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November 13, 2024

Summary of Consolidated Financial Results (IFRS) for the Second Quarter (Interim Accounting Period) 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 filing date of interim report: November 13, 2024
Scheduled commencement date of dividend payments: None
Preparation of explanatory materials for interim 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 Second Quarter (Interim Accounting Period) of the Fiscal Year Ending March 31, 2025

(April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (Cumulative Period)

(Percentages indicate changes from the previous interim accounting period)

	Revenue		Operating profit		Profit before taxes		Interim profit		Interim profit attributable to owners of the parent		Total interim comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim accounting period ending March 31, 2025	16,512	12.7	3,848	△11.1	3,489	△20.3	2,268	△24.1	2,104	△32.8	2,262	△24.3
Interim accounting period ended March 31, 2024	14,657	146.9	4,329	-	4,377	-	2,989	-	3,131	-	2,989	-

	Basic interim earrings per share	Diluted interim earnings per share
	Yen	Yen
Interim accounting period ending March 31, 2025	29.82	29.53
Interim accounting period ended March 31, 2024	43.28	42.55

(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	%
Current interim accounting period of FY ending Mar, 2025	83,796	44,074	35,819	42.7
Previous FY ended Mar, 2024	93,681	49,900	39,483	42.1

(Note)During the interim accounting period of the fiscal year ending March 2025, the provisional accounting treatment for business combinations has been finalized, and the figures for the fiscal year ending March 2024 reflect the finalization of the provisional accounting treatment.

2.Dividend Status

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

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(Note) 1. Any change since the most recently made forecast: No
2. Breakdown of FY ending Mar.2024: Ordinary Distribution: JPY12.00, Special Distribution: JPY6.70

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.)

	Revenue		Operating profit		Profit before taxes		Profit		Profit attributable to owners of parent		Basic profit per share
	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%	¥Mil	%	Yen
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) 1. Revisions from the most recently published performance forecast: No

※ Notes
(1) Changes in significant subsidiaries during the interim accounting period (changes in specified subsidiaries resulting in changes in scope of consolidation): No
New company (company name) -
Excluded company (company name) 2 companies, (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)	Interim accounting period of FY ending March 2025	73,852,362 shares	FY ended March 2024	72,978,762 shares
(ii) Number of treasury shares at the end of the period	Interim accounting period of FY ending March 2025	4,273,415 shares	FY ended March2024	623,335 shares
(iii) Average number of shares during the period (interim accounting period)	Interim accounting period if FY ending March 2025	70,567,388 shares	Interim accounting period of FY ended March 2024	72,354,448 shares

※ 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 several factors. For future forecasts and assumptions, please refer to "1. Overview of operating results (iii) Forecasts for the next fiscal year" on page 4 hereof.

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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 current interim consolidated period.

The accounting treatment for the business combination with E-Guardian Inc., which was conducted in October, 2023, was a provisional one at the end of the previous fiscal year. However, at the end of the current interim consolidated period, such treatment was finally fixed and the revised amount due to this finalized accounting treatment is used in the following statements for comparison and analysis therewith.

(1) Overview of operating results for the current interim accounting period

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, 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 promoting and expanding these two businesses: NEW-IT Transformation Business, which is responsible for supporting the development of digital human resources, innovating business processes, and digitization, and the Publitech Business, which is headed by the promotion of regionalization through DX.

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. Also, by shifting to a holding company structure on April 1, 2023, 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.

With E-Guardian Inc., which became a consolidated subsidiary in October 2023 as a foothold, we are actively developing our business with the aim of expanding our business in the cyber security field. In preparation for the next Mid-term Business Plan, we are implementing structural reforms and are establishing a structure for further growth.

Operating results for the current interim consolidated period 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, we strengthened and expanded training services that incorporated re-skilling and robust generation AI(ChatGPT) related demand, and recorded a gain on revaluation of shares due to the conversion of Digital Growth Academia, INC. into an equity-method affiliate. In the cyber security field, revenue increased significantly compared with the same interim consolidated accounting period of the previous fiscal year due to the consolidation of E-Guardian Inc. and IdealRoute Consulting Inc. Cyleague Holdings, Inc. has also signed a basic agreement with Sumitomo Mitsui Financial Group, Inc. and Sumitomo Mitsui Insurance Co., Ltd. to establish a joint venture to support corporate cyber security, and they will prepare for establishing the related new company. In order to continue to reorganize the cyber security industry, we will engage in the integration of solutions and human resources through M&A.

