



February 10th, 2022

Summary of Consolidated Financial Results (IFRS) for the 1Q of Fiscal Year Ending March 31, 2022

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 Listed share exchange: Tokyo Stock Exchange Securities Code: 3962
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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 and analysts)

(Amounts less than one million are rounded down.)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022 (October 1, 2021 to December 31, 2021)

(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	%
1Q of FY 2022	7,932	1.7	4,782	3.6	4,773	4.2	3,286	9.7	3,265	8.3	3,286	9.7
1Q of FY 2021	7,799	79.0	4,618	73.6	4,582	72.9	2,995	74.7	3,015	149.4	2,995	74.7

	Basic quarterly basic earnings per share	Diluted quarterly earnings per share
	Yen	Yen
1Q of FY 2022	45.24	44.37
1Q of FY 2021	45.13	43.95

(Note) The Company conducted a 2-for-1 stock split on January 1, 2021. Basic quarterly earnings per share and diluted quarterly earnings per share are calculated as if the stock split had occurred at the beginning of the previous fiscal year.

(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	%
1Q of FY 2022	46,027	35,634	33,650	73.1
End of FY 2021	39,386	32,394	30,455	77.3

2. Dividend Status

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	End of the fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	-	0.00	-	0.00	0.00
FY 2022	-	0.00	-	0.00	0.00
FY 2022 (forecast)	-	0.00	-	0.00	0.00

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

3. Forecasts for the Fiscal Year Ending September 30, 2022 (October 1, 2021 to March 31, 2022)

(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	11,000	-	5,000	-	4,985	-	3,441	-	3,380	-	48.42

[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. In response to the approval of the partial changes in the Articles at the 19th Annual Meeting of the Shared Meeting held on December 24, 2021, we changed the account closing date from September 30 to March 31, starting from the fiscal year ending March 31, 2022. This will result in incomparable figures of the consolidated six-month period with the previous full-year period. Therefore, year-on-year percentage changes for the full fiscal year are not presented in the above.

※ Notes

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

New company (company name) None Excluded company (company name) None

- (2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: No

(ii) Changes in accounting policies other than (i): No

(iii) Changes in accounting estimates: No

- (3) Number of shares outstanding (ordinary shares)

(i) Number of shares outstanding at the end of the period (including treasury share)	1 Q of FY2022	72,917,962 shares	End of FY 2021	72,679,562 shares
(ii) Number of treasury shares at the end of the period	1 Q of FY 2022	623,235 shares	End of FY 2021	612,235 shares
(iii) Average number of shares during the period (cumulative quarterly period)	1Q of FY 2022	72,175,770 shares	1Q of FY2022	66,815,757 shares

(Note) The Company conducted a 2-for-1 share split of its ordinary shares on January 1, 2021. The figures hereof were calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

※ 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 5 hereof.

Accompanying Materials

Index

1. Information on financial results for the current fiscal year	4
(1) Overview of operating results	4
(2) Financial Position	4
(3) Explanation for the consolidated earnings forecasts	5
2. Condensed Quarterly Consolidated Financial Statements and Major Notes	6
(1) Condensed Quarterly Consolidated Statement of Financial Position	6
(2) Condensed Quarterly Consolidated Statements of Income and Summary Consolidated Statements of Comprehensive Income	8
(3) Condensed Quarterly Consolidated Statements of Changes in Equity	10
(4) Condensed Quarterly Consolidated Statements of Cash Flows	12
(5) Notes to Condensed Quarterly Consolidated Financial Statements	13
(Notes on the Going Concern Assumption)	13
(Segment Information)	13
(Significant Subsequent Events)	14

1. Information on financial results for the current fiscal year

(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. We have been achieving steady growth in sales and profit every year since the listing of our shares in September 2016.

Specifically, we are developing and expanding our business in three areas: NEW-IT Transformation Business, which supports the development of digital human resources, innovations in business processes, and digitization; Investment Business, which is investing in businesses that are synergistic with NEW-IT Transformation Business, to be responsible for creating new businesses and building business models; and the Publitech Business, which is committed to promoting DX-based regional creation.

Operating results for the first quarter of the current fiscal year are as follows.

Regarding the NEW-IT Transformation Business, we are increasing the number of large-scale projects for supporting the development of digital human resources, synergistically advancing the development of new services and contents, steadily strengthening alliances in the DX fields, and accelerating the digital transformation in Japan.

