1. Business Highlights for the Nine Months of 40th Business Period (Fiscal Year Ending March 31, 2024)

(1) Qualitative Information on Consolidated Results of Operations

During the nine months ended December 31, 2023, the Japanese economy was on a recovery trend with economic activities rebounding, reflecting the diminishing impact of COVID-19 on the economy. However, the outlook continues to be uncertain, as soaring energy and raw material prices impact consumer prices, against the backdrop of geopolitical risks including escalating tension in the Middle East as well as the prolonged invasion of Ukraine by Russia. Additionally, the outlook of the global economy also remains unpredictable at best, with rising concerns over the downside risks of the economy due to global monetary tightening, in addition to persistent inflation. As for the exchange rates, around the end of November 2023, a slight appreciating trend of the yen was detected in the foreign exchange market, which had generally been gravitating toward a weak yen. However, as the prospect of a U.S. interest rate cut became a long shot and the difference in interest rates between Japan and the U.S. became painfully evident, the yen once again reverted to its depreciating track and we must continue to carefully monitor the exchange rate situation.

Now that new work styles including remote working are taking root in the wake of the spread of COVID-19, ransomware and other types of cyber-attacks are becoming more intense. This has heightened awareness of security measures as a management issue, especially among large companies. As a result, the demand for cybersecurity products and services has continued to grow. Under these circumstances, in the Information Infrastructure Business, the Company's core business, we saw strong demand continuing for cloud-based security measure products. Integrated security monitoring services provided by the Company were also robust, proving that its value-added strategies are bearing fruits. Furthermore, to prepare for the full-blown arrival of the cloud era, we are shifting our approach to developing and operating infrastructure to be cloud-native and are providing solutions that take full advantage of cloud-native technologies.

In the Application Services Business, new inquiries are steady in the CRM field thanks to business collaborations with a major system integrator and telemarketing vendor, expanding demand for cloud services, improved name recognition, and the expansion of business performance. Subscription-based on-premise products have steadily increased, which we started working on in a planned manner since two fiscal years ago. For overseas markets, we have continued to work to accelerate business development in the ASEAN market based on the capital and business alliances formed with the Thailand companies in the previous fiscal year and the establishment of our local subsidiary in Thailand in April 2023. In the Software Quality Assurance field, demand remained robust for testing tools used to ensure the quality of enterprise systems and embedded software. With the further application of IT in automobiles, there was a strong demand for improvement in the quality of embedded software in the manufacturing industry, etc., which develops in-vehicle software, and orders continued to be favorable. In the Business Solutions field, the restructuring of ARECCIA Fintech Corp. (former Information Design & Architecture Yamazaki Co., Ltd.) into a wholly owned subsidiary in July 2023 and the transfer of the financial systems-related business to ARECCIA Fintech Corp. proved to be effective, which, in turn, has bolstered our sales promotion structure. In the EdTech field, we have constantly received inquiries for our school communication platform, resulting in an increase in adoption especially among famous private schools. We will continue to work on further expansion of our business through a capital and business alliance with Educa & Quest Inc.

In the Medical Systems Business, which was newly spun out as a separate business segment in the previous fiscal year, the new PSP Corporation ("PSP"), which was started on April 1, 2022, has been working to unify our customer base and integrate our products and services, as well as promoting cloud-based PACS (medical imaging management) with the aim of shifting to recurring revenue business models. PSP has also made progress in its collaboration with CANON MEDICAL SYSTEMS CORPORATION in the healthcare IT solution business field, and the capital and business alliance with Medmain Inc. to promote the digital pathology-related business. In addition, PSP has endeavored to expand the number of users of Personal Health Record (PHR) services for individual customers, which were promoted by NOBORI Ltd. before. For the business of AI-based medical image diagnostic support services, M3 AI, Inc. (established as a joint venture between PSP and M3, Inc. on April 1, 2022) has been taking the lead in accelerating the distribution of AI to medical practices.