In the Publitech Business, we are promoting DX of local governments and regional revitalization through efforts to promote regional economic cycles. In the regional revitalization business, sales grew steadily as a whole, as the effects of the provision of OEM services of the hometown tax donation platform, etc., compensating for the reactionary decline following the front-loaded increase in hometown tax donations in the same consolidated period of the previous fiscal year. On October 17, 2024, we began collaboration with “JRE MALL Furusato Nozei (hometown tax donation)”, which is operated by East Japan Railway Company, and expanded OEM services. As announced on August 14, 2024, Toko Computer Service Co.,Ltd. will become our consolidated subsidiary to 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 strong 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 developing and strengthening business standardization solutions to expand DX of municipal operations.

As a result, revenue for the current interim consolidated accounting period was 16,512 million yen (up 12.7% from the same period oof the previous fiscal year), operating profit was 3,848 million yen (down 11.1% from the same period), interim profit before tax was 3,489 million yen (down 20.3% from the same period), and interim profit attributable to owners of parent was 2,104 million yen (down 32.8% from the same period).

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, we strengthened and expanded training services that incorporated re-skilling and robust generation AI(ChatGPT) related demand, and recorded a gain on revaluation of shares due to the conversion of Digital Growth Academia, INC. into an equity-method affiliate. In the cyber security field, revenue increased significantly compared with the same interim consolidated accounting period of the previous fiscal year due to the consolidation of E-Guardian Inc. and IdealRoute Consulting Inc. Cyleague Holdings, Inc. has also signed a basic agreement with Sumitomo Mitsui Financial Group, Inc. and Sumitomo Mitsui Insurance Co., Ltd. to establish a joint venture to support corporate cyber security, and they will prepare for

establishing the related new company. In order to continue to reorganize the cyber security industry, we will engage in the integration of solutions and human resources through M&A.

Consequently, revenue in the NEW-IT Transformation Business for the current interim consolidated accounting period was 9,083 million yen (up 206.1% from the same period of the previous fiscal year), and segment profit was 3,212 million (up 351.4% from the same period).

(b) Publitech Business

In the Publitech Business, we are promoting DX of local governments and regional revitalization through efforts to promote regional economic cycles. In the regional revitalization business, sales grew steadily as a whole, as the effects of the provision of OEM services of the hometown tax donation platform, etc., compensating for the reactionary decline following the front-loaded increase in hometown tax donations in the same consolidated period of the previous fiscal year. On October 17, 2024, we began collaboration with "JRE MALL Furusato Nozei (hometown tax donation)", which is operated by East Japan Railway Company, and expanded OEM services. As announced on August 14, 2024, Toko Computer Service Co.,Ltd. will become our consolidated subsidiary to 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 strong 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 developing and strengthening business standardization solutions to expand DX of municipal operations.

As a result, revenue in the Publitech Business for the current interim consolidated accounting period was 7,712 million yen (down 33.4% from the same period oof the previous fiscal year) and segment profit was 3,139 million yen (down 39.5% from the same period).

(2) Financial Position

(i) Assets, Liabilities, and Shareholder Equity

(Assets)

Current assets at the end of the current interim consolidated accounting period were 43,766 million yen, a decrease of 12,325 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 12,512 million in cash and cash equivalents. Non-current assets were 40,030 million, an increase of 2,440 million yen from the end of the previous fiscal year. This was mainly due to an increase of 3,886 million yen in investments accounted for using the equity method, mainly due to the conversion of Digital Growth Academia, INC., which was a subsidiary at the end of the previous fiscal year, into an equity-method affiliate.

As a result of the above, total assets decreased by 9,885 million yen from the end of the previous fiscal year to 83,796 million yen.

(Liabilities)

Current liabilities at the end of the current interim consolidated accounting period were 17,062 million yen, a decrease of 3,836 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 2,566 million in other current liabilities such as accrued consumption tax, etc. Non-current liabilities decreased by 155 million yen from the end of the previous fiscal year to 22,726 million yen. This was mainly due to a decrease of 1,792 million in bonds and borrowings.

As a result of the above, total liabilities decreased by 3,991 million yen from the end of the previous fiscal year to 39,789 million yen.

