



November 11th, 2022

Summary of Consolidated Financial Results (IFRS) for the 2Q of Fiscal Year Ending March 31, 2023

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 Listed share exchange: Tokyo Stock Exchange Securities Code: 3962
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 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 Second Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to September 30, 2022)

(1) Consolidated Operating Results (Cumulative Period)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before taxes		Net profit		Quarterly profit attributable to owners of the parent		Total quarterly comprehensive income	
	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%
2Q of FY 2023	5,937	-	135	-	120	-	63	-	168	-	63	-
2Q of FY 2022	-	-	-	-	-	-	-	-	-	-	-	-

	Basic quarterly basic earnings per share	Diluted quarterly earnings per share
	Yen	Yen
2Q of FY 2023	2.33	2.30
2Q of FY 2022	-	-

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

(2) Consolidated Financial Position

	Total assets	Total shareholders' equity	Profit attributable to owners of parent	Percentage of interests attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%
End of 2Q of FY 2023	45,213	35,537	33,323	73.7
End of FY 2022	42,728	35,506	33,480	78.4

2. Dividend Status

	Annual dividends				Total
	End of first quarter	End of second quarter	End of third quarter	End of the fiscal year	
	Yen	Yen	Yen	Yen	Yen
FY2022	0.00	-	-	4.50	4.50
FY 2023	-	0.00	-	-	-
FY 2023 (forecast)	-	-	-	7.00	7.00

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

[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.

3. Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

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

	Revenue		Operating profit		Profit before taxes		Net profit		Profit attributable to owners of parent		Basic profit per share
	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%	Yen
Full year	21,000	-	7,000	-	6,967	-	4,806	-	4,669	-	64.54

(Note) 1. Revisions from the most recently published performance forecast: No

2. The consolidated fiscal year ended March 31, 2022 corresponds to six-month period from October 1, 2021 to March 31, 2022 due to the change in the consolidated fiscal year-end. As a result, year-on-year changes are not presented here.

※ Notes

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

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

(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)	2Q of FY2023	72,959,562 shares	FY2022	72,959,562 shares
(ii) Number of treasury shares at the end of the period	2Q of FY 2023	623,235 shares	FY2022	623,235 shares
(iii) Average number of shares during the period (cumulative quarterly period)	2Q of FY 2023	72,336,327 shares	2Q of FY2022	- shares

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

※ Financial results hereof are not subject to review by certified accountants or audit corporations.

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

The earnings forecasts and other forward-looking statements contained in this report are prepared based on information currently available to the Company and on certain assumptions deemed to be reasonable, but they are not promised by the Company regarding future performance. Actual results may differ significantly from these forecasts due to various factors. For future forecasts and assumptions, please refer to "1. Information on financial results for the current fiscal year (iii) Forecasts for the next fiscal year" on page 4 hereof.

Accompanying Materials

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1. Information on financial results for the current fiscal year

The forward-looking statements in the text are based on the judgment of the Group as of the last day of the second quarter consolidated accounting period of the current fiscal year.

The Company changed the fiscal year-end from September 30 to March 31 from the year ended March 31, 2022. It did not prepare the condensed consolidated cumulative second quarterly financial statements of the fiscal year ended March 2022. Therefore, it does not show the comparison between the second quarter of the previous fiscal year and the same of the current fiscal year here.

(1) Overview of operating results

In the future, it is predicted that about 1 out of 2.6 citizens will be older than 65 in 2065, resulting in a world of super-aged society. In recent years, as a result of the spread of new corona viruses, it was found that Japanese digital transformation (hereinafter, "DX") is becoming increasingly behind the world. Therefore, in the stock market, there is a clear bipolarization between companies adaptive and evolving to DX and other companies. As a result, it is urgently necessary for surviving companies to respond to, transform, and invest in DX. In addition, it is also inevitable for local governments who are facing with the challenge of severe financial conditions and population decline and whose workloads are increasing despite the declining number of employees to improve operational efficiency through DX.

Under such circumstances, the Group (or simply, "we") has been developing businesses such as digitization of business models and business processes and support for the development of digital human resources in order to dramatically improve Japanese productivity with "People multiplied by Technology" and to make Japan a sustainable society with a decreasing population under the vision of "Change Productivity" under the mission of "Change People, Change Business, Change Japan". Since its inception, we have provided solutions to the digitization needs of many customers.