With a mission statement of being "the IT professional group who create a better future," the Company announced the new Medium-term Management Plan "BEYOND THE NEW NORMAL" on May 10, 2021. This fiscal year is the final fiscal year of the plan. In the future, as "digital" is built into every corner of society and digital transformation (DX), which reforms business models using digital technology, advances rapidly, the Company sees this rapid shift to digitization and the dramatic restructuring of industry as a new growth opportunity and aims to contribute to the creation of a sustainable society by providing services to solve social issues. The spread of COVID-19 has prompted us to shift to a new mode of life called the "New Normal." In the new Medium-term Management Plan, we will accelerate businesses oriented toward domains that will be essential to society, incorporating an SDG perspective with an eye on the new society to come after the New Normal.

The new Medium-term Management Plan "BEYOND THE NEW NORMAL" states seven key strategies to be achieved while carrying on with the core business strategies of the previous Medium-term Management Plan "GO BEYOND 3.0."

■ The core business strategies (continued)
- Strategic and accelerated promotion of cloud-related businesses
- Pursuit of security and safety

■ The seven key strategies
1) Expanding portfolio of products and services
2) Accelerated servicization (increasing service ratio)
3) Utilization of data (including use of AI)
4) Diverse alliances/M&A (expansion of existing business, creation of new business)
5) Expanding business in the overseas market
6) Creation of synergies by strengthening group collaboration
7) Human resource development/organizational development (including promotion of diversity)

Our Group implemented the following initiatives in accordance with the above business strategies.

◇ Information Infrastructure Business Segment

First quarter ended June 30, 2023
- Received the Most Dedicated Partner of the Year 2022 from TANIUM.
- Received the Partner of the year 2023 and Deal Registration of the year 2023 from Proofpoint Japan K.K.
- Received the APJ Marketing Partner of the Year 2022 from Cohesity.
- CROSS HEAD started to provide "CROSSPLugins Series," plugins to extend the features of kintone.

Second quarter ended September 30, 2023
- Concluded a distributorship agreement with Tenable, Inc.
- Started a promotion campaign to provide Tanium Risk Assessment free of charge.
- CROSS HEAD added to its lineup "CROSSPLugins Series," plugins to extend the features of kintone, a business improvement platform.

Third quarter ended December 31, 2023
- Added "SentinelOne ®Singularity™ Platform" to TPS service offerings for integrated monitoring and incident response.
- Received the "Channel Services Delivery Excellence Award" from Dell Technologies.
- Received the "2023 JAPAC Distribution Partner of the Year" from Palo Alto Networks.
- CROSS HEAD received the "Market Leader of the Year 2023" in the "Implem Partner Award 2023."
- OCH Co., Ltd. launched "SmaLingual," AI-driven, multilingual simultaneous translation services.

- OCH Co., Ltd. launched the new-model UTM, "SG-ONE TANDEM 2000," geared to small and medium-sized businesses.
- OCH Co., Ltd. launched "J's Cutt®," services to prevent information leakage from unauthorized filming of and snooping of PC screens.

◇ Application Services Business Segment

First quarter ended June 30, 2023

- CRM field: Established our local subsidiary in Bangkok, Thailand.
- Software Quality Assurance field: Acquired an exclusive distribution right in Japan for "Secure Code Warrior," a secure code learning platform, and started to sell it.
- Software Quality Assurance field: Launched "Mayhem for Code," a fuzzing solution that enables unit tests and integration tests.
- Software Quality Assurance field: Launched the Japanese version of Understand 6.3, a fast source code analysis tool.
- Business Solutions field: Announced that the Company made ARECCIA Fintech Corp. a wholly-owned subsidiary and that the Company transferred its Business Solutions division's financial systems-related business to ARECCIA Fintech Corp. (effective on July 1, 2023).