(Equity)

Equity at the end of the current interim consolidated accounting period was 44,007 million yen, a decrease of 5,893 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 4,476 million yen of treasury share, which is a decreasing factor of equity.

(ii) Cash Flows

Cash and cash equivalents at the end of the current interim consolidated accounting period were 25,891 million yen, a decrease of 12,512 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 current interim consolidated accounting period was 429 million yen (an increase of 3,272 million yen for the same period of the previous fiscal year). This was mainly due to pretax interim profit of 3,489 million yen and income taxes paid of 2,702 million yen.

(Cash flows from investing activities)

The decrease in cash from investing activities in the current interim consolidated accounting period was 482 million yen (a decrease of 2,436 million yen for the same period of the previous fiscal year). This was mainly due to the purchase of intangible assets of 425 million yen.

(Cash flows from financing activities)

The decrease in cash from financing activities in the current interim consolidated accounting period was 7,981 million yen (a decrease of 1,099 million yen for the same period of the previous fiscal year). This was mainly due to the purchase of treasury shares of 4,485 million yen.

The main change factor other than the above is a decrease of 4,068 million yen in cash and cash equivalents due to exclusion of consolidated entities. This was due to the change of Digital Growth Academia, INC. to an equity-method affiliate.

(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 Interim Consolidated Financial Statements and Major Notes
(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	End of the previous consolidated fiscal year (As of March 31, 2024)	End of the current interim consolidated accounting period (As of September 30, 2024)
Assets		
Current assets		
Cash and cash equivalents	38,403	25,891
Trade and other receivables	13,699	13,271
Inventories	402	495
Other financial assets	34	5
Other current assets	870	923
Subtotal current assets	53,410	40,587
Assets held for sale	2,681	3,178
Total current assets	56,091	43,766
Non-current assets		
Property, plant, and equipment	1,080	1,238
Right- of- use assets	1,070	1,439
Goodwill	18,278	16,562
Intangible assets	9,022	8,603
Investments accounted for using the equity method	731	4,617
Other financial assets	5,229	5,324
Deferred tax assets	2,141	2,133
Other non-current assets	35	111
Total non-current assets	37,590	40,030
Total assets	93,681	83,796

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(Millions of yen)

	End of the previous consolidated fiscal year (As of March 31, 2024)	End of the current interim consolidated accounting period (As of September 30, 2024)
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	7,929	8,377
Short-term borrowings	3,652	3,642
Lease liabilities	633	1,153
Other financial liabilities	388	262
Accrued income taxes	3,234	1,496
Provisions	557	149
Other current liabilities	4,459	1,892
Subtotal current liabilities	20,854	16,974
Liabilities directly associated with assets held for sale	44	87
Total current liabilities	20,898	17,062
Non-current liabilities		
Bonds and borrowings	19,286	17,494
Lease liabilities	447	1,765
Provisions	260	343
Deferred tax liabilities	2,277	2,512
Other non-current liabilities	609	610
Total non-current liabilities	22,882	22,726
Total liabilities	43,781	39,789
Equity		
Share capital	1,006	1,042
Capital surplus	22,048	22,077
Retained earnings	17,937	18,688
Treasury shares	△1,405	△5,882
Other components of equity	△102	△105
Total equity attributable to owners of parent (total)	39,483	35,819
Non-controlling interests	10,416	8,188
Total equity	49,900	44,007
Total liabilities and equity	93,681	83,796

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(2) Condensed Interim Consolidated Statements of Income and Summary Consolidated Statements of Comprehensive Income

[Condensed Interim Consolidated Statements of Income]

(Millions of yen)

	Previous interim consolidated accounting period (From April 1, 2023 to September 30, 2023)	Current interim consolidated accounting period (From April 1, 2024 to September 30, 2024)
Revenue from contracts with customers	14,529	16,512
Revenue from investment securities held as part of operations	127	-
Total revenue	14,657	16,512
Cost of sales	4,704	9,343
Gross profit	9,952	7,168
Selling, general and administrative expenses	5,718	5,023
Gain from loss of control of subsidiaries	-	1,569
Other income	80	111
Other costs	0	20
Share of profit of investments accounted for using equity method	16	42
Operating profit	4,329	3,848
Financial income	76	4
Financial cost	28	363
Profit before taxes	4,377	3,489
Income tax expense	1,388	1,221
Interim profit	2,989	2,268
Current interim profit attributable to:		
Owners of the parent	3,131	2,104
Non-controlling interests	△141	163
Current interim profit	2,989	2,268
Current interim earnings per share		
Current interim basic earnings per share (yen)	43.28	29.82
Current interim diluted earnings per share (yen)	42.55	29.53

