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August 14th, 2024

Summary of Consolidated Financial Results (IFRS) for 1Q of Fiscal Year Ending March 31, 2025

Listed company name: CHANGE Holdings, Inc.
Listed share exchange: Tokyo Stock Exchange
Securities Code: 3962
URL: https://www.changeholdings.co.jp/
Representative: Hiroshi Fukudome, Representative Director, and President
For Inquiry: Yutaka Yamada, Director, Executive Officer, and CFO TEL: 03-6435-7347

Scheduled commencement date of dividend payments: −
Preparation of explanatory materials for quarterly 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 First Quarter of the Fiscal Year Ending March 31, 2025 (April 1, 2024 to June 30, 2024)

(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 ending Mar 2025	8,139	59.0	2,453	242.1	2,285	101.0	1,528	100.4	1,432	67.5	1,530	100.7
1Q of FY ended Mar 2024	5,118	85.3	717	-	1,136	-	762	-	855	-	762	-

	Basic quarterly basic earnings per share	Diluted quarterly earnings per share
	Yen	Yen
1Q of FY ending Mar 2025	20.03	19.74
1Q of FY ended Mar 2024	11.82	11.62

(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 1Q of FY ending Mar 2025	75,955	42,107	36,291	47.8
End of FY ended Mar 2024	89,325	47,662	39,549	44.3

2.Dividend Status

	Annual dividends				
	End of first quarter	End of third quarter	End of first quarter	End of the fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
FY ended Mar 2024	-	0.00	-	18.70	18.70
FY ending Mar 2025	-				
FY ending Mar 2025 (forecast)		0.00	-	14.50	14.50

(Note) 1. Any change since the most recently made forecast: No
2. Breakdown of dividend aa of FY ended March 2024: ordinary dividend of 12.00 yen and special dividend of 6.70 yen

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

(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
Cumulative 2Q	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

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

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※ Notes
(1) Changes in significant subsidiaries during the first quarter (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes
New company (company name) -
Excluded company (company name)　Digital Growth Academia INC, LOGOSWARE Corporation.

(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)	1Q of FY ending March 2025	73,554,762 shares	FY ended March, 2024	72,978,762 shares
(ii) Number of treasury shares at the end of the period	1Q of FY ending Mar, 2025	3,400,435 shares	FY ended March, 2024	623,335 shares
(iii) Average number of shares during the period (cumulative quarterly period)	1Q of FY ending Mar 2025	71,504,842 shares	1Q of FY ended March, 2024	72,353,458 shares

※ Financial results hereof are not subject to review by certified accountants or audit corporations. No

※ 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. Overview of Operating Results (3) Explanation for the Consolidated Earnings Forecasts" on page 5 hereof.

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Accompanying Materials

Index

1. Overview of Operating Results 4
(1) Overview of Operating Results for the Current Quarter 4
(2) Overview of Financial Position for the Current Quarter 5
(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 Condensed 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 Applied Financial Reporting Framework) 13
(Notes the Going Concern Assumption) 13
(Segment Information) 14

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1. Overview of Operating Results

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

(1) Overview of Operating Results for the Current Quarter

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, and the Publitech Business, which is committed to promoting DX-based regional revitalization.

On May 13, 2022, we announced the revised "Digitize & Digitalize Japan (Phase2) ", 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. Also, on April 1, 2023, we completed the transition to a holding company structure, and are strengthen group governance and optimizing the allocation of management resources as well as promoting the development of next-generation management talents with the goal of securing a flexible and robust management structure that can respond quickly to any changes in the management environment.

With E-Guardian Inc. becoming our consolidated subsidiary in October 2023, we are actively developing our business into the cyber security field. In preparation for the next Mid-term Business Plan, we are implementing structural reforms for making further growth.

Operating results for the consolidated first quarter of the fiscal year ending March 31, 2025 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. In the area of resolving personnel shortages, the Group has strengthened and expanded training services, incorporating re-skilling programs and robust demand for generation AI (ChatGPT), and successfully recorded revaluation gains on the shares of Digital Growth Academia INC. due to its conversion from a subsidiary into an equity-method affiliate. In the cyber security field, revenues have increased significantly, compared with the same quarter of the previous fiscal year due to the consolidation of E-Guardian Inc and IdealRoute Consulting Inc. In order to continue to reorganize the cyber security industry, the Group will further engage in the integration solutions and human resources through M&A.