Second quarter ended September 30, 2023

- Software Quality Assurance field: Launched the Japanese version of Ranorex 10.7, an all-in-one UI testing automation tool with powerful object recognition capabilities.
- Software Quality Assurance field: Launched "Jtest 2023.1," a Java-supported testing automation tool.
- EdTech field: "tsumugino," the Cloud SaaS type service was adopted by the Ministry of Education, Culture, Sports, Science and Technology (MEXT) as a "Demonstration Project for the Promotion of Digitalization of Next Generation School Administrative Affairs."
- CASAREAL, Inc. launched introductory classes in Containers/Kubernetes under the supervision of SoftBank Corp.
- CASAREAL, Inc. launched the training course to support the transition from Spring Boot 2 to Spring Boot 3 version upgrades.

Third quarter ended December 31, 2023

- CRM field: Linked "AI Messenger Voicebot," an automated phone-answering system, with "FastHelp5," a contact center CRM system.
- CRM field: Central Nippon Expressway Company Limited, a FastSeries user, received the "2023 CRM Best Practice Award."
- Software Quality Assurance field: Released the Japanese version of the test management tool, "TestRail 8.0.1."
- EdTech field: Participated in the regional development project through the "utilization of closed schools" promoted by Uwajima City, Ehime Prefecture.
- EdTech field: Participated in "Quest Cup 2024," Japan's largest fest for inquiry-based learning.

◇ Medical Systems Business Segment

First quarter ended June 30, 2023

- PSP Corporation collaborated with St. Marianna University Hospital in order for the hospital to release its official app with PHR features for patients.
- PSP Corporation joined, as a panelist, a pre-event of the Mynaportal Hackathon hosted by the Digital Agency.

Second quarter ended September 30, 2023

- PSP Corporation started the operation of QR code-based data linkage with smartphones in specimen measurement rooms.

Third quarter ended December 31, 2023

- PSP Corporation added more medical institutions to its roster of institutions that have adopted the app, PHR (Personal Health Record)[*1] and steadily increased the number of registered app users.

As a result of the above, consolidated revenue for the nine months ended December 31, 2023 was ¥38,008 million, a year-on-year increase of ¥5,723 million (17.7%), achieving a record high. Gross profit amounted to ¥12,945 million, a year-on-year increase of ¥1,703 million (15.1%). Selling, general and administrative expenses were ¥9,120 million, a year-on-year increase of ¥802 million (9.7%), due to increases in personnel expenses and other costs. As a result, operating profit came to ¥3,824 million, a year-on-year increase of ¥995 million (35.2%).

Consequently, profit before tax was ¥3,812 million, a year-on-year increase of ¥1,004 million (35.8%), and profit attributable to owners of parent was ¥2,344 million, a year-on-year increase of ¥766 million (48.6%).

Results by operating segment were as follows:

1) Information Infrastructure Business

Results of the Information Infrastructure Business for the nine months ended December 31, 2023 were strong thanks to abundant order backlog accumulated in the previous fiscal year and orders for new projects. Orders were also robust for cloud-based security measure products with subscription-based pricing models. Although orders received for the six months ended September 30, 2023 fell below those of the previous fiscal year on a consolidated basis, due to our persistent efforts to receive orders for the renewal of multi-year contracts of cloud-based security measure products and other products, for which demand increased significantly amid the pandemic, orders received for the nine months ended December 31, 2023 increased significantly compared to the previous fiscal year on a consolidated basis. Revenue steadily increased thanks to growing recurring revenue business models. Operating profit increased compared to the previous fiscal year. This is mainly because the growth of the business covered the impact of the yen depreciation, increases in labor costs and selling, general and administrative expenses, investments in cloud-native solutions—a new business we started to work on. By product, a new generation of security measure products, including "SASE (Secure Access Service Edge)," "XDR (eXtended Detection and Response)," "CASB (Cloud Access Security Broker)," "Cyber Hygiene," and "SDP (Software Defined Perimeter)," are also attracting attention with an increase in adoption. Since Russia's military invasion of Ukraine, infection with malware such as Emotet and ransomware attacks has been spreading. As such infections are primarily introduced via emails, demand for next-generation email security products also stayed strong. Orders for storage products were robust reflecting the exponential increase in digital content.

