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May 15th, 2024

Summary of Consolidated Financial Results (IFRS) for the Fiscal Year Ended March 31, 2024

Listed company name: CHANGE Holdings, Inc.
Listed share exchange: Tokyo Stock Exchange Securities Code: 3962
URL: https://www.changeholdings.co.jp/
Representative: Hiroshi Fukudome, CEO
For Inquiry: Yutaka Yamada, CFO TEL: 03-6435-7347
Scheduled date for general shareholders meeting: June 26, 2024
Scheduled commencement date of dividend payments: June 27, 2024
Scheduled filing date of securities report: June 27, 2024
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, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%
FY 2024	37,015	84.9	7,562	32.0	7,429	31.4	4,500	15.1	4,325	12.2	4,401	12.6
FY 2023	20,021	-	5,730	-	5,653	-	3,910	-	3,856	-	3,910	-

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Profit before tax on total assets	Operating profit on revenue ratio
	Yen	Yen	%	%	%
FY ended March 31, 2024	59.78	58.80	11.4	10.4	20.4
FY ended March 31, 2023	53.31	52.41	11.0	11.8	28.6

(Reference) Equity in earnings of affiliates FY ended March 31, 2024 42mil yen FY ended March 31, 2023 0mil yen

(2) Consolidated Financial Position

	Total assets	Total equity	Profit attributable to owners of parent	Equity ratio attributable to owners of parent	Equity ratio attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
End of FY 2024	89,325	47,662	39,549	44.3	546.60
End of FY 2023	52,943	39,331	36,477	68.9	504.21

(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, 2024	12,070	△13,745	17,827	38,403
FY ended March 31, 2023	△1,143	△7,882	1,608	22,968

2. Dividend Status

	Annual dividends					Total dividend amount (total)	Dividend payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of parent (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of the fiscal year	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY ended March 31, 2023	-	0.00	-	10.00	10.00	723	18.8	2.1
FY Year ended March 31, 2024	-	0.00	-	18.70	18.70	1,353	31.3	3.6
FY ending March 31, 2025 (forecast)	-	0.00	-	14.5	14.5		13.0	

(Note) Breakdown of the dividends for the FY ended March 31, 2024: Ordinary dividend: 12.00 yen and Special dividend: 6.70 yen

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3. Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

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

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic profit per share
	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%	Yen
2nd quarter (cumulative)	16,500	12.6	2,000	△53.8	1,905	△56.5	1,268	△57.6	963	△69.2	13.31
Full year	45,000	21.6	13,000	71.9	12,815	72.5	8,792	95.4	8,069	86.5	111.52

※ Notes

(1) Changes in significant subsidiaries during the current year (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New company: E-Guardian Inc

Excluded company:-

(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)	FY2024	72,987,762 shares	FY2023	72,967,562 shares
(ii) Number of treasury shares at the end of the period	FY 2024	623,335 shares	FY2023	623,235 shares
(iii) Average number of shares during the period	FY 2024	72,354,937 shares	FY2023	72,336,551 shares

(Reference) Summary of Non-consolidated Financial Results

1.Non-consolidated results for the year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentages represent year-on-year changes.)

(1) Non-Consolidated Operating Results

	Net sales/Revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 31, 2024	12,731	274.8	11,283	-	11,095	-	△96	-
FY ended March 31, 2023	3,396	-	677	-	669	-	469	-

	Net income per share	Fully diluted net income per share
	Yen	Yen
FY ended March 31, 2024	△1.34	-
FY ended March 31, 2023	6.48	6.37

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

(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, 2024	62,081	38,860	62.6	537.06
FY ended March 31, 2023	43,488	39,888	91.7	551.36

Reference: Shareholders' equity — FY ended March 31, 2024: 38,859mil yen; FY ended March 31, 2023: 39,887mil 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

(i) Operating results of the current fiscal year

In the future, it is predicted that about one out of 2.6 citizens will be older than 65 in 2065, resulting in a world of super-aged society. In recent years, 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 these 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. Regarding the Investment Business, as announced on April 14, 2023, the Investment Business and the related Investment Segment were abolished on the judgment that if we would focus on business investments that would contribute to the development of the NEW-IT Transformation Business and the Publitech Business, such synergies with investee companies would more contribute to further enhancement of the corporate value of the Group. Although we discontinue the Investment Business and the related Investment Segment, there will be no change in our policy of actively utilizing M&A and capital and business alliances as a useful means of growing our business.