Regarding the Publitech Business, we are providing supports for local businesses and producers who are continuing to challenge various problems under the COVID 19 Pandemic and developing channels for donation inflows and attract donors by using our alliances in line with the objectives of the hometown tax payment system. Our LoGo Chat and LoGo Forms, which are SaaS for local governments, have continued to be highly regarded by users and are steadily expanding. Also, in new energy-related fields, we are steadily taking initiatives that will serve as leading examples in the industry. In addition, we are smoothly promoting DX for local governments, including the decision to establish a joint venture with Konica Minolta, Inc. and Konica Minolta Publitech, Inc. on April 1, 2022 (planned).

As a result, in the first quarter of the current consolidated fiscal year, revenue was 7,932 million yen (up 1.7% from 1Q of the previous year), operating profit was 4,782 million yen (up 3.6% from the same period), profit before taxes was 4,773 million yen (up 4.2% from the same period), and quarterly profit attributable to owners of parent was 3,265 million yen (up 8.3% from the same period).

Segment operating results are as follows:

(a) NEW-IT Transformation Business

Regarding the NEW-IT Transformation Business, we are increasing the number of large-scale projects for supporting the development of digital human resources, synergistically advancing the development of new services and contents, steadily strengthening alliances in the DX fields, and accelerating the digital transformation in Japan.

As a result, in the first quarter of the current consolidated fiscal year, revenue in the NEW-IT Transformation Business was 653 million yen (up 38.0% from 1Q of the previous year) and segment profit was 203 million yen (up 49.4% from the same period).

(b) Investment Business

Regarding the Investment Business, the share prices of some of our investees mainly belonging to the growth market have been weak in the first quarter of the current fiscal year.

As a result, in the first quarter of the current consolidated fiscal year, revenue in the Investment Business was 24 million yen (down 66.1% from 1Q of the previous year) and segment profit was 19 million yen (down 71.2% from the same period).

(c) Publitech Business

Regarding the Publitech Business, we are providing supports for local businesses and producers who are continuing to challenge various problems under the COVID 19 Pandemic and developing channels for donation inflows and attract donors by using our alliances in line with the objectives of the hometown tax payment system. Our LoGo Chat and LoGo Forms, which are SaaS for local governments, have continued to be highly regarded by users and are steadily expanding. Also, in new energy-related fields, we are steadily taking initiatives that will serve as leading examples in the industry. In addition, we are smoothly promoting DX for local governments, including the decision to establish a joint venture with Konica Minolta, Inc. and Konica Minolta Publitech, Inc. on April 1, 2022 (planned).

As a result, in the first quarter of the current consolidated fiscal year, revenue in the Publitech Business was 7,254 million yen (up 0.0% from 1Q of the previous year), and segment profit was 5,087 million yen (up 6.6% from the same period).

(2) Financial Position

(i) Assets, Liabilities, and Shareholder Equity

(Assets)

Current assets at the end of the first quarter of the current consolidated fiscal year were 39,463 million yen, an increase of 6,507 million yen from the end of the previous fiscal year. This was mainly due to an increase of 6,340 million yen in trade and other receivables. Non-current assets were 6,564 million yen, an increase of 133 million yen from the end of the previous fiscal year. This was primarily due to an increase of 109 million yen in the intangible assets.

As a result, total assets were 46,027 million yen, an increase of 6,641 million yen compared to the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the first quarter of the current consolidated fiscal year were 9,026 million yen, an increase of 3,480 million yen from the end of the previous fiscal year. This was mainly due to an increase of 3,110 million yen in trade and other payables. Non-current liabilities were 1,366 million yen, a decrease of 79 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 55 million yen in bonds and borrowings.

As a result, total liabilities were 10,393 million yen, an increase of 3,401 million yen from the end of the previous fiscal year.

(Equity)

Equity at the end of the first quarter of the current consolidated fiscal year was 35,634 million yen, an increase of 3,240 million yen from the end of the previous fiscal year. This was due to an increase of 3,265 million yen in retained earnings due to the recognition of quarterly profit attributable to owners of the parent.

(ii) Cash Flows

Cash and cash equivalents at the end the first quarter of the current consolidated fiscal year were 27,604 million yen, a decrease of 86 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 increase in cash from operating activities during the first quarter of current consolidated fiscal year was 320 million yen (an increase of 2,548 million yen during the previous fiscal year). This was mainly due to the recognition of net profit before tax of 4,773 million yen, Δ 6,340 million yen of trade and other receivables, and 3,110 million of trade and other payables.