At CROSS HEAD, revenue increased compared to the previous fiscal year, but operating profit fell slightly below the previous year's levels, due to aggressively hiring mid-career engineers. Although orders received in the six months ended September 30, 2023, were somewhat sluggish due in part to a decrease following the concentration of orders received in the same period of the previous fiscal year, which was caused by time lags between periods, and some delays in orders received, during the nine months ended December 31, 2023, orders were back on a recovering trend. CROSS HEAD established its Chubu Office to explore business opportunities in the Tokai region.

At OCH Co., Ltd., revenue slightly fell short of the planned figure, but operating profit exceeded the planned level. Orders were strong for the services and products that were originally developed by OCH. In addition, a shift to recurring revenue business models has been underway as subscription-based services increase. OCH has launched the new-model UTM (Unified Threat Management) product for small and medium-sized businesses and making efforts to win back orders, in response to the intensified competition in the market for a portion of its major products.

As a result, revenue of the business amounted to ¥25,326 million, a year-on-year increase of ¥4,309 million (20.5%), achieving a record high. Operating profit amounted to ¥2,781 million, a year-on-year increase of ¥852 million (44.2%).

2) Application Services Business

Results of the Application Services Business for the nine months ended December 31, 2023 exceeded those for the same period of the previous fiscal year thanks to strong orders received, revenue, and operating profit. The increased revenue and operating profit were supported by accumulated sales of subscription-based on-premise products as on-premise product licenses were shifted to subscription-based ones two fiscal years ago.

In the CRM field, orders received exceeded the plan. In addition, revenue increased while operating profit reported significant increases compared to the previous fiscal year, thanks to the accumulated sales of subscription-based services from the previous fiscal year.

In the Software Quality Assurance field, orders received increased from the previous fiscal year driven by strong demand for testing tools for in-vehicle software. In addition, revenue increased while operating profit reported significant increases compared to the previous fiscal year, thanks to the accumulated sales of subscription-based services from two fiscal years ago.

In the Business Solutions field, orders received and revenue progressed strongly as planned while operating profit also improved significantly compared to the previous fiscal year. At ARECCIA Fintech Corp. (former Information Design & Architecture Yamazaki Co., Ltd.), both revenue and operating profit exceeded the levels of the previous fiscal year. We will continue to expand and rebuild our Group's financial systems-related business, which was spun off in the business reorganization of July 2023. At CASAREAL, Inc., both orders received and revenue progressed strongly, exceeding the levels of the previous fiscal year. The education business such as IT training was robust.

In the new EdTech field, our school communication platform has been adopted by famous private advanced schools as well as national and other public schools. We strengthened our sales activities toward local boards of education to increase the adoption of our cloud services at public schools. To start up the business swiftly, we continued to make active investments, increasing sales and marketing staff as well as engineers who are required to implement the platform, which resulted in the reporting of a greater operating loss.

As a result, revenue of the business amounted to ¥5,872 million, a year-on-year increase of ¥720 million (14.0%). Operating profit amounted to ¥147 million, a year-on-year change of ¥286 million (–%).

3) Medical Systems Business

For the nine months ended December 31, 2023, the Medical Systems Business saw continued strong orders for "NOBORI," a cloud service for medical information offered by the new PSP Corporation, established on April 1, 2022, and the cumulative number of contracting facilities increased. We have also secured orders for the renewal of service agreements with existing users. Meanwhile, upfront investments are continuing in projects such as the development of PHR services targeted at general patients and the joint development with medical institutions, AI venture companies and external partners to launch new businesses, and they have achieved strong results. The overall performance of PSP continued to show steady revenue and operating profit compared to the planned figures. In the plans drawn up at the beginning of the fiscal year ending March 31, 2024, we had predicted a decline in operating profit. This was based on the reactionary decrease in operating profit following an increase in operating profit for the three months ended June 30, 2022, as a result of recording, at the end of the fiscal year ended March 31, 2022, a lack of provision for bonuses paid in the summer of the fiscal year ended March 31, 2023, in addition to the ¥98 million in IFRS adjustment in conjunction with the unification of PSP's personnel systems in April 2023, which resulted in the reporting of expenses for paid leave and long service leave. However, contrary to expectations, due to reporting net sales from highly profitable sales projects in the third quarter, operating profit during the nine months ended December 31, 2023 significantly exceeded the initially planned figures.