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

On May 13, 2022, we announced the revised Mid-term Business Plan of "Digitize & Digitalize Japan (Phase2)". In March 2022, we entered into a capital and business alliance with SBI Holdings, Inc., have been accelerating initiatives for regional revitalization, expanding the scope of DX's growth by hiring and developing human resources, and establishing joint ventures with major companies, and also accelerating M&A and other growth-oriented investments, in order to establish priority areas for "Local" × "Social" × "Digital" and lead the Japanese DX and achieve the revised Mid-term Business Plan.

Today, on November 11, 2022, we released the "Announcement on the Start of the Discussion for Shifting to a Holding Company Structure". By transitioning to a holding company structure, we will further strengthen group governance, optimize management resource allocation, and promote the development of next-generation management personnel. Our purpose is to evolve into a flexible and resilient management structure that can respond swiftly to any changes in the business environment.

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

In the NEW-IT Transformation Business, the Group continues to invest in M&A as a whole. On August 1, 2022, Digital Growth Academic, INC., our subsidiary, consolidated Logosware Corporation, a company that provides e-learning and training live distribution platforms, into its subsidiary, and on November 4, 2022, the Company entered into a capital and business alliance with learningBOX, Inc., a company that develops e-learning management systems. Through these investments, the Group will accelerate the evolution of its business model into a platform-oriented business in the digital human resource development field. Also, on October 3, 2022, the Company acquired DFA Robotics Inc. As a result, we will develop the robotics business, which is expected to grow dramatically in the future as one of Japan's solutions amid the declining birthrate, aging population, and declining population.

In the Investment Business, the stock prices of some listed companies, mainly growth stocks, remained weak, and we recorded valuation losses on some unlisted stocks held.

In the Publitech Business, 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. As this business is aimed at local governments, revenues tends to be concentrated in the second half of the fiscal year. However, we have already made upfront investments as planned, and are steadily advancing our strategy. In addition, the number of LoGo chat and LoGo form, which are SaaS businesses for local governments, continued to grow smoothly with high reputation among users, and the number of paid subscriptions increased. In LoGo chat, the number of local government users, paid and free as a whole, has exceeded 1,000. For hometown tax donation, we are increasing added value by providing OEM systems for the hometown tax donation platform, diversifying settlement methods and payment methods, etc. On October 21, 2022, we entered into a capital and business alliance with Governance Technologies, Inc., which has strengths in SaaS for the public sector. On November 1, 2022, our subsidiary, TrustBank, Inc. entered into a capital alliance with BeA, Inc. which is engaged in the domestic migration and inbound business. Through these capital and business and business alliances, we will expand services for solutions for local governments and accelerate local government DX.

As a result, in the consolidated cumulative second quarter of the fiscal year ending March 31, 2023, revenue was 5,937 million yen, operating profit was 135 million yen, profit before taxes was 120 million yen, and quarterly profit attributable to owners of parent was 168 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 M&A as a whole. On August 1, 2022, Digital Growth Academic, Inc., our subsidiary, acquired Logosware Corporation, which provides an E-learning and live-training distribution platform. On November 4, 2022, the Company entered into a capital and business alliance with learningBOX, Inc., a company that develops e-learning management systems. Through these investments, the Group will accelerate the evolution of its business model into a platform-oriented business in the digital human resource development field. On October 3, 2022, DFA Robotics Inc. was consolidated into our subsidiary. As a result, we will develop the robotics business, which is expected to grow dramatically in the future as one of Japan's solutions amid the declining birthrate, aging population, and declining population.

As a result, in the consolidated cumulative second quarter of the fiscal year ending March 31, 2023, revenue in the NEW-IT

Transformation Business was 1,947 million yen and segment profit was 605 million yen.

(b) Investment Business

In the Investment Business, the stock prices of some listed companies, mainly growth stocks, remained weak, and we recorded valuation losses on an unlisted stock held.

As a result, in the consolidated cumulative second quarter of the fiscal year ending March 31, 2023, revenue in the Investment Business was Δ 192 million yen and segment loss was 208 million yen.