(Cash flows from investing activities)

Net cash used in investing activities in the first quarter of the current consolidated fiscal year was 269 million yen (a decrease of 222 million yen during the previous fiscal year). This was mainly due to the acquisition of the intangible assets of 230 million yen.

(Cash flows from financing activities)

Net cash used in financing activities in the first quarter of the current consolidated fiscal year was 137 million yen (a decrease of 137 million yen from the previous fiscal year). This was mainly due to the repayment of long-term borrowings of 71 million yen.

(3) Explanation for the consolidated earnings forecasts

Regarding earnings forecasts, there are no changes from the financial forecast announced on December 14, 2021 in the "Announcement on the Revision of the Full-year Earnings Forecasts Due to the Changes of the Fiscal Year End, etc.

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2. Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	Note	End of the previous consolidated fiscal year (As of September 30, 2021)	End of 1st quarter of the current consolidated fiscal year (As of December 31, 2021)
Assets			
Current assets			
Cash and cash equivalents		27,690	27,604
Trade and other receivables		3,226	9,566
Inventories		46	41
Investment securities held as part of operations		1,571	1,596
Other financial assets		30	30
Other current assets		390	624
Total current assets		32,956	39,463
Non-current assets			
Property, plant and equipment		183	239
Right- of- use assets		220	185
Goodwill		4,409	4,409
Intangible assets		1,288	1,397
Other financial assets		160	161
Deferred tax assets		167	167
Other non-current assets		-	2
Total non-current assets		6,430	6,564
Total assets		39,386	46,027

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(Millions of yen)

	Note	End of the previous consolidated fiscal year (As of September 30, 2021)	End of 1st quarter of the current consolidated fiscal year (As of December 31, 2021)
Liabilities and Equity			
Liabilities			
Current liabilities			
Trade and other payables		2,942	6,053
Short-term borrowings		277	274
Lease liabilities		128	117
Other financial liabilities		57	100
Income taxes payable		1,317	1,554
Provisions		24	10
Other current liabilities		797	916
Total current liabilities		5,545	9,026
Non-current liabilities			
Bonds and borrowings		1,290	1,235
Lease liabilities		82	63
Provisions		23	18
Deferred tax liabilities		17	17
Other non-current liabilities		31	31
Total non-current liabilities		1,446	1,366
Total liabilities		6,992	10,393
Equity			
Share capital		1,000	1,001
Capital surplus		23,086	23,015
Retained earnings		7,774	11,039
Treasury shares		△1,405	△1,405
Total equity attributable to owners of parent (total)		30,455	33,650
Non-controlling interests		1,939	1,984
Total equity		32,394	35,634
Total liabilities and equity		39,386	46,027

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

		(Millions of yen)	
	Note	1st quarter of the previous consolidated fiscal year (From October 1, 2020 To December 31, 2020)	1st quarter of the current consolidated fiscal year (From October 1, 2021 To December 31, 2021)
Revenue from contracts with customers		7,727	7,907
Revenue from investment securities held as part of operations		72	24
Total revenue		7,799	7,932
Cost of sales		930	1,001
Gross profit		6,869	6,931
Selling, general and administrative expenses		2,251	2,153
Other income		0	6
Other costs		-	1
Operating profit		4,618	4,782
Financial income		0	0
Financial costs		35	9
Profit before taxes		4,582	4,773
Income tax expense		1,587	1,487
Quarterly net profit		2,995	3,286
Quarterly profit attributable to:			
Owners of the parent		3,015	3,265
Non-controlling interests		△19	21
Quarterly net profit		2,995	3,286
Quarterly earnings per share			
Quarterly basic earnings per share (yen)		45.13	45.24
Quarterly diluted earnings per share (yen)		43.95	44.37

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[Condensed Quarterly Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Note	1st quarter of the previous consolidated fiscal year (From October 1, 2020 to December 31, 2020)	1st quarter of the current consolidated fiscal year (From October 1, 2021 To December 31, 2021)
Quarterly net profit		2,995	3,286
Quarterly comprehensive income		<u>2,995</u>	<u>3,286</u>
Quarterly comprehensive income attributable to:			
Owners of parent		3,015	3,265
Non-controlling interests		<u>△19</u>	<u>21</u>
Quarterly comprehensive income		<u>2,995</u>	<u>3,286</u>

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Previous fiscal year (From October 1, 2020 to December 31, 2020)

(Millions of yen)