At Ichigo LLC, our medical-related consolidated subsidiary, results continued to show steady revenue and operating profit compared to the planned figures.

With respect to safety management systems for medical radiation, the Ministerial Order Partially Amending the Enforcement Regulations on the Medical Care Act was already enforced. However, supervisory bodies have made little progress on audits due to the pandemic, and as anticipated, the investment appetite of medical institutions for the installation of radiation dose management has not been high. However, recently, there has been a resurgence in the investment appetites of medical institutions in this area, and at A-Line Co., orders for MINCADI, a radiation dose management system, have been increasing. Consequently, there has been a steady increase in revenue and a significant reduction in operating loss.

As a result, revenue of the business amounted to ¥6,810 million, a year-on-year increase of ¥693 million (11.3%), while operating profit amounted to ¥895 million, a year-on-year decrease of ¥143 million (13.8%).

(2) Qualitative Information on Consolidated Financial Position

Current assets increased ¥7,546 million (14.6%) from March 31, 2023 to ¥59,317 million as of December 31, 2023. The principal factor in this change was an increase of ¥8,887 million in advance payments to suppliers. Non-current assets stood at ¥14,082 million, an increase of ¥161 million (1.2%) from March 31, 2023. The principal factor in this change was a ¥221 million increase in intangible assets. As a result, total assets amounted to ¥73,399 million, an increase of ¥7,708 million (11.7%) from March 31, 2023.

Current liabilities stood at ¥40,853 million, an increase of ¥4,808 million (13.3%) from March 31, 2023. The principal factor in this change was an increase of ¥4,339 million in contract liabilities. Non-current liabilities stood at ¥6,872 million, a ¥1,143 million (20.0%) increase from March 31, 2023. The principal factor in this change was a ¥1,613 million increase in other financial liabilities. As a result, total liabilities amounted to ¥47,725 million, an increase of ¥5,951 million (14.2%) from March 31, 2023.

Total equity was ¥25,674 million, an increase of ¥1,756 million (7.3%) from March 31, 2023. The principal factor in this change was an increase of ¥1,462 million in retained earnings. As a result, the ratio of equity attributable to owners of parent to total assets was 28.1%.

(3) Qualitative Information on Consolidated Financial Results Forecast and Other Forward-looking Statements

At this point, the financial results forecast is unchanged from the figures announced on May 9, 2023.

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Thousand yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	20,071,540	16,742,583
Trade and other receivables	6,274,018	5,216,363
Inventories	559,016	930,081
Advance payments to suppliers	16,230,848	25,118,092
Advance payment - cost of maintenance service	7,665,807	9,671,711
Other financial assets	–	440
Other current assets	969,585	1,638,342
Total current assets	51,770,817	59,317,615
Non-current assets		
Property, plant and equipment	6,121,593	5,875,370
Goodwill	171,978	171,978
Intangible assets	2,141,912	2,363,328
Investments accounted for using equity method	128,995	124,624
Other financial assets	3,693,551	3,806,318
Deferred tax assets	1,277,041	1,340,259
Other non-current assets	385,471	400,280
Total non-current assets	13,920,545	14,082,160
Total assets	65,691,363	73,399,776