(c) Publitech Business

In the Publitech Business, on March 28, 2022, we established Govmates, Inc., a joint venture with Konica Minolta, Inc. and Konica Minolta Publitech, Inc. to accelerate local governments' DX systems. As this business is aimed at local governments, revenues will be concentrated in the second half of the fiscal year. However, we have already made upfront investments as planned and are steadily advancing our strategy. In addition, the number of LoGo chat and LoGo form, which are SaaS businesses for local governments, continued to grow smoothly with high reputation among users, and the number of paid subscriptions increased. In LoGo chat, the number of local government users, paid and free as a whole, has exceeded 1,000. For hometown tax donation, we are increasing added value by providing OEM systems for the hometown tax donation platform and diversifying settlement methods and payment methods, etc. On October 21, 2022, we entered into a capital and business alliance with Governance Technologies, Inc., which has strengths in SaaS for the public sector. On November 1, 2022, our subsidiary, TrustBank, Inc. entered into a capital alliance with BeA, Inc. which is engaged in the domestic migration and inbound business. Through these capital and business alliances, we will expand services for solutions for local governments and accelerate local government DX.

As a result, in the consolidated cumulative second quarter of the fiscal year ending March 31, 2023, revenue in the Publitech Business was 4,196 million yen, and segment profit was 1,040 million yen.

(2) Financial Position

(i) Assets, Liabilities, and Shareholder Equity

(Assets)

Current assets at the end of the consolidated second quarter of the current fiscal year were 34,156 million yen, a decrease of 1,505 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 2,839 million yen in cash and cash equivalents. Non-current assets were 11,057 million yen, an increase of 3,989 million yen from the end of the previous fiscal year. This was primarily due to an increase of 1,880 million yen in goodwill.

As a result, total assets were 45,213 million yen, an increase of 2,484 million yen compared to the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the consolidated second quarter of the current fiscal year were 5,479 million yen, a decrease of 393 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,284 million yen in accrued income taxes.

Non-current liabilities were 4,196 million yen, an increase of 2,847 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,464 million yen in bonds and borrowings.

As a result, total liabilities were 9,676 million yen, an increase of 2,453 million yen from the end of the previous fiscal year.

(Equity)

Equity at the end of the consolidated second quarter of the current fiscal year was 35,537 million yen, an increase of 30 million yen from the end of the previous fiscal year. This was due to an increase of 187 million yen in non-controlling interests resulting from business combinations.

(ii) Cash Flows

Cash and cash equivalents at the end the consolidated second quarter of the current fiscal year were 27,567 million yen, a decrease of 2,839 million yen from the end of the previous fiscal year.

The status of each cash flow and main factors are as follows.

(Cash flows from operating activities)

The decrease in cash from operating activities during the consolidated second quarter of the current fiscal year was 2,103 million yen. This was mainly due to the payment of 1,591 million yen of income taxes.

(Cash flows from investing activities)

The decrease in cash from investing activities in the consolidated second quarter of the current fiscal year was 2,184 million yen. This was mainly due to the acquisition of the tangible fixed assets of 909 million yen.

(Cash flows from financing activities)

The increase in cash from financing activities in the consolidated second quarter of the current fiscal year was 1,443 million yen. This was mainly due to the borrowing of the long-term debts of 2,000 million yen

(3) Explanation for the consolidated earnings forecasts

Regarding earnings forecasts, there are no changes from the consolidated financial forecast announced on May 13, 2022.

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2. Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	End of the previous consolidated fiscal year (As of March 31, 2022)	End of 2Q of the current consolidated fiscal year (As of September 30, 2022)
Assets		
Current assets		
Cash and cash equivalents	30,407	27,567
Trade and other receivables	3,430	3,718
Inventories	95	△78
Investment securities held as part of operations	1,356	1,186
Other financial assets	30	30
Other current assets	341	1,574
Total current assets	35,661	34,156
Non-current assets		
Property, plant and equipment	423	1,329
Right- of- use assets	246	320
Goodwill	4,409	6,290
Intangible assets	1,432	1,869
Other financial assets	208	584
Deferred tax assets	344	659
Other non-current assets	2	3
Total non-current assets	7,067	11,057
Total assets	42,728	45,213

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(Millions of yen)