In the Publitech Business, we are promoting regional economic cycles and local government DX to create new regions. In the area of regional revitalization, as donation amounts for the entire furusato donation market have grown, we have expanded the range of hands-on return-gifts, such as Choice Travel and Choice Gourmet, which contribute to the creation of an interchanging population consisting of new gift providers in the region and donators for the region. At the same time, OEM offerings and other services have also grown steadily. In addition, as announced on August 14, 2024, Toko Computer Service Co., Ltd. will become our consolidated subsidiary, and it will promote the development of new businesses, such as carbon credits. In the public DX area, LoGo chat and LoGo forms, which are SaaS businesses for local governments, continue to receive a powerful reputation from customers, and the combined number of local governments using LoGo chat services (both paid and free) has exceeded 1,400. In addition, Govmates, inc. is enhancing its sales structure and products in order to expand its service for local governments, such as business standardization solutions.

As a result, in the consolidated cumulative first quarter of the fiscal year ending March 31, 2025, revenue was 8,139 million yen (59.0% increase from the same period of the previous fiscal year), operating profit was2,453million yen (242.1% increase from the same period of the previous fiscal year), quarterly profit before taxes was 2,285 million yen (101.0% increase from the same period of the previous fiscal year), and quarterly profit attributable to owners of parent was 1,432 million yen(67.5% increase from the same period of 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. In the area of resolving personnel shortages, the Group has strengthened and expanded training services incorporating re-skilling programs and robust demand for generation AI (ChatGPT), and successfully recorded revaluation gains on the shares of Digital Growth Academia INC. due to its conversion from a subsidiary into an equity-method affiliate. In the cyber security field, revenues have increased significantly, compared with the same quarter of the previous fiscal year, due to the consolidation of E-Guardian Inc. and IdealRoute Consulting, Inc. In order to continue to reorganize the cyber security industry, the Group will further engage in the integration of solutions and human resources through M&A.

As a result, in the consolidated cumulative first quarter of the fiscal year ending March 31, 2025, revenue in the New IT Transformation Business was 4,692 million yen (168.1% increase from the same period of the previous fiscal year), and segment profit was 2,585 million yen (423.2% increase from the same period of the previous fiscal year).

(b) Publitech Business

In the Publitech Business, we are promoting regional economic cycles and local government DX to create new regions. In the area of regional revitalization, as donation amounts for the entire furusato donation market have grown, we have expanded the range of

hands-on return-gifts, such as Choice Travel and Choice Gourmet, which contribute to the creation of an interchanging population consisting of new gift providers in the region and donators for the region. At the same time, OEM offerings and other services have also grown steadily. In addition, as announced on August 14, 2024, Toko Computer Service Co., Ltd. will become our consolidated subsidiary, and it will promote the development of new businesses, such as carbon credits. In the public DX area, LoGo chat and LoGo forms, which are SaaS businesses for local governments, continue to receive a powerful reputation from customers, and the combined number of local governments using LoGo chat services (both paid and free) has exceeded 1,400. In addition, Govmates, inc. is enhancing its sales structure and products in order to expand its service for local governments, such as business standardization solutions.

As a result, in the consolidated cumulative first quarter of the fiscal year ending March 31, 2025, revenue in the Publitech Business was 3,537 million yen (9.0% increase from the same period of the previous fiscal year), and segment profit was 1,053 million yen (17.6% increase from the same period of the previous fiscal year).

(2) Overview of Financial Position for the Current Quarter

(i) Assets, Liabilities, and Shareholder Equity

(Assets)

Current assets at the end of the consolidated cumulative first quarter of the fiscal year ending March 31, 2025 were 41,055 million yen, a decrease of 15,036 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 10,665 million yen in cash and cash equivalents due to the conversion of Digital Growth Academia INC. from a subsidiary to an equity-method affiliate at the end of the previous fiscal year and the repurchase of treasury shares, etc. Non-current assets were 34,899 million yen, an increase of 1,665 million yen from the end of the previous. This was mainly due to an increase of 3,848 million yen in investments accounted for using the equity method because Digital Growth Academia, INC. was changed from a subsidiary to an equity-method affiliate at the end of the previous fiscal year.

As a result, total assets were 75,955 million yen, a decrease of 13,370 million yen compared to the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the consolidated cumulative first quarter of the fiscal year ending March 31, 2025 were 13,572 million yen, a decrease of 7,326 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 2,607 million yen in trade and other payables. Non-current liabilities were 20,275 million yen, a decrease of 488 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 863 million yen in in bonds and bank borrowings.