On May 13, 2022, we announced the revised "Digitize & Digitalize Japan (Phase 2)," our Mid-term Business Plan. In March 2022, we entered into a capital and business alliance with SBI Holdings, Inc. to accelerate initiatives for regional creation in order to identify priority areas for “Local" × "Social" × "Digital” and lead the Japanese DX and achieve the revised Mid-term Business Plan. At the same time, we are accelerating recruitment and development of human resources, expansion of DX’s growth areas through the establishment of joint ventures with major companies, and growth-oriented investments including, M&A. On August 2, 2023, we entered into a capital and business alliance agreement with E-Guardian Inc. to expand our business into the cyber-security field, which is indispensable for promoting DX, and then made it our consolidated subsidiary on October 11, 2023, after completing a tender offer for its shares and subscription of the third-party allocation of its new shares. In the future, this company will be a part of the NEW-IT Transformation Business.

Also, on April 1, 2023, the former CHANGE, Inc. completed the transition to a holding company structure and changed its name to CHANGE Holdings, Inc.(hereinafter, the “Company”). 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 talents. Our goal is to secure a flexible and robust management structure that can respond quickly to any changes in the management environment.

Operating results for the consolidated fiscal year ended March 31, 2024 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. Going forward, we will expand our business into the cybersecurity field, which is essential for promoting DX. On August 2, 2023, we concluded a capital and business alliance with E-Guardian Inc. and completed a tender offer for its shares and undertook a third-party allocation of its new shares in order to further reorganize the cybersecurity industry. On October 11, 2023, we completed the consolidation of E-Guardian Inc. into our subsidiary. On December 25, 2023, we established Cyleague Holdings, Inc., an intermediate holding company that will play a central role in the reorganization of the security industry. We acquired and consolidated IdealRoute Consulting Inc.(the former name was Digital Arts Consulting Inc.) on March 29, 2024. In the field of digital human resource development, we are accelerating the evolution of our business model into a platform-based one and are developing products and services that will incorporate the newest DX, such as the launch of generative AI (ChatGPT) training and Interactive Solutions Corporation which has strength in generative AI becoming our equity method affiliate on March 29, 2024. In this way, we are developing new DX solutions for industries where labor shortages are serious.

In the Investment Business, stock prices of listed companies, mainly growth stocks, recovered. As announced on April 14, 2023, the Investment Business and the related Investment Segment were abolished on the judgment that if we would focus on business investments that would contribute to the development of the NEW-IT Transformation Business and the Publitech Business, such synergies with investee companies would more contribute to further enhancement of the corporate value of the Group. Although we discontinue the Investment Business and the related Investment Segments, there will be 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, the amount of donations we dealt with in the second quarter of the current fiscal year increased significantly as donors accelerated their hometown tax donation in anticipation for the impact of the "Revision of Furusato Nozei (the hometown tax donation) Toward the Next Designated Period" issued by the Ministry of Internal Affairs and Communications in June 2023. In the third quarter of the current fiscal year, the amount of donations we dealt with was affected to a certain degree. However, revenues increased significantly due to the increase in commission rates on the hometown tax donation platform, the provision of OEM, and the diversification of payment methods. LoGo chat and LoGo form, which are SaaS services for local governments, continue to receive a strong reputation among them, and the total number of local governments using LoGo chat services (both paid and free) exceeded 1,400. In addition, in order to accelerate local government DX, we made up-front investment such as Govmates, Inc. On November 10, 2023, we established UPcloth, Inc. and welcomed the top expert of local autonomy policies. On the other hand, we have restructured our business to further expand our businesses in accordance with the next Mid-term Business Plan "Digitize & Digitalize Japan (Phase3)” 2029 and have recorded impairment losses on goodwill for DFA Robotics Inc., as well as provision for doubtful accounts accompanying the withdrawal of the energy business of TRUSTBANK, Inc.

As a result, in the current consolidated fiscal year ended March 31, 2024, revenue was 37,015 million yen (an increase of 84.9%

from the previous fiscal year), operating profit was 7,562 million yen (an increase of 32.0% from the previous fiscal year), profit before tax was 7,429 million yen (an increase of 31.4% from the previous fiscal year), and profit attributable to owners of parent was 4,325 million yen (an increase of 12.2% from the previous fiscal year).