	End of the previous consolidated fiscal year (As of March 31, 2022)	End of 2Q of the current consolidated fiscal year (As of September 30, 2022)
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	2,976	3,388
Short-term borrowings	277	676
Lease liabilities	126	195
Other financial liabilities	47	68
Accrued income taxes	1,713	428
Provisions	29	12
Other current liabilities	703	709
Total current liabilities	5,873	5,479
Non-current liabilities		
Bonds and borrowings	1,162	2,627
Lease liabilities	115	119
Provisions	22	62
Deferred tax liabilities	16	20
Other non-current liabilities	31	1,366
Total non-current liabilities	1,349	4,196
Total liabilities	7,222	9,676
Equity		
Share capital	1,002	1,002
Capital surplus	23,016	23,016
Retained earnings	10,867	10,710
Treasury shares	△1,405	△1,405
Total equity attributable to owners of parent (total)	33,480	33,323
Non-controlling interests	2,026	2,213
Total equity	35,506	35,537
Total liabilities and equity	42,728	45,213

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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)	
	Previous consolidated fiscal year (From October 1, 2021 to March 31, 2022)	Cumulative 2Q of the current consolidated fiscal year (From April 1, 2022 to September 30, 2022)
Revenue from contracts with customers	10,356	6,130
Revenue from investment securities held as part of operations (△ means loss)	△216	△192
Total revenue	10,140	5,937
Cost of sales	2,166	3,051
Gross profit	7,974	2,885
Selling, general and administrative expenses	3,327	2,834
Other income	10	85
Other costs	75	0
Operating profit	4,582	135
Financial income	2	6
Financial cost	19	21
Profit before taxes	4,564	120
Income tax expense	1,408	57
Current quarterly net profit	<u>3,156</u>	<u>63</u>
Current quarterly profit attributable to:		
Owners of the parent	3,093	168
Non-controlling interests	63	△105
Current quarterly net profit	<u>3,156</u>	<u>63</u>
Current quarterly earnings per share		
Current quarterly basic earnings per share (yen)	42.81	2.33
Current quarterly diluted earnings per share (yen)	42.04	2.30

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[Condensed Quarterly Consolidated Statements of Comprehensive Income]

		(Millions of yen)
	Previous consolidated fiscal year (From October 1, 2021 to March 31, 2022)	Cumulative 2Q of the current consolidated fiscal year (From April 1, 2022 to September 30, 2022)
Current quarterly net profit	3,156	63
Current quarterly comprehensive income	<u>3,156</u>	<u>63</u>
Current quarterly comprehensive income attributable to:		
Owners of parent	3,093	168
Non-controlling interests	63	△105
Current quarterly comprehensive income	<u>3,156</u>	<u>63</u>

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

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

(Millions of yen)

	Equity attributable to owners of parent				Total
	Share Capital	Capital surplus	Retained earnings	Treasury share	
Balance on October 1, 2021	1,000	23,086	7,774	△1,405	30,455
Current quarterly net profit			3,093		3,093
Quarterly comprehensive income	-	-	3,093	-	3,093
Issuance of shares	2	2			4
Changes in interests in subsidiaries		△72			△72
Total transactions with owners	2	△70	-	-	△67
Balance on March 31, 2022	1,002	23,016	10,867	△1,405	33,480

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

Consolidated cumulative second quarter of the current fiscal year (from April 1, 2022 to September 30, 2022)

(Millions of yen)

	Equity attributable to owners of parent				
	Share Capital	Capital surplus	Retained earnings	Treasury share	Total
Balance on April 1, 2022	1,002	23,016	10,867	△1,405	33,480
Quarterly net profit			168		168
Quarterly comprehensive income	-	-	168	-	168
Dividends			△325		△325
Changes in interests in subsidiaries related to acquisition					-
Total transactions with owners	-	-	△325	-	△325
Balance on September 30, 2022	1,002	23,016	10,710	△1,405	33,323

	Non-controlling interests	Total
Balance on April 1, 2022	2,026	35,506
Quarterly net profit	△105	63
Quarterly comprehensive income	△105	63
Dividends		△325
Changes in interests in subsidiaries related to acquisition	292	292
Total transactions with owners	292	△32
Balance on September 30, 2022	2,213	35,537