As a result, total liabilities were 33,848 million yen, a decrease of 7,814 million yen from the end of the previous fiscal year.

(Equity)

Equity at the end of the consolidated cumulative first quarter of the fiscal year ending March 31, 2025 was 42,107 million yen, a decrease of 5,555 million yen from the end of the previous fiscal year. This was mainly due to 3,386 million yen in repurchase of treasury shares.

(ii)Cash Flows

Cash and cash equivalents at the end of the consolidated cumulative first quarter of the fiscal year ending March 31, 2025 were 22,737 million yen, a decrease of 10,665 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 cumulative first quarter of the fiscal year ending March 31, 2025 was 212 million yen (an increase of 2,345 million yen for the same period of the previous fiscal year). This was mainly due to a net increase/decrease in trading and other receivables of 4,610 million yen.

(Cash flows from investing activities)

The decrease in cash from investing activities in the consolidated cumulative first quarter of the fiscal year ending March 31, 2025 was 203 million yen (a decrease of 2,130 million yen for the same period of the previous fiscal year). This was mainly due to the acquisition of intangible assets of 145 million yen.

(Cash flows from financing activities)

The decrease in cash from financing activities in the consolidated cumulative first quarter of the fiscal year ending March 31, 2025 was 5,713 million yen (a decrease of 996 million yen for the same period of the previous fiscal year). This was mainly due to the repurchase of treasury shares of 3,392 million yen.

(3) Explanation for the Consolidated Earnings Forecasts

Regarding earnings forecasts, there are no changes from the consolidated financial forecast announced on May 15, 2024.

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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, 2024)	End of 1Q of the current consolidated fiscal year (As of June 30, 2024)
Assets		
Current assets		
Cash and cash equivalents	38,403	27,737
Trade and other receivables	13,699	8,893
Inventories	402	353
Other financial assets	34	34
Other current assets	870	904
Subtotal current assets	53,410	37,924
Assets held for sale	2,681	3,131
Total current assets	56,091	41,055
Non-current assets		
Property, plant, and equipment	1,080	1,180
Right- of- use assets	1,070	1,017
Goodwill	20,711	18,963
Intangible assets	2,293	1,929
Investments accounted for using the equity method	731	4,580
Other financial assets	5,229	5,121
Deferred tax assets	2,081	2,074
Other non-current assets	35	33
Total non-current assets	33,234	34,899
Total assets	89,325	75,955

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(Millions of yen)

	End of the previous consolidated fiscal year (As of March 31, 2024)	End of 1Q of the current consolidated fiscal year (As of June 30, 2024)
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	7,929	5,322
Short-term borrowings	3,652	3,653
Lease liabilities	633	607
Other financial liabilities	388	452
Accrued income taxes	3,234	748
Provisions	557	543
Other current liabilities	4,459	2,172
Subtotal current liabilities	20,854	13,500
Liabilities directly associated with assets held for sale	44	72
Total current liabilities	20,898	13,572
Non-current liabilities		
Bonds and borrowings	19,286	18,423
Lease liabilities	447	409
Provisions	260	237
Deferred tax liabilities	159	595
Other non-current liabilities	609	610
Total non-current liabilities	20,764	20,275
Total liabilities	41,663	33,848
Equity		
Share capital	1,006	1,033
Capital surplus	22,051	22,072
Retained earnings	18,000	18,079
Treasury shares	△1,405	△4,792
Other components of equity	△102	△101
Total equity attributable to owners of parent (total)	39,549	36,291
Non-controlling interests	8,112	5,815
Total equity	47,662	42,107
Total liabilities and equity	89,325	75,955

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(2) Condensed Quarterly Consolidated Statements of Income and Condensed Consolidated Statements of Comprehensive Income

[Condensed Quarterly Consolidated Statements of Income]

(Millions of yen)