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. Going forward, we will expand our business into the cybersecurity field, which is essential for promoting DX. On August 2, 2023, we concluded a capital and business alliance with E-Guardian Inc. and completed a tender offer for its shares and undertook a third-party allocation of its new shares in order to further reorganize the cybersecurity industry. On October 11, 2023, we completed the consolidation of E-Guardian Inc into our subsidiary. On December 25, 2023, we established Cyleague Holdings, Inc., an intermediate holding company that will play a central role in the reorganization of the security industry. We acquired and consolidated IdealRoute Consulting Inc.(the former name was Digital Arts Consulting Inc.) on March 29, 2024. In the field of digital human resource development, we are accelerating the evolution of our business model into a platform-based one and are developing products and services that will incorporate the newest DX, such as the launch of generative AI (ChatGPT) training and Interactive Solutions Corporation which has strength in generative AI becoming our equity method affiliate on March 29, 2024. In this way, we are developing new DX solutions for industries where labor shortages are serious. On the other hand, we restructured our business to further reorganize our businesses in the next Mid-term Business Plan "Digitize & Digitalize Japan (Phase3)" and have recorded impairment losses on goodwill for DFA Robotics Inc.

As a result, in the current consolidated fiscal year ended March 31, 2024, revenue in the NEW-IT Transformation Business was 11,453 million yen (an increase of 131.4% from the previous fiscal year), and segment profit was 271 million yen (a decrease of 77.3% from the previous fiscal year).

(b)Investment Business

In the Investment Business, stock prices of listed companies, mainly growth stocks, recovered. As announced on April 14, 2023, the Investment Business and the related Investment Segment were abolished on the judgment that if we would focus on business investments that would contribute to the development of the NEW-IT Transformation Business and the Publitech Business, such synergies with investee companies would more contribute to further enhancement of the corporate value of the Group. Although we discontinue the Investment Business and the related Investment Segments, there will be no change in our policy of actively utilizing M&A and capital and business alliances as a useful means of growing our business.

Revenue and segment profit through April 13, 2023 were included in the Investment Business, and subsequent profit and loss on investment securities were included in finance income and finance costs.

Until the date of the abolition of the Investment Business, revenue was 127 million yen and segment profit were 126 million yen.

(c) Publitech Business

In the Publitech Business, the amount of donations we dealt with in the second quarter of the current fiscal year increased significantly as donors accelerated their hometown tax donation in anticipation for the impact of the "Revision of Furusato Nozei (the hometown tax donation) Toward the Next Designated Period" issued by the Ministry of Internal Affairs and Communications in June 2023. In the third quarter of the current fiscal year, the amount of donations we dealt with was affected to a certain degree. However, revenues increased significantly due to the increase in commission rates on the hometown tax donation platform, the provision of OEM, and the diversification of payment methods. LoGo chat and LoGo form, which are SaaS services for local governments, continue to receive a strong reputation among them, and the total number of local governments using LoGo chat services (both paid and free) exceeded 1,400. In addition, in order to accelerate local government DX, we made up-front investment such as Govmates, Inc. On November 10, 2023, we established UPcloth, Inc. and welcomed the top expert of local autonomy policies. On the other hand, we restructured our business to further reorganize our businesses in the next Mid-term Business Plan, "Digitize & Digitalize Japan (Phase3)", and have recorded provisions for doubtful accounts accompanying the withdrawal of the energy business of TRUSTBANK, Inc.

As a result, in the current consolidated fiscal year ended March 31, 2024, revenue in the Publitech Business was 25,516 million yen (an increase of 70.8% from the previous fiscal year), segment profit was 11,036 million yen (an increase of 49.6% from the previous fiscal year).

(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 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 build a flexible and robust management structure that can respond quickly to any changes in the business environment.

In the fiscal year ending March 2025, we will reform our business structure and improve our business foundation in order to achieve further growth in the next Mid-term Business Plan, “Digitize & Digitalize Japan (Phase3)”.