(4) Condensed Quarterly Consolidated Statements of Cash Flows

	(Millions of yen)	
	Previous consolidated fiscal year (From October 1, 2021 to March 31, 2022)	Cumulative 2Q of the current consolidated fiscal year (From April 1, 2022 to September 30, 2022)
Cash flow from operating activities		
Current quarterly profit before income taxes	4,564	120
Depreciation and amortization	280	397
Finance income and finance costs	17	14
Increase (decrease) in inventory (Δ is increase)	Δ 48	16
Increase (decrease) in trade and other receivables (Δ is increase)	Δ 203	Δ 217
Increase (decrease) in investment securities held as part of operations (Δ is increase)	214	170
Increase (decrease) in trade and other payables (Δ is decrease)	33	385
Other	16	Δ 1,385
Subtotal	4,874	Δ 497
Interest and dividends received	0	0
Interest paid	Δ 10	Δ 14
Income taxes paid	Δ 1,120	Δ 1,591
Net cash provided by (used in) operating activities	3,742	Δ 2,103
Cash flow from investing activities		
Purchases of property, plant and equipment	Δ 236	Δ 909
Purchase of intangible assets	Δ 487	Δ 445
Acquisition of subsidiaries	-	Δ 493
Other	Δ 60	Δ 335
Net cash provided by (used in) investing activities	Δ 784	Δ 2,184
Cash flow from financing activities		
Proceeds of long-term borrowings	10	2,000
Repayments of long-term borrowings	Δ 147	Δ 143
Repayments of lease liabilities	Δ 59	Δ 88
Proceeds from issuance of shares	4	-
Purchase of shares of subsidiaries from non-controlling interests	Δ 48	-
Dividend payment	-	Δ 324
Net cash provided by (used in) financing activities	Δ 241	1,443
Net increase in cash and cash equivalents (Δ is decrease)	2,717	Δ 2,844
Cash and cash equivalents at beginning of period	27,690	30,407
Effect of exchange rate changes on cash and cash equivalents	Δ 0	4
Cash and cash equivalents at end of period	30,407	27,567

[Notes of caution]

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(5) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable

(Segment Information)

(1) Description of reportable segments

The Group's reportable segments are the components of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Company's Board of Directors to make decisions about the allocation of management resources to the segments and assess their performance. No operating segments have been aggregated in determining the reportable segments.

The reportable segments of the Group are as follows: the "NEW-IT Transformation Business," the "Investment Business," and the "Publitech Business." They are classified by the type of service provided.

The NEW-IT Transformation Business provides services that improve the productivity and added value of Japanese companies by innovating business processes and business models through new technology and training of digital talent. The Investment Business invests primarily in so-called late-stage companies which are in the process of preparing for an initial public offering (IPO). The Publitech Business engaged in the platform business of hometown tax donation and the provision of technology services for government agencies.

(2) Information regarding reportable segments

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

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

Intersegment revenue is based on prevailing market prices.

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

(Millions of yen)

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

(Note) 1. The adjusted Δ 1,055 million yen for the segment income (Δ means loss) is corporate expenses that are not allocated to each reportable segment, and mainly consists of general and administrative expenses that are not

[Notes of caution]

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attributable to the reportable segment.

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

Consolidated cumulative second quarter of the current fiscal year (From April 1, 2022 to September 30, 2022)

(Millions of yen)

	Reportable segments				Adjustment (Note)	Consolidated
	NEW-IT Transformation Business	Investment Business	Publitech Business	Total		
Revenue						
Revenue from external customers (Δ means loss)	1,935	Δ 192	4,194	5,937	-	5,937
Intersegment revenue	11	-	1	12	Δ 12	-
Total	1,947	Δ 192	4,196	5,950	Δ 12	5,937
Segment profit (Δ means loss) (Note 2)	605	Δ 208	1,040	1,438	Δ 1,302	135
Finance income	-	-	-	-	-	6
Financing cost	-	-	-	-	-	21
Profit before tax	-	-	-	-	-	120

(Note) 1. The adjusted Δ 1,302 million yen for the segment income (Δ means loss) 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 (Δ means loss) is adjusted with operating income in the condensed quarterly consolidated statements of income.

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(Significant Subsequent Events)

(Acquisition of DFA Robotics Inc. and making it a subsidiary)

The Company (or simply, “we”) resolved to acquire the shares of DFA Robotics Inc. and make it a subsidiary at a meeting of the Board of Directors held on August 15, 2022. On the same day, we concluded a share transfer agreement. We acquired the shares on October 3, 2022.