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[Condensed Interim Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Previous interim consolidated accounting period (From April 1, 2023 to September 30, 2023)	Current interim consolidated accounting period (From April 1, 2024 to September 30, 2024)
Interim profit	2,989	2,268
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	-	△0
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments of foreign operations	-	△5
Other comprehensive income, net of tax	-	△5
Interim comprehensive income	2,989	2,262
Interim comprehensive income attributable to		
Owner of the parent	3,131	2,101
Non-controlling interests	△141	160
Current interim comprehensive income	2,989	2,262

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(3) Condensed Interim Consolidated Statements of Changes in Equity

Previous interim consolidated accounting period (From April 1, 2023, to September 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
Interim profit			3,131		3,131
Interim comprehensive income	-	-	3,131	-	3,131
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 September 30, 2023	1,006	22,482	16,806	△1,405	38,889

	Non-controlling interests	Total
Balance on April 1, 2023	2,854	39,331
Interim profit (△ means loss)	△141	2,989
Interim comprehensive income	△141	2,989
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 September 30, 2023	2,749	41,639

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Current interim consolidated accounting period (from April 1, 2024, to September 30, 2024)

(Millions of yen)

	Equity attributable to owners of parent				
	Share Capital	Capital surplus	Retained earnings	Treasury share	Total
Balance on April 1, 2024	1,006	22,048	17,937	△1,405	△106
Interim profit			2,104		
Other comprehensive income					△0
Interim comprehensive income			2,104		△0
Issuance of new shares	35	34			
Dividend Paid			△1,353		
Purchase of treasury share		△6		△4,476	
Changes due to loss of control of subsidiaries					
Change in ownership interest in controlled subsidiaries		0			
Change in equity in the equity-method applied affiliates		0			0
Share-based payment transactions of consolidated subsidiaries					
Total transactions with owners	35	28	△1,353	△4,476	0
Balance on September 30, 2024	1,042	22,077	18,688	△5,882	△106

(millions of yen)

	Equity attributable to owners of the parent				
	Other components of equity				
	Foreign currency translation adjustments of foreign operations	Total	Total	Non-controlling interests	Total
Balance on April 1, 2024	3	△102	39,483	10,416	49,900
Interim profit			2,104	163	2,268
Other comprehensive income	△3	△3	△3	△2	△5
Interim comprehensive income	△3	△3	2,101	160	2,262
Issuance of new shares		-	70		70
Dividend paid		-	△1,353		△1,353
Purchase of treasury share		-	△4,482		△4,482
Changes due to loss of control of subsidiaries		-	-	△2,398	△2,398
Change in ownership interest in controlled subsidiaries	0	0	0	△0	△0
Change in equity in the equity-method applied affiliates		0	0		0
Share-based payment transactions of consolidated subsidiaries		-	-	9	9
Total transactions with owners	0	0	△5,765	△2,389	△8,155
Balance on September 30, 2024	0	△101	35,819	8,188	44,074