In the NEW-IT Transformation Business, we will integrate our digital human resource development domain with private DX to provide comprehensive solutions to the constantly increasing shortage of human resources in Japan, which is experiencing a low-birthrate, an aging and a decreasing population. In the future, we will expand our business domain to the cyber security domain, which is indispensable for promoting DX, and we will reorganize the security industry, centered on Cyleague Holdings, Inc, our intermediate holding company.

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, 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 45,000 million yen (increase of 21.6% compared with the previous fiscal year), operating profit of 13,000 million yen (increase of 71.9% compared with the previous fiscal year), profit before tax of 12,815 million yen (increase of 72.5% compared with the previous fiscal year), and profit attributable to owners of parent of 8,069 million yen (increase of 86.5% compared with the previous fiscal year).

(2) Financial Position

(i) Assets, Liabilities, and Shareholder Equity

(Assets)

Current assets at the end of the consolidated fiscal year ended March 31, 2024, were 56,091 million yen, an increase of 19,392 million yen from the end of the previous fiscal year. This was mainly due to an increase of 15,434 million yen in cash and cash equivalents. Non-current assets were 33,234 million yen, an increase of 16,989 million yen from the end of the previous fiscal year. This was mainly due to an increase of 11,664 million yen in goodwill.

As a result, total assets were 89,325 million yen, an increase of 36,382 million yen compared to the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the consolidated fiscal year ended March 31, 2024, were 20,898 million yen, an increase of 11,247 million yen from the end of the previous fiscal year. This was mainly due to an increase of 2,531 million yen in income tax payables. Non-current liabilities were 20,764 million yen, an increase of 16,804 million yen from the end of the previous fiscal year. This was mainly due to an increase of 17,500 million yen in bonds and borrowings.

As a result, total liabilities were 41,663 million yen, an increase of 28,051 million yen from the end of the previous fiscal year.

(Equity)

Equity at the end of the consolidated fiscal year ended March 31, 2024, was 47,622 million yen, an increase of 8,330 million yen from the end of the previous fiscal year. This was mainly due to an increase of 5,257 million yen in non-controlling interests due to acquisition of control over subsidiaries and other factors.

(ii) Cash Flows

Cash and cash equivalents at the end of the consolidated fiscal year ended March 31, 2024, were 38,403 million yen, an increase of 15,434 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 consolidated fiscal year ended March 31, 2024, was 12,070 million yen (a decrease of 1,143 million yen for the previous fiscal year). This was mainly due to the pre-income tax profit of 7,429 million yen.

(Cash flows from investing activities)

The decrease in cash from investing activities in the consolidated fiscal year ended March 31, 2024, was 13,745 million yen (a decrease of 7,882 million yen for the previous fiscal year). This was mainly due to the acquisition of subsidiaries of 9,337 million yen.

(Cash flows from financing activities)

The increase in cash from financing activities in the consolidated fiscal year ended March 31, 2024, was 17,827 million yen (an increase of 1,608 million yen for the previous fiscal year). This was mainly due to the proceeds from long-term borrowing of 22,444 million yen.

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

While continuing to prioritize investments to enhance internal reserves and expand its business, we will continue paying dividends to shareholders while taking into account the operating results of each fiscal year, based on our basic policy of continuously returning profits to shareholders in order to deepen their understanding of our policy of expanding its business from a medium-to long-term perspective.

Under this basic policy, we plan to pay a year-end dividend of 18.7 yen for the current fiscal year (ended March 31, 2024), including an ordinary dividend of 12.0 yen, a special dividend of 0.5 yen due to the abolition of the shareholder benefit program, and a special dividend of 6.2 yen due to the comprehensive consideration of the progress of consolidated business results up to the third quarter of the current fiscal year.

We also plan to pay a year-end dividend of 14.5 yen per share for the next fiscal year (ending March 31, 2025) on the assumption that we will be able to secure profits from the 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, 2023)	End of the current consolidated fiscal year (As of March 31, 2024)
Assets		
Current assets		
Cash and cash equivalents	22,968	38,403
Trade and other receivables	10,331	13,699
Inventories	480	402
Investment securities held as part of operations	1,689	-
Other financial assets	447	34
Other current assets	779	870
Subtotal current assets	36,699	53,410
Assets held for sale	-	2,681
Total current assets	36,699	56,091
Non-current assets		
Property, plant, and equipment	2,170	1,080
Right- of- use assets	378	1,070
Goodwill	9,042	20,711
Intangible assets	2,219	2,293
Investments accounted for using the equity method	775	731
Other financial assets	785	5,229
Deferred tax assets	757	2,081
Other non-current assets	116	35
Total non-current assets	16,244	33,234
Total assets	52,943	89,325