	Note	Equity attributable to owners of parent				Total
		Share Capital	Capital surplus	Retained earnings	Treasury share	
Balance on October 1, 2020		2,397	1,892	3,669	△0	7,959
Quarterly net profit				3,015		3,015
Total quarterly comprehensive income		-	-	3,015	-	3,015
Issuance of shares		4	4			9
Purchase of treasury shares					△0	△0
Changes in interests in subsidiaries			1,433			1,433
Total transactions with owners		4	1,437	-	△0	1,442
Balance on December 31, 2020		2,401	3,330	6,685	△0	12,417

	Note	Non-controlling interests	Total
Balance on October 1, 2020		1,447	9,406
Quarterly Net profit		△19	2,995
Total quarterly comprehensive income		△19	2,995
Issuance of shares			9
Purchase of treasury shares			△0
Changes in interests in subsidiaries		△1,442	△8
Total transactions with owners		△1,442	0
Balance on December 31, 2020		△14	12,402

Current fiscal year (from October 1, 2021 to December 31, 2021)

(Millions of yen)

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

	Note	Non-controlling interests	Total
Balance on October 1, 2019		1,939	32,394
Quarterly net profit		21	3,286
Total quarterly comprehensive income		21	3,286
Issuance of shares			2
Changes in interests in subsidiaries		23	△48
Total transactions with owners		23	△46
Balance on December 31, 2021		1,984	35,634

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Note	1st quarter of the previous consolidated fiscal year (From October 1, 2020 to December 31, 2020)	1st quarter of the current consolidated fiscal year (From October 1, 2021 To December 31, 2021)
Cash flow from operating activities			
Profit before income taxes		4,582	4,773
Depreciation and amortization		203	142
Finance income and finance costs		35	9
Increase (decrease) in inventory (increase in Δ)		Δ 20	5
Increase (decrease) in trade and other receivables (increase in Δ)		Δ 7,177	Δ 6,340
Increase (decrease) in investment securities held as part of operations (increase in Δ)		Δ 247	Δ 25
Increase (decrease) in trade and other payables (decrease in Δ)		6,710	3,110
Other		Δ 117	Δ 205
Subtotal		3,968	1,470
Interest and dividends received		0	0
Interest paid		Δ 2	Δ 6
Income taxes paid		Δ 1,417	Δ 1,142
Net cash provided by (used in) operating activities		2,548	320
Cash flow from investing activities			
Purchases of property, plant and equipment		Δ 9	Δ 73
Purchase of intangible assets		Δ 114	Δ 230
Other		Δ 99	34
Net cash provided by (used in) investing activities		Δ 222	Δ 269
Cash flow from financing activities			
Proceeds of long-term borrowings		-	10
Repayments of lease liabilities		Δ 1,325	Δ 71
Repayments of long-term borrowings		Δ 50	Δ 29
Proceeds from issuance of shares		9	2
Purchase of shares of subsidiaries from non-controlling interests		Δ 8	Δ 48
Purchase of treasury shares		Δ 0	-
Net cash provided by (used in) financing activities		Δ 1,375	Δ 137
Net increase in cash and cash equivalents (Δ in decrease)		950	Δ 86
Cash and cash equivalents at beginning of period		7,599	27,690
Effect of exchange rate changes on cash and cash equivalents		Δ 0	0
Cash and cash equivalents at end of period		8,550	27,604

[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 principally innovating business processes, promoting digitization, 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 payment and the provision of technology services for government agencies.

(2) Information regarding reportable segments

The accounting policies of the reportable segments are the same as those of the Group.

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

Intersegment revenue is based on prevailing market prices.

1st quarter of the previous fiscal year (From October 1, 2020 to September 30, 2020)

(Millions of yen)

	Reportable segments				Adjustment (Note) 1	Consolidated
	NEW-IT Transformation Business	Investment Business	Publitech Business	Total		
Revenue						
Revenue from external customers	473	72	7,253	7,799	-	7,799
Intersegment revenue	-	-	-	-	-	-
Total	473	72	7,253	7,799	-	7,799
Segment profit (Note 2)	136	67	4,771	4,975	△357	4,618
Finance income	-	-	-	-	-	0
Financing cost	-	-	-	-	-	35
Profit before tax	-	-	-	-	-	4,582

(Note) 1. The adjusted △357 million yen for the segment income is corporate expenses that are not allocated to each reportable segment, and mainly consists of general and administrative expenses that are not attributable to the reportable segment.

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

1st quarter of the current fiscal year (From October 1, 2021 to December 3, 2021)

[Notes of caution]

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(Millions of yen)

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

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

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

(Significant Subsequent Events)

Not applicable.