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(4) Condensed Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Previous interim consolidated accounting period (From April 1, 2023 to September 30, 2023)	Current interim consolidated accounting period (From April 1, 2024 to September 30, 2024)
Cash flow from operating activities		
Current interim profit before income taxes	4,377	3,489
Depreciation and amortization	598	1,124
Gain on loss of control of subsidiaries	-	△1,569
Equity in earnings of affiliates (△ means profit)	△16	△42
Finance income and finance costs	△48	359
Increase (decrease) in inventory (△ is increase)	63	△11
Increase (decrease) in trade and other receivables (△ is increase)	△4,118	1,865
Increase (decrease) in investment securities held as part of operations (△ is increase)	△127	-
Increase (decrease) in trade and other payables (△ is decrease)	1,537	△106
Other	1,548	△1,883
Subtotal	3,815	3,224
Interest and dividends received	3	4
Interest paid	△20	△97
Income taxes paid	△526	△2,702
Net cash provided by (used in) operating activities	3,272	429
Cash flow from investing activities		
Purchases of property, plant, and equipment	△453	△127
Purchase of intangible assets	△463	△425
Gain on purchase of subsidiaries following the change of scope of consolidation	-	420
Acquisition of investment securities	△2,049	△388
Sale of investment securities	277	-
Other	252	39
Net cash provided by (used in) investing activities	△2,436	△482
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings (△ is decrease)	△35	-
Net increase (decrease) in long-term borrowings	300	40
Repayments of long-term borrowings	△510	△1,871
Repayments of lease liabilities	△137	△386
Proceeds from issuance of shares	5	70
Dividend payment	△721	△1,350
Repurchase of treasury shares	-	△4,485
Others	-	2
Net cash provided by (used in) financing activities	△1,099	△7,981
Net increase in cash and cash equivalents (△ is decrease)	△264	△8,034
Cash and cash equivalents at beginning of period	22,968	38,403
Effect of exchange rate changes on cash and cash equivalents	47	△3
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)	-	△405
Cash and cash equivalents at end of period	22,751	25,891

[Notes of caution]

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(5) Notes to Condensed Interim Consolidated Financial Statements
(Notes on 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 Group consists of segments categorized by the nature of services. We have three reportable segments: the NEW-IT Transformation Business, the Investment Business, and the Publitech Business.

The NEW-IT Transformation Business provides Japanese companies with solutions that improve productivity and added value by transforming their business operations and business models through the development of innovative technologies and digital human resources. Publitech Business provides a platform service for hometown tax donation and solutions for government agencies.

At the meeting of our Board of Directors held on April 14, 2023, a resolution was made to abolish the "Investment Business" and to change the reportable segments.

(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.

Previous interim consolidated accounting period (From April 1, 2023, to September 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	2,957	127	11,572	14,657	-	14,657
Intersegment revenue	9	-	-	9	△9	-
Total	2,967	127	11,572	14,667	△9	14,657
Segment profit (Note 2)	711	126	5,192	6,030	△1,700	4,329
Finance income	-	-	-	-	-	76
Financing cost	-	-	-	-	-	28
Profit before tax	-	-	-	-	-	4,377

(Note) 1. The adjustment △1,700 million yen comprises company-wide expenses not allocable to any reportable segment and mostly consists of general and administrative expenses of 1,700 million yen that are not attributable to the reportable segments.

2. This segment's profit is adjusted for operating income in the condensed interim consolidated statements of income.

[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.

Current interim consolidated accounting period (From April 1, 2024, to September 30, 2024)

(Millions of yen)

	Reportable segments				
	NEW-IT Transformation Business	Publitech Business	Total	Adjustment (Note) 1	Consolidated
Revenue					
Revenue from external customers	8,826	7,685	16,512	-	16,512
Intersegment revenue	257	26	284	△284	-
Total	9,083	7,712	16,796	△284	16,512
Segment profit (Note 2)	3,212	3,136	6,351	△2,503	3,848
Finance income	-	-	-	-	4
Financing cost	-	-	-	-	363
Profit before tax	-	-	-	-	3,489

(Note) 1. The adjusted △2,503 million 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 2,503 million yen that are not attributable to the reportable segment.
2. This segment profit (△ means loss) is adjusted with operating income in the condensed interim consolidated statements of income.

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(Significant Subsequent Events)

(Issuance of share acquisition right as share option)

On September 24, 2024, the Board of Directors of the Company approved the issuance of share acquisition rights (hereinafter, "Share Acquisition Rights") as share options to directors and employees of the Company and its affiliates, which were issued on October 25, 2024.

Purpose and reason for offering share acquisition rights

The purpose of issuing the Share Acquisition Rights with consideration to the directors and employees of the Company as well as to the directors and employees of affiliates of the Company are to further increase their motivation and morale, as well as to further enhance solidarity with the Company in order to expand the Company's business performance and increase corporate value over the medium to long term.

The total number of shares of ordinary shares that would increase if all the Share Acquisition Rights were exercised would be equivalent to 4.08% of the total number of issued shares as of today. However, the Share Acquisition Rights are subject to the outcome of performance targets set in advance, and the Company recognizes that achieving these targets will contribute to increasing corporate and shareholder value of the Company. For this reason, the Company believes that the issuance of the Share Acquisition Rights benefits its existing shareholders, and that the effect of stock dilution will be within an acceptable range.