(Thousand yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Trade and other payables	2,145,253	1,990,941
Borrowings	570,000	570,000
Lease liabilities	782,071	718,280
Income taxes payable	657,354	662,744
Contract liabilities	29,035,461	33,375,041
Other financial liabilities	45,257	553,486
Other current liabilities	2,809,108	2,982,732
Total current liabilities	36,044,508	40,853,225
Non-current liabilities		
Borrowings	300,000	150,000
Lease liabilities	2,995,542	2,554,411
Other financial liabilities	–	1,613,717
Retirement benefit liability	1,912,880	2,066,257
Provisions	165,219	166,209
Other non-current liabilities	355,680	321,947
Total non-current liabilities	5,729,323	6,872,543
Total liabilities	41,773,831	47,725,769
Equity		
Share capital	1,298,120	1,298,120
Capital surplus	4,594,827	4,760,714
Treasury shares	(974,569)	(930,159)
Retained earnings	13,380,739	14,843,618
Other components of equity	671,876	617,699
Total equity attributable to owners of parent	18,970,993	20,589,992
Non-controlling interests	4,946,537	5,084,014
Total equity	23,917,531	25,674,007
Total liabilities and equity	65,691,363	73,399,776

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income

Condensed Quarterly Consolidated Statement of Profit or Loss

For the nine months ended December 31

(Thousand yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Revenue	32,285,456	38,008,977
Cost of sales	(21,043,101)	(25,063,500)
Gross profit	11,242,355	12,945,476
Selling, general and administrative expenses	(8,317,495)	(9,120,261)
Other income	54,477	11,983
Other expenses	(150,951)	(13,095)
Operating profit	2,828,386	3,824,104
Finance income	30,750	16,895
Finance costs	(42,864)	(24,131)
Share of profit (loss) of investments accounted for using equity method	(8,336)	(4,371)
Profit before tax	2,807,935	3,812,497
Income tax expense	(883,928)	(1,156,130)
Profit	1,924,007	2,656,367
Profit attributable to:		
Owners of parent	1,577,615	2,344,615
Non-controlling interests	346,392	311,752
Earnings per share		
Basic earnings per share (Yen)	39.52	58.54
Diluted earnings per share (Yen)	39.41	58.33

Condensed Quarterly Consolidated Statement of Comprehensive Income

For the nine months ended December 31

(Thousand yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	1,924,007	2,656,367
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity financial assets measured at fair value through other comprehensive income	(16,793)	45,662
Total of items that will not be reclassified to profit or loss	(16,793)	45,662
Items that may be reclassified to profit or loss		
Cash flow hedges	4,216	10,705
Exchange differences on translation of foreign operations	–	2,114
Total of items that may be reclassified to profit or loss	4,216	12,819
Other comprehensive income, net of tax	(12,576)	58,481
Comprehensive income	1,911,430	2,714,849
Comprehensive income attributable to:		
Owners of parent	1,559,487	2,398,464
Non-controlling interests	351,943	316,385

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

For the nine months ended December 31, 2022

(Thousand yen)

	Equity attributable to owners of parent					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Share acquisition rights	Remeasurements of defined benefit plans
Balance at April 1, 2022	1,298,120	4,861,825	(975,804)	11,149,198	116,116	–
Profit	–	–	–	1,577,615	–	–
Other comprehensive income	–	–	–	–	–	–
Comprehensive income	–	–	–	1,577,615	–	–
Dividends of surplus	–	–	–	(798,300)	–	–
Purchase of treasury shares	–	–	(121)	–	–	–
Disposal of treasury shares	–	3,679	1,356	–	–	–
Share-based payment transactions	–	7,338	–	–	28,582	–
Exercise of stock acquisition rights	–	–	–	–	(5,030)	–
Forfeiture of share options	–	–	–	12,295	(17,721)	–
Changes in ownership interest in subsidiaries	–	(281,362)	–	–	–	–
Transfer to non-financial assets	–	–	–	–	–	–
Total transactions with owners, etc.	–	(270,344)	1,235	(786,005)	5,831	–
Balance at December 31, 2022	1,298,120	4,591,481	(974,569)	11,940,808	121,947	–