	Cumulative 1Q of the previous consolidated fiscal year (From April 1, 2023 to June 30, 2023)	Cumulative 1Q of the current consolidated fiscal year (From April 1, 2024 to June 30, 2024)
Revenue from contracts with customers	4,991	8,139
Revenue from investment securities held as part of operations (△ means loss)	127	-
Total revenue	5,118	8,139
Cost of sales	2,403	4,887
Gross profit	2,715	3,251
Selling, general and administrative expenses	2,067	2,390
Gain from loss of control of subsidiaries	-	1,569
Other income	59	21
Other costs	0	4
Share of profit of investments accounted for using equity method	9	4
Operating profit	717	2,453
Financial income	435	11
Financial cost	16	180
Profit before taxes	1,136	2,285
Income tax expense	374	757
Quarterly profit	762	1,528
Current quarterly profit attributable to:		
Owners of the parent	855	1,432
Non-controlling interests	△92	96
Current quarterly net profit	762	1,528
Current quarterly earnings per share		
Current quarterly basic earnings per share (yen)	11.82	20.03
Current quarterly diluted earnings per share (yen)	11.62	19.74

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[Condensed Quarterly Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Cumulative 1Q of the previous consolidated fiscal year (From April 1, 2023 to June 30, 2023)	Cumulative 1Q of the current consolidated fiscal year (From April 1, 2024 to June 30, 2024)
Current quarterly profit	762	1,528
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments regarding foreign operations	-	2
Other comprehensive income, net of tax	-	2
Current quarterly comprehensive income	762	1,530
Current quarterly comprehensive income attributable to		
Owner of the parent company	855	1,433
Non-controlling interests	△92	97
Current quarterly comprehensive income	762	1,530

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(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Condensed cumulative first quarter of the previous fiscal year (From April 1, 2023 to June 30, 2023)

(Millions of yen)

	Equity attributable to owners of parent				
	Share Capital	Capital surplus	Retained earnings	Treasury share	Total
Balance on April 1, 2023	1,004	22,480	14,398	△1,405	36,477
Current quarterly profit			855		855
Quarterly comprehensive income	-	-	855	-	855
Issuance of shares	2	2			5
Dividend Paid			△723		△723
Non-controlling interests related to acquisition of subsidiaries					-
Total transactions with owners	2	2	△723	-	△718
Balance on June 30, 2023	1,006	22,482	14,530	△1,405	36,613

	Non-controlling interests	Total
Balance on April 1, 2023	2,854	39,331
Current quarterly profit (△ means loss)	△92	762
Quarterly comprehensive income	△92	762
Issuance of shares		5
Dividend Payment		△723
Non-controlling interests related to acquisition of subsidiaries	35	35
Total transactions with owners	35	△682
Balance on June 30, 2023	2,798	39,411

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Consolidated cumulative first quarter of the current fiscal year (from April 1, 2024 to June 30, 2024)

(Millions of yen)

	Equity attributable to owners of parent				
	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, 2024	1,006	22,051	18,000	△1,405	△1,06
Quarterly profit			1,432		
Other comprehensive income					
Quarterly comprehensive income			1,432		
Issuance of new shares	26	25			
Dividend Paid			△1,353		
Purchase of treasury share		△4		△3,386	
Changes due to loss of control of subsidiaries					
Change in ownership interest in controlled subsidiaries		0			
Share-based payment transactions of consolidated subsidiaries					
Total transactions with owners	26	21	△1,353	△3,386	−
Balance on June 30, 2024	1,033	22,072	18,079	△4,792	△106

(millions of yen)

	Equity attributable to owners of the parent				
	Other components of equity		Total	Non-controlling interests	Total
	Foreign currency translation adjustments of foreign operations	Total			
Balance on April 1, 2024	3	△102	39,549	8,112	47,662
Quarterly profit (△ means loss)		-	1,432	96	1,528
Other comprehensive income	1	1	1	1	2
Quarterly comprehensive income	1	1	1,433	97	1,530
Issuance of new shares		-	52		52
Dividend paid		-	△1,353		△1,353
Purchase of treasury share		-	△3,390		△3,390
Changes due to loss of control of subsidiaries		-	-	△2,398	△2,398
Change in ownership interest in controlled subsidiaries		-	0	0	0
Share-based payment transactions of consolidated subsidiaries		-	-	4	4
Total transactions with owners	-	-	△4,691	△2,394	△7,086
Balance on June 30, 2024	5	△101	36,291	5,815	42,107