Outline of Issuance of Share Acquisition Rights

1. Number of Share Acquisition Rights

29,050 rights

The total number of shares that are to be delivered upon exercise of the Share Acquisition Rights shall be 2,905,000 ordinary shares of the Company, and if the number of shares to be granted upon exercise of the Share Acquisition Rights is adjusted pursuant to 3.(1) below, the number shall be obtained by multiplying the number of shares to be granted after adjustment by the number of Share Acquisition Rights.

2. Money to be Paid in Exchange for Share Acquisition Rights

The issue price per Share Acquisition Rights shall be JPY100. This amount was determined with reference to and to be equivalent to the amount of the results calculated by Plutus Consulting Co., Ltd. ("Plutus"), a third-party valuation institution. Plutus calculated the amount based on the closing price of the Company's share (JPY1,291 per share) on the Tokyo Share Exchange on September 20 2024, which was the trading day before the date of the resolution of the Board of Directors regarding the issuance of the Share Acquisition Rights, the share price volatility of 61.52%, the dividend yield of 1.12%, the risk-free interest rate of 0.89%, and the terms and conditions of the Share Acquisition Rights (exercise price of JPY1,291 per share, period from the allotment date to the expiration of the exercise period of 9.9 years, and performance conditions) by using a Monte Carlo simulation, which is a general option pricing model.

3. Terms of Share Acquisition Rights

(1) Class and number of shares to be delivered upon exercise of share acquisition rights

The number of shares to be delivered upon exercise of one Share Acquisition Right (the "Number of Granted Shares") shall be one hundred (100) ordinary shares of the Company.

The Number of Granted Shares shall be adjusted according to the following formula in the event that the Company conducts a share split (including the gratis allotment of shares of ordinary share of the Company; the same shall apply hereinafter) or a share consolidation after the allotment date of the Share Acquisition Rights; provided, however, that such adjustment shall be made only with respect to the number of shares subject to the Share Acquisition Rights not exercised at the time of such adjustment among the Share Acquisition Rights, and any fraction less than one share arising from such adjustment shall be rounded down. The adjusted Number of Granted Shares as a result of such adjustment shall apply, in the case of a share split, from the day following the record date of such share split (or, if no record date is specified, from the effective date of such share split), and in the case of share consolidation, from the effective date of such share consolidation.

Number of Granted Shares after Adjustment = Number of Granted Shares before Adjustment × Ratio of Share Split (or Share Consolidation)

In addition, if after the allotment date of the Share Acquisition Rights, the Company conducts a merger, company split, share exchange, or share delivery or otherwise requires an adjustment of the Number of Granted Shares in accordance with these cases, the Company may make appropriate adjustments to the Number of Granted Shares to a reasonable extent.

(2) Value or calculation method of assets to be contributed upon exercise of share acquisition rights

The value of the assets to be contributed upon the exercise of the Share Acquisition Rights shall be the amount

obtained by multiplying the amount to be paid per share (the "Exercise Price") by the Number of Granted Shares.

The Exercise Price is JPY1,291.

In the event that the Company conducts a share split or a share consolidation after the allotment date of the Share Acquisition Rights, the Exercise Price shall be adjusted according to the following formula, and any fraction less than one yen arising from the adjustment shall be rounded up. The Exercise Price after adjustment as a result of such adjustment shall apply from the day following the record date of share split in the case of a share split (or, if no record date is specified, from the effective date of share split), and from the effective date of share consolidation in the case of share consolidation.

Exercise Price after Adjustment ＝Exercise Price before Adjustment × Ratio of Share Split (or Share Consolidation)

In the event that the Company issues new shares or disposes of treasury shares of its ordinary share at a price below the Market Price after the allotment date of the Share Acquisition Rights (except in the case of issuance of new shares and disposal of treasury shares upon the exercise of share acquisition rights, or issuance of new shares and delivery of treasury shares due to mergers, company splits, share exchanges, and share delivery), the above Exercise Price shall be adjusted according to the following formula, and any fraction less than one yen arising from the adjustment shall be rounded up. The Exercise Price after adjustment as a result of such adjustment shall apply from the day following the payment date (or, if payment period is provided, the last day of such payment period) of such issuance or disposal (or if record date is specified, the day following such record date).