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(Millions of yen)

	End of the previous consolidated fiscal year (As of March 31, 2023)	End of the current consolidated fiscal year (As of March 31, 2024)
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	5,511	7,929
Short-term borrowings	1,261	3,652
Lease liabilities	242	633
Other financial liabilities	170	388
Accrued income taxes	702	3,234
Provisions	26	557
Other current liabilities	1,736	4,459
Subtotal current liabilities	9,651	20,854
Liabilities directly associated with assets held for sale	-	44
Total current liabilities	9,651	20,898
Non-current liabilities		
Bonds and borrowings	1,786	19,286
Lease liabilities	124	447
Provisions	76	260
Deferred tax liabilities	65	159
Other non-current liabilities	1,907	609
Total non-current liabilities	3,960	20,764
Total liabilities	13,611	41,663
Equity		
Share capital	1,004	1,006
Capital surplus	22,480	22,051
Retained earnings	14,398	18,000
Treasury shares	△1,405	△1,405
Other components of equity	–	△102
Total equity attributable to owners of parent (total)	36,477	39,549
Non-controlling interests	2,854	8,112
Total equity	39,331	47,662
Total liabilities and equity	52,943	89,325

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(2) Consolidated Statements of Profit or Loss and Summary Consolidated Statements of Comprehensive Income

[Consolidated Statements of Profit or Loss]

(Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Revenue from contracts with customers	19,859	36,887
Revenue from investment securities held as part of operations (△ means loss)	162	127
Total revenue	20,021	37,015
Cost of sales	7,498	13,973
Gross profit	12,522	23,041
Selling, general and administrative expenses	7,168	12,077
Impairment losses	22	2,229
Provision for doubtful accounts	-	1,184
Other operating income	401	116
Other operating expenses	4	146
Share of profit of investments accounted for using equity method	0	42
Operating profit	5,730	7,562
Financial income	0	55
Financial costs	77	188
Profit before tax	5,653	7,429
Income tax expense	1,743	2,928
Profit	3,910	4,500
Profit attributable to:		
Owners of parent	3,856	4,325
Non-controlling interests	53	174
Profit	3,910	4,500
Earnings per share		
Basic earnings per share (yen)	53.31	59.78
Diluted earnings per share (yen)	52.41	58.80

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[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Profit	3,910	4,500
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	-	△106
Share of other comprehensive income of investments accounted for using equity method	-	△0
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	-	7
Other comprehensive income, net of tax	-	△98
Comprehensive income	3,910	4,401
Comprehensive income attributable to		
Owners of parent	3,856	4,222
Non-controlling interests	53	178
Comprehensive income	3,910	4,401

[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) Consolidated Statements of Changes in Equity

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

(Millions of yen)

	Equity attributable to owners of the parent company			
	Share Capital	Capital surplus	Retained earnings	Treasury share
Balance on April 1, 2022	1,002	23,016	10,867	△1,405
Profit			3,856	
Other comprehensive income				
Comprehensive income	-	-	3,856	-
Issuance of new shares	1	1		-
Dividend paid			△325	-
Purchase of treasury shares				△0
Payments from non-controlling interest				-
Changes in interests in subsidiaries				-
Obtaining of control of subsidiaries				-
Put options granted to non-controlling entities		△537		-
Share-based payment transactions of consolidated subsidiaries				
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 on April 1, 2022	33,480	2,026	35,506
Profit	3,856	53	3,910
Other comprehensive income			
Comprehensive income	3,856	53	3,910
Issuance of shares	3		3
Dividend paid	△325	△9	△335
Purchase of treasury shares	△0		△0
Payments from non-controlling interest	-	200	200
Change in interests in subsidiaries			
Obtaining of control of subsidiaries	-	584	584
Put options granted to non-controlling entities	△537		△537
Share-based payment transactions of consolidated subsidiaries			
Total transactions with owners	△859	775	△84
Balance on March 31, 2023	36,477	2,854	39,331