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(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Cumulative 1Q of the previous consolidated fiscal year (From April 1, 2023 to June 30, 2023)	Cumulative 1Q of the current consolidated fiscal year (From April 1, 2024 to June 30, 2024)
Cash flow from operating activities		
Current quarterly profit before income taxes	1,136	2,285
Depreciation and amortization	290	454
Gain from loss of control of subsidiaries	-	△1,569
Share of loss of investments accounted for using equity method (△ means profit)	△9	△4
Finance income and finance costs	△419	168
Increase (decrease) in inventory (△ is increase)	52	48
Increase (decrease) in trade and other receivables (△ is increase)	3,438	4,610
Increase (decrease) in investment securities held as part of operations (△ is increase)	△127	-
Increase (decrease) in trade and other payables (△ is decrease)	△1,648	△2,462
Other	213	△923
Subtotal	2,927	2,605
Interest and dividends received	0	0
Interest paid	△10	△47
Income taxes paid	△571	△2,771
Net cash provided by (used in) operating activities	2,345	△212
Cash flow from investing activities		
Purchases of property, plant, and equipment	△126	△75
Purchase of intangible assets	△217	△145
Acquisition of investment securities	△1,749	△38
Other	△36	55
Net cash provided by (used in) investing activities	△2,130	△203
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings (△ is decrease)	△50	-
Net increase (decrease) in long-term borrowings	-	40
Repayments of long-term borrowings	△192	△917
Repayments of lease liabilities	△67	△196
Proceeds from issuance of shares	5	52
Dividend payment	△692	△1,302
Repurchase of treasury shares	-	△3,392
Others	-	3
Net cash provided by (used in) financing activities	△996	△5,713
Net increase in cash and cash equivalents (△ is decrease)	△782	△6,129
Cash and cash equivalents at beginning of period	22,968	38,403
Effect of exchange rate changes on cash and cash equivalents	35	16
Decrease in cash and cash equivalents due to exclusion of consolidated entities	-	△4,068
Net increase in cash and cash equivalents included in assets group for disposal classified as held for sale (△ is decrease)	-	△483
Cash and cash equivalents at end of period	22,221	27,737

[Notes of caution]

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(5) Notes to Condensed Quarterly Consolidated Financial Statements
(Notes on the Applied Financial Reporting Framework)

Our summarized quarterly consolidated financial statements (Condensed Quarterly Consolidated Statement of Financial Position, Condensed Quarterly Consolidated Statements of Income and Condensed Consolidated Statements of Comprehensive Income, and Notes) are prepared in accordance with Section 5-2 (including the abbreviation defined in Section 5-5) of the Standard for Preparing the Quarterly Financial Statements, etc. of the Tokyo Stock Exchange, Inc., and some of the disclosure items and notes required by No. 34, "Interim Financial Reports" of the International Accounting Standards are omitted.

(Notes the Going Concern Assumption)

Not applicable.

[Notes of caution]

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(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," 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 Publitech Business engaged in the platform business of hometown tax donation and the provision of technology services for government agencies.

(Matter related to changes in reportable segments)

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 will discontinue 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.

Revenue and segment profit until April 13, 2024 are presented as the Investment Businesses, and subsequent gains and losses on investment securities are presented in finance income and finance costs.

(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.

Consolidated cumulative first quarter of the previous fiscal year (From April 1, 2023 to June 30, 2023)

(Millions of yen)

	Reportable segments				Adjustment (Note) 1	Consolidated
	NEW-IT Transformation Business	Investment Business	Publitech Business	Total		
Revenue						
Revenue from external customers	1,747	127	3,243	5,118	-	5,118
Intersegment revenue	3	-	-	3	△3	-
Total	1,750	127	3,243	5,121	△3	5,118
Segment profit (Note 2)	494	126	895	1,516	△799	717
Finance income	-	-	-	-	-	435
Finance cost	-	-	-	-	-	16
Profit before tax	-	-	-	-	-	1,136

(Note) 1. The adjustment amount in segment profit (△ means loss) of △799 million yen comprises company-wide expenses not allocable to any reportable segment and mostly consists of general and administrative expenses of △

799 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.

Consolidated cumulative first quarter of the current fiscal year (From April 1, 2024 to June 30, 2024)

(Millions of yen)

	Reportable Segments			Adjustment (Note1)	Consolidated
	NEW-IT Transformation Business	Publitech Business	Total		
Revenue					
Revenue from external customers	4,602	3,537	8,139	-	8,139
Intersegment revenue	90	0	90	△90	-
Total	4,692	3,537	8,229	△90	8,139
Segment profit (Note 2)	2,585	1,053	3,638	△1,185	2,453
Finance income	-	-	-	-	11
Finance cost	-	-	-	-	180
Profit before tax	-	-	-	-	2,285

(Note) 1. The adjusted △1,185 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 of △1,185 million yen 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.