Number of New Exercise Price after Adjustment ＝ Exercise Price before Adjustment × ((Number of Shares Already Issued + (Shares to be Issued × Amount to be Paid per Share) /(Market Price per Share before New Issuance)) /(Number of Shares Already Issued + Number of New Shares to be Issued))

In the above formula, the "Number of Shares Already Issued" is the total number of issued shares of ordinary share of the Company minus the number of treasury shares of ordinary share of the Company. When disposing of treasury shares of the Company, the "Number of New Shares to be Issued" shall be replaced by "Number of Treasury Shares to be Disposed of." In the above formula, "Market Price" means the average daily closing price of the Company's ordinary share in regular trading on the Tokyo Share Exchange during the 30 trading days commencing on the 45th trading day preceding the day on which the Exercise Price after adjustment is applied (excluding days without a closing price). The average shall be calculated to the second decimal place and rounded off to the first decimal place.

In addition to the above, in the event that, after the allotment date of the Share Acquisition Rights, the Company merges, conducts company split, share exchange or share delivery, or otherwise requires adjustment of the Exercise Price in accordance with these cases, the Company may make appropriate adjustments to the Exercise Price to a reasonable extent.

(3) Period during which share acquisition rights can be exercised
The period during which the Share Acquisition Rights can be exercised (the "Exercise Period") is from September 25, 2027 to September 24, 2034.

(4) Matters concerning increase in stated capital and capital reserve
(i) The increase in the amount of stated capital due to the issuance of shares upon the exercise of the Share Acquisition Rights shall be one half of the maximum amount of increase in capital, etc., to be calculated pursuant to Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any amount less than one yen arising from the calculation to be rounded up.

(ii) The increase in the amount of capital reserve due to the issuance of shares upon the exercise of the Share Acquisition Rights shall be the amount obtained by subtracting the increase in the amount of stated capital as specified in (i) above from the maximum amount of increase in capital, etc., as stated in (i) above.

(5) Restrictions on acquisition of share acquisition rights through transfer
Any acquisition of the Share Acquisition Rights through transfer shall require approval by a resolution of the Board of Directors of the Company.

(6) Conditions of exercise of share acquisition rights
(i) Upon the fulfillment of each of the conditions set forth in (a) and (b) below, the share acquisition rights holders

may exercise the Share Acquisition Rights up to the percentage set forth in (a) and (b) below (the "Exercisable Percentage") among the Share Acquisition Rights granted. Any fraction of less than one right in the number of exercisable share acquisition rights shall be rounded down.

(a) when the consolidated profit before taxes for any fiscal year from the fiscal year ending March 31, 2027 to the fiscal year ending March 31, 2028 exceeds JPY18,000 million:

Exercisable Percentage: 50%

(b) when the consolidated profit before taxes for any fiscal year from the fiscal year ending March 31, 2027 to the fiscal year ending March 31, 2028 exceeds JPY 23,000 million:

Exercisable Percentage: 100%

In determining the consolidated profit before taxes of (a) and (b) above, the figures in the consolidated statements of income as shown in the annual securities reports filed by the Company shall be referred; provided, however, that in the event that the Board of Directors determines that it is not appropriate to determine based on actual figures stated on the consolidated statements of income, where events such as changes in the fiscal years, changes in the applicable accounting standards and the acquisitions of companies
that would have a material impact on the business performance of the Company occur, the Company may make appropriate adjustments to the actual figures in order to eliminate such effects to a reasonable extent.

(ii) The share acquisition rights holders may not exercise the Share Acquisition Rights unless they continuously hold the position of director, auditor, executive officer or employees of the Company or its affiliates from the allotment date of the Share Acquisition Rights until March 31, 2026; provided, however, that this shall not apply to the case where the Company's Board of Directors determines that there are justifiable reasons such as retirement due to the expiration of the term of office, retirement at the mandatory retirement age, etc.

(iii) The exercise of the Share Acquisition Rights by the heirs of the share acquisition rights holders shall not be permitted.

(iv) If the total number of issued shares of the Company exceeds the total number of shares authorized to be issued at the time due to the exercise of the Share Acquisition Rights, such Share Acquisition Rights may not be exercised.

(v) Each Share Acquisition Right may not be exercised for less than one Share Acquisition Right.