1. Purpose for acquiring shares

DFA Robotics Inc. (hereinafter, “DFA Robotics”) is working to reduce and optimize the workload in industries such as the restaurant industry, where human-power operations are intensive, by introducing food-delivery robots as well as providing operation-related consulting services.

In the “New Service Robot Business”, which is developed for the restaurant industry, DFA Robotics not only sells robots but also provides 3D mapping, inside-shop delivery-route designing, and repair maintenance services based on its accumulated know-how. Its strength exists in a system that it can provide one stop services from the introduction of robots to actual operations and maintenance. In addition, by monitoring the operating status of the robot, it is developing proactive data-based services, such as detecting failures in advance. It is also considering robot-based advertising business by developing dedicated LEDs and using wrapping of robots. It will not only expand the robot market in Japan but also introduce these robots in the overseas market, both which are faced with the serious lack of workforce.

With the consolidation of DFA Robotics, we will focus on resolving the manpower shortage issue in every field in Japan, including hospitals, nursing care facilities, factories, commercial facilities, and public facilities, starting with the restaurant industry. In addition to sales, maintenance, and operation of robots, we will be able to create new business opportunities, such as the development of a consulting business based on big data, such as behavioral data and location data collected from on-site robots.

2. Overview of the subsidiary to be acquired

(1)	Name	DFA Robotics Inc.		
(2)	Address	Aoyama Seven Heights 2F, 7-5, Shibuya 1-chome, Shibuya-ku, Tokyo		
(3)	Job Title/Name of Representative	Masaaki Hatano, President		
(4)	Description of Businesses	• Import, sale, support for introduction, after-sales services, etc. regarding autonomous mobile robots		
(5)	Paid-in Capital	56 million yen		
(6)	Date of Incorporation	Sep. 2017		
(7)	Major shareholders and percentage of shares	Waveland and Company Inc.:48.9% Samurai Incubate Fund 5 Limited Partnership: 12.3% Chiba Dojo Drone Fund No.2 Limited Liability Partnership: 10.0%		
(8)	Relationship between the listed company and this company	Capital relationship	Not applicable.	
		Human relationships	Not applicable.	
		Business relationship	Not applicable.	
(9)	Consolidated operating results and financial position of the subject company for the past three years			
	Fiscal year end	FY12/19	FY12/20	FY10/2021
	Net assets	81 million yen	59 million yen	128 million yen
	Total assets	278 million yen	71 million yen	380 million yen
	Net assets per share	664.02 yen	483.74 yen	1,048.03 yen
	Net sales	67 million yen	220 million yen	369 million yen
	Operating income (△ means loss)	△ 26 million yen	△ 24 million yen	74 million yen
	Ordinary income (△ means loss)	△ 26 million yen	△ 22 million yen	75 million yen
	Net income (△ means loss)	△ 26 million yen	△ 22 million yen	69 million yen
	Net income per share (△ means loss)	△ 239.40 yen	△ 180.27 yen	564.28 yen
	Dividend per share	-	-	-

(Note) This period is an irregular 10-month period due to a change in the fiscal year ending October 2021.

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

(1)	Shares owned prior to the transaction	0 shares (Number of voting rights: 0) (Percentage of voting rights: 0.00%)
(2)	Shares acquired	96,500 shares (including 84,300 ordinary shares and 12,200 shares of Class A) (Number of voting rights: 96,500) (Percentage of voting rights: 79.27%)
(3)	Acquisition cost	Cash: 3,012 million yen

[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.

	Acquisition-related expenses: 138 million yen
(4) Shares owned after the transaction	96,500 shares (including 84,300 ordinary shares and 12,200 shares of Class A) (Number of voting rights: 96,500) (Voting rights ownership: 79.27%)

4.Schedule

(1) Date of resolution by the Board of Directors	August 15, 2022
(2) Agreement date	August 15, 2022
(3) Share transfer date	October 3, 2022

5.Effect on income

The impact of this event on the Group's performance for the fiscal year ending March 31, 2023 is not determined yet.

6. The accounting process for this business combination has not been completed at this time because amount and cause of goodwill generated, amount of assets and liability to be accepted on the date of business combination, etc. are not decided yet.