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Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Equity attributable to owners of the parent company				
	Share Capital	Capital surplus	Retained earnings	Treasury share	Other components of equity
					Financial assets measured at fair value through other comprehensive income
Balance on April 1, 2023	1,004	22,480	14,398	△1,405	
Profit			4,325		
Other comprehensive income					△106
Comprehensive income	-	-	4,325	-	△106
Issuance of new shares	2	2			
Dividends paid			△723		
Change in interest in subsidiaries		△431			
Change in interest in equity method affiliates					△0
Obtaining of control of subsidiaries		0			△0
Share-based payment transactions of consolidated subsidiaries					
Total transactions with owners	2	△429	△723	-	△0
Balance on March 31, 2024	1,006	22,051	18,000	△1,405	△106

	Equity attributable to owners of the parent company			Non-controlling interests	Total
	Other components of equity		Total		
	Foreign currency translation adjustments of foreign operations	Total			
Balance on April 1, 2023	-	-	36,477	2,854	39,331
Profit		-	4,325	174	4,500
Other comprehensive income	3	△102	△102	3	△98
Comprehensive income	3	△102	4,222	178	4,401
Issue of new shares		-	5		5
Dividends paid		-	△723	△264	△988
Change in interests in subsidiaries	△0	△0	△431	△32	△464
Change in interest in equity method affiliates		△0	0		0
Obtaining of control of subsidiaries		-	-	5,402	5,402
Share-based payment transactions of consolidated subsidiaries		-	-	△26	△26
Total transactions with owners	△0	△0	△1,149	5,079	3,929
Balance on March 31, 2024	3	△102	39,549	8,112	47,662

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(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Cash flow from operating activities		
Profit before income taxes	5,653	7,429
Depreciation and amortization	972	1,644
Share of loss of investments accounted for using equity method (△ means profit)	△0	△42 61
Impairment losses (or reversal)	22	2,229
Finance income and finance costs	76	132
Increase (decrease) in inventory (△ is increase)	19	87
Increase (decrease) in trade and other receivables (△ is increase)	△6,206	△2,246
Increase (decrease) in investment securities held as part of operations (△ is increase)	△332	△127
Increase (decrease) in trade and other payables (△ is decrease)	2,393	2,087
Other	△128	2,732
Subtotal	2,469	13.927
Interest and dividends received	0	5
Interest paid	△34	△84
Income taxes paid	△3,578	△1,778
Net cash provided by (used in) operating activities	△1,143	12,070
Cash flow from investing activities		
Purchases of property, plant, and equipment	△2,244	△1,096
Purchase of intangible assets	△943	△1,127
Acquisition of subsidiaries	△3,194	△9,337
Payment from sale of shares of subsidiaries resulting in change in scope of consolidation	△315	-
Purchase of investments accounted for using equity method	△774	△69
Purchases of investment securities	-	△2,496
Proceeds from sale of investment securities	-	280
Other	△410	101
Net cash provided by (used in) investing activities	△7,882	△13,745
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings (△ is decrease)	50	△50
Proceeds of long-term borrowings	2,200	22,444
Repayments of long-term borrowings	△487	△2,552
Repayments of lease liabilities	△224	△522
Proceeds from issuance of shares	3	5
Capital contribution from non-controlling interests	200	-
Dividends paid to non-controlling interests	-	△264
Dividend payment	△324	△722
Others	191	△509
Net cash provided by (used in) financing activities	1,608	17,827
Net increase in cash and cash equivalents (△ is decrease)	△7,416	16,152
Cash and cash equivalents at beginning of period	30,407	22,968
Effect of exchange rate changes on cash and cash equivalents	△21	55
Cash and cash equivalents included in assets group for disposal classified as held for sale	-	△773
Cash and cash equivalents at end of period	22,968	38,403

[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. We also provide internet security services. 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.

With regard to the Investment Business, in light of the fact that we are expanding DX growth investments through M&A and capital and business alliances, we have determined that focusing on business investments that contribute to the development of the NEW-IT Transformation Business and the Publitech Business through synergies with investment companies will contribute to further enhancing the corporate value of the Group. Accordingly, at our Board of Directors meeting held on April 14, 2023, we resolved to abolish the Investment Business and change the reportable segments. We have discontinued the Investment Business, but there is no change in our policy of actively utilizing M&A and capital and business alliances as useful means of business growth.

