement of Financial Position

(Thousands of Yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	2,309,593	18,922,810
Trade and other receivables	325,369	206,383
Income taxes receivable	18,945	45
Loans	-	35,000
Other current financial assets	5,841	15,720
Other current assets	59,109	49,826
Total current assets	2,718,858	19,229,785
Non-current assets:		
Investments:	31,393,768	36,404,879
Investment portfolio	7,783,615	8,468,435
Investments in subsidiaries measured at fair value	23,610,153	27,936,444
Property, plant and equipment	238,213	208,363
Right-of-use assets	403,445	255,445
Intangible assets	5,751	3,765
Other non-current financial assets	158,869	194,167
Other non-current assets	-	172
Total non-current assets	32,200,048	37,066,794
Total assets	34,918,907	56,296,580

(Thousands of Yen)

As of December 31, 2022 As of December 31, 2023

Liabilities and Equity

Liabilities

Current liabilities:

Trade and other payables	535,744	781,867
Income taxes payable	61,405	1,477,074
Consumption taxes payable	74,149	36,809
Advances received	1,005,530	615,010
Loans	780,000	780,000
Loans from subsidiaries measured at fair value	4,350,000	3,500,000
Lease liabilities	141,989	141,989
Provision for bonuses	-	66,730
Other current liabilities	101,279	119,607
Total current liabilities	7,050,100	7,519,088

Non-current liabilities:

Loans	1,560,000	759,765
Lease liabilities	175,954	35,009
Asset retirement obligations	114,696	114,696
Deferred tax liabilities	6,612,619	8,003,504
Total non-current liabilities	8,463,269	8,912,975
Total liabilities	15,513,370	16,432,064

Equity

Share capital	1,077,750	7,634,250
Capital surplus	43,582	6,371,591
Retained earnings	18,292,355	25,866,849
Share acquisition rights	1,224	965
Treasury stock	(9,375)	(9,141)
Equity attributable to owners of parent	19,405,537	39,864,516
Total equity	19,405,537	39,864,516
Total liabilities and equity	34,918,907	56,296,580

(3) Consolidated Statement of Changes in Equity

	(Thousands of Yen)						
	Share capital	Capital surplus	Retained earnings	Share acquisition rights	Treasury stock	Equity attributable to owners of parent	Total equity
Balance as of January 1, 2022	1,077,750	18,847	16,271,016	1,599	(11,875)	17,357,338	17,357,338
Profit (loss) for the year	-	-	2,021,338	-	-	2,021,338	2,021,338
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	2,021,338	-	-	2,021,338	2,021,338
Share-based payment transactions	-	-	-	10	-	10	10
Exercise of share acquisition rights	-	385	-	(385)	-	-	-
Disposal of treasury stock	-	24,350	-	-	2,500	26,850	26,850
Total transactions with owners	-	24,735	-	(374)	2,500	26,860	26,860
Balance as of December 31, 2022	1,077,750	43,582	18,292,355	1,224	(9,375)	19,405,537	19,405,537
Profit (loss) for the year	-	-	7,574,494	-	-	7,574,494	7,574,494
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	7,574,494	-	-	7,574,494	7,574,494
Issuance of new shares	6,556,500	6,556,500	-	-	-	13,113,000	13,113,000
New share issuance costs	-	(228,638)	-	-	-	(228,638)	(228,638)
Share-based payment transactions	-	-	-	29	-	29	29
Exercise of share acquisition rights	-	147	-	(4)	-	142	142
Forfeiture of share acquisition rights	-	-	-	(283)	-	(283)	(283)
Disposal of treasury stock	-	-	-	-	233	233	233
Total transactions with owners	6,556,500	6,328,009	-	(258)	233	12,884,483	12,884,483
Balance as of December 31, 2023	7,634,250	6,371,591	25,866,849	965	(9,141)	39,864,516	39,864,516

(4) Consolidated Statement of Cash Flow

	(Thousands of Yen)	
	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities:		
Profit (loss) before income taxes	2,913,377	10,919,838
Depreciation and amortization	185,785	185,743
Share-based payment expenses	10	29
Interest and dividend income	(18,568)	(37,955)
Interest expenses	89,197	81,369
Increase (decrease) in provision	-	66,730
Decrease (increase) in trade and other receivables	(161,474)	118,986
Decrease (increase) in investment portfolio	(775,962)	(684,820)
Decrease (increase) in investments in subsidiaries measured at fair value	(2,039,988)	(4,326,290)
Decrease (increase) in loans	-	(35,000)
Decrease (increase) in other financial assets	26,310	(44,370)
Decrease (increase) in other assets	(12,777)	7,849
Increase (decrease) in trade and other payables	81,713	258,529
Increase (decrease) in consumption taxes payable	(11,877)	(37,340)
Increase (decrease) in advances received	591,775	(390,520)
Increase (decrease) in other liabilities	10,233	18,327
Others	(0)	(2,097)
Subtotal	877,755	6,099,008
Interest and dividends received	17,134	38,410
Interest paid	(73,418)	(93,776)
Income taxes paid	(438,421)	(417,169)
Cash flows from operating activities	383,049	5,626,472
Cash flows from investing activities:		
Purchase of property, plant and equipment	-	(5,908)
Purchase of intangible assets	(684)	-
Cash flows from investing activities	(684)	(5,908)
Cash flows from financing activities:		
Proceeds from loans from subsidiaries measured at fair value	3,022,103	2,550,000
Repayment of loans from subsidiaries measured at fair value	(3,272,103)	(3,400,000)
Proceeds from loans	2,340,000	-
Repayments of loans	-	(800,234)
Redemption of corporate bonds	(2,360,000)	-
Repayments of lease liabilities	(138,964)	(140,944)
Proceeds from issuance of shares	-	13,113,000
Payments for issuance of shares	-	(329,544)
Proceeds from sale of treasury shares	26,850	376
Cash flows from financing activities	(382,114)	10,992,652
Increase (decrease) in cash and cash equivalents	251	16,613,217
Cash and cash equivalents at the beginning of the year	2,309,342	2,309,593
Effect of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the year	2,309,593	18,922,810

- (5) Notes to Consolidated Financial Statements
(Notes on Going concern assumptions)
Not applicable.

(Segment information)

The description is omitted because the Group engages in a single operating segment of the equity investment business.

(Per share information)

The basis for calculating basic and diluted earnings (loss) per share is as follows:

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit (loss) attributable to owners of the parent (Thousands of Yen)	2,021,338	7,574,494
Weighted average number of shares during the year (Shares)	27,123,630	28,869,457
Number of dilutive potential shares Increase due to exercising stock options (Shares)	2,394,675	2,182,195
Weighted average number of shares adjusted for the effect of dilution (Shares)	29,518,305	31,051,652
Basic earnings (loss) per share (Yen)	74.52	262.37
Diluted earnings (loss) per share (Yen)	68.48	243.93

Note: The Company conducted a stock split with a ratio of 10 for 1 on July 7, 2023, based on a resolution at the meeting of the Board of Directors held on June 19, 2023. Basic earnings (loss) per share and Diluted earnings (loss) per share are calculated assuming the stock split had already been carried out at the start of the previous fiscal year.

(Significant subsequent events)
Not applicable.