4. Allotment Date of Share Acquisition Rights
October 25, 2024

5. Matters Relating to Acquisition of Share Acquisition Rights
(1) If a merger agreement in which the Company becomes a dissolved company, a company split agreement or a company split plan in which the Company becomes a splitting company, or a share exchange agreement, a share delivery plan or a share transfer plan in which the Company becomes a wholly-owned subsidiary is approved by a general meeting of shareholders (or by a resolution of the Board of Directors if no approval is
required by a general meeting of shareholders), the Company may acquire all of the Share Acquisition Rights without any consideration upon the arrival of a date to be separately specified by its Board of Directors.

(2) If the exercise of the Share Acquisition Rights becomes impossible pursuant to the provisions of 3.(6) above prior to the exercise by the share acquisition rights holders, the Company may acquire the Share Acquisition Rights that could not be exercised without any consideration upon the arrival of a date to be separately specified by its Board of Directors.

6. Handling of Share Acquisition Rights upon Structural Reorganization
If the Company conducts a merger (limited to cases where the Company is dissolved as a result of a merger), an absorption-type company split or an incorporation-type company split (limited to cases where the Company becomes a splitting company) or a share exchange or share transfer (limited to cases where the Company becomes a wholly-owned subsidiary) (collectively, an "Structural Reorganization"), the share acquisition rights of the share company listed in Article 236, Paragraph 1, Item (viii)(a) to (e) of the Companies Act (the "Reorganized Company") shall be delivered respectively to the share acquisition rights holders in respect of the Share Acquisition Rights remaining at the time immediately prior to the Structural Reorganization becoming effective, in each case pursuant to the following conditions. However, this shall be limited to the cases where it is specified in the absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-

type company split plan, share exchange agreement, or share transfer plan that the share acquisition rights of the Reorganized Company shall be delivered in accordance with the following conditions:

(1) Number of share acquisition rights of Reorganized Company to be delivered
The same number of share acquisition rights as the number of the Share Acquisition Rights held by the share acquisition right holders shall be delivered, respectively.

(2) Class of shares of Reorganized Company to be delivered upon exercise of share acquisition rights
Ordinary shares of the Reorganized Company shall be delivered.

(3) Number of shares of Reorganized Company to be delivered upon exercise of share acquisition rights
A determination shall be made in accordance with 3.(1) above upon the conditions for the Structural Reorganization being taken into consideration.

(4) Amount of assets to be contributed upon exercise of share acquisition rights
The amount of assets to be contributed upon the exercise of the respective share acquisition rights to be delivered shall take into account the conditions of the Structural Reorganization, and shall be obtained by multiplying the post-reorganization exercise price obtained by adjusting the Exercise Price specified in 3.(2) above, by the number of shares of the Reorganized Company to be issued for such share acquisition rights determined in accordance with 6.(3) above.

(5) Period during which share acquisition rights are exercisable
Such period shall be from the first day of the Exercise Period specified in 3.(3) above, or the effective date of the Structural Reorganization, whichever is later, until the last day of the Exercise Period specified in 3.(3) above.

(6) Matters concerning stated capital and capital reserves to be increased when shares are issued upon the exercise of share acquisition rights
Such matter shall be determined in accordance with 3.(4) above.

(7) Restriction on acquisitions of share acquisition rights through transfers
Restrictions on acquisitions of the share acquisition rights through transfers shall require approval by a resolution of the Board of Directors of the Reorganized Company.

(8) Other conditions upon exercise of share acquisition rights
Such conditions shall be determined in accordance with 3.(6) above.

(9) Events and conditions for acquisition of share acquisition rights
Such events and conditions shall be determined in accordance with 5. above.

(10) Other conditions shall be determined in accordance with conditions of the Reorganized Company.

7. Matters Related to Share Acquisition Right Certificates
The Company shall not issue certificates for the Share Acquisition Rights.

8. Payment Date in Exchange for Share Acquisition Rights
October 25, 2024

9. Due Date for Application
October 17, 2024

10. Persons and Number of Persons Receiving Allotments of Share Acquisition Rights
Directors of the Company: 4 persons, 15,500 rights
Employees of the Company: 23 persons, 8,300 rights
Directors of the affiliates: 18 persons, 4,200 rights
Employees of the affiliates: 13 persons, 1,050 rights