(2) Information regarding reportable segments
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 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 (△ means loss)	4,918	162	14,941	20,021	-	20,021
Intersegment revenue	38	-	2	40	△40	-
Total	4,956	162	14,943	20,062	△40	20,021
Segment profit (△ means loss) (Note 2)	1,195	130	7,378	8,704	△2,973	5,730
Finance income	-	-	-	-	-	0
Finance cost	-	-	-	-	-	77
Profit before tax	-	-	-	-	-	5,653
Other items						

Depreciation and amortization	235	0	650	885	86	972

(Note) 1. The adjustment amount in segment profit (△ means loss) of △2,973 million yen comprises company-wide expenses not allocable to any reportable segment and mostly consists of general and administrative expenses of △2,973 million yen that are not attributable to the reportable segments.
2. This segment income (△ 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, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segments				Adjustment (Note) 1	Consolidated
	NEW-IT Transformation Business	Investment Business	Publitech Business	Total		
Revenue						
Revenue from external customers (△ means loss)	11,373	127	25,514	37,015	-	37,015
Intersegment revenue	80	-	2	82	△82	
Total	11,453	127	25,516	37,097	△82	37,015
Segment profit (△ means loss) (Note 2)	271	126	11,036	11,434	△3,871	7,562
Finance income	-	-	-	-	-	55
Finance cost	-	-	-	-	-	188
Loss before tax	-	-	-	-	-	7,429
Other items						
Depreciation and amortization	607	-	858	1,465	179	1,644
Impairment loss	1,956	-	272	2,229	-	2,229
Provision for doubtful accounts	-	-	1,184	1,184	-	1,184

(Note) 1. The adjusted △3,871million yen for the segment income (△ means loss) is corporate expenses that are not allocated to each reportable segment, and mainly consists of general and administrative expenses of △3,871 million yen that are not attributable to the reportable segment.
2. This segment income (△ means loss) is adjusted with operating income in the condensed quarterly consolidated statements of income.
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.

(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.

(Per Share Information)

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

	Previous consolidated fiscal year (April 1, 2022 To March 31, 2023)	Current consolidated fiscal year (April 1, 2023 To March 31, 2024)
Profit attributable to owners of parent (Millions of yen)	3,856	4,325
Profit used to calculate diluted earnings per share (Millions of yen)	3,856	4,325
Weighted average number of ordinary shares (thousands)	72,336	72,354
Increase in new share		
Share options (thousands of shares)	1,252	1,215
Weighted average number of diluted ordinary shares (in thousands)	73,589	73,570
Basic earnings per share (yen)	53.31	59.78
Diluted earnings per share (yen)	52.41	58.80

(Significant Subsequent Events)

(Change of the consolidated status of Digital Growth Academia, INC. to an equity-method affiliate, etc.)

We had concluded a joint venture contract with KDDI Corporation for Digital Growth Academia, INC. On April 1, 2024, KDDI Corporation converted its class shares in Digital Growth Academia, INC. to ordinary shares and it now holds the majority of the voting rights thereof. As a result, Digital Growth Academia, INC. became our equity method affiliate on April 1, 2024.

We expect to record a gain on fair value accompanying the application of the equity method for this event, but we have not determined the amount at this time.

(Purchase of treasury shares)

At the meeting of the Board of Directors held on May 15, 2024, we resolved as follows regarding the purchase of our treasury shares in accordance with the provisions of Article 156 of the Companies Act (replacing the provisions of Paragraph 3 Article 165 of the same Act):

1. Reason for purchasing treasury shares

To expand shareholder returns and implement flexible investment strategies such as M&A and alliances and capital policies by using treasury shares in the future.

2. Matters pertaining to the purchase

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(1) Class of share to be purchased: ordinary share
(2) Total number of shares to be purchased: 3,650,000 shares (maximum)
(the percentage based of the total number of outstanding shares (excluding treasury share) 5.04%)
(3) Total purchase amount: 4,745 million yen (maximum)
(4) Purchase period: May 16, 2024 to December 31, 2024
(5) Method of acquisition: Market purchase on the Tokyo Stock Exchange
(Purchase on the market based on the discretionary account transaction contract related to the acquisition of treasury shares)

3. Treasury shares held as of March 31, 2024
Total number of shares issued and outstanding (excluding treasury shares): 72,355,427 shares
Number of treasury shares: 623,335 shares