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity					
	Equity financial assets measured at fair value through other comprehensive income	Cash flow hedges	Total	Total equity attributable to owners of parent		
Balance at April 1, 2022	569,315	–	685,431	17,018,771	3,183,504	20,202,276
Profit	–	–	–	1,577,615	346,392	1,924,007
Other comprehensive income	(22,344)	4,216	(18,127)	(18,127)	5,551	(12,576)
Comprehensive income	(22,344)	4,216	(18,127)	1,559,487	351,943	1,911,430
Dividends of surplus	–	–	–	(798,300)	(6,946)	(805,247)
Purchase of treasury shares	–	–	–	(121)	–	(121)
Disposal of treasury shares	–	–	–	5,036	–	5,036
Share-based payment transactions	–	–	28,582	35,921	–	35,921
Exercise of stock acquisition rights	–	–	(5,030)	(5,030)	–	(5,030)
Forfeiture of share options	–	–	(17,721)	(5,426)	–	(5,426)
Changes in ownership interest in subsidiaries	(9,046)	–	(9,046)	(290,409)	1,033,292	742,883
Transfer to non-financial assets	–	(10,038)	(10,038)	(10,038)	–	(10,038)
Total transactions with owners, etc.	(9,046)	(10,038)	(13,254)	(1,068,369)	1,026,345	(42,023)
Balance at December 31, 2022	537,924	(5,822)	654,049	17,509,889	4,561,793	22,071,683

For the nine months ended December 31, 2023

(Thousand yen)

	Equity attributable to owners of parent					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Share acquisition rights	Remeasurements of defined benefit plans
Balance at April 1, 2023	1,298,120	4,594,827	(974,569)	13,380,739	136,261	–
Profit	–	–	–	2,344,615	–	–
Other comprehensive income	–	–	–	–	–	–
Comprehensive income	–	–	–	2,344,615	–	–
Dividends of surplus	–	–	–	(999,789)	–	–
Purchase of treasury shares	–	–	(73)	–	–	–
Disposal of treasury shares	–	11,559	44,483	–	–	–
Share-based payment transactions	–	17,482	–	–	24,495	–
Exercise of stock acquisition rights	–	–	–	–	(17,119)	–
Forfeiture of share options	–	–	–	1,446	(2,084)	–
Changes in ownership interest in subsidiaries	–	136,845	–	–	–	–
Changes resulting from additions to consolidation	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	116,607	–	–
Transfer to non-financial assets	–	–	–	–	–	–
Total transactions with owners, etc.	–	165,887	44,409	(881,736)	5,291	–
Balance at December 31, 2023	1,298,120	4,760,714	(930,159)	14,843,618	141,552	–

	Equity attributable to owners of parent					Non-controlling interests	Total equity
	Other components of equity				Total equity attributable to owners of parent		
	Equity financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Cash flow hedges	Total			
Balance at April 1, 2023	565,976	—	(30,361)	671,876	18,970,993	4,946,537	23,917,531
Profit	—	—	—	—	2,344,615	311,752	2,656,367
Other comprehensive income	41,193	1,950	10,705	53,849	53,849	4,632	58,481
Comprehensive income	41,193	1,950	10,705	53,849	2,398,464	316,385	2,714,849
Dividends of surplus	—	—	—	—	(999,789)	(7,155)	(1,006,944)
Purchase of treasury shares	—	—	—	—	(73)	—	(73)
Disposal of treasury shares	—	—	—	—	56,042	—	56,042
Share-based payment transactions	—	—	—	24,495	41,977	—	41,977
Exercise of stock acquisition rights	—	—	—	(17,119)	(17,119)	—	(17,119)
Forfeiture of share options	—	—	—	(2,084)	(638)	—	(638)
Changes in ownership interest in subsidiaries	—	—	—	—	136,845	(175,751)	(38,906)
Changes resulting from additions to consolidation	—	—	—	—	—	3,998	3,998
Transfer from other components of equity to retained earnings	(116,607)	—	—	(116,607)	—	—	—
Transfer to non-financial assets	—	—	3,289	3,289	3,289	—	3,289
Total transactions with owners, etc.	(116,607)	—	3,289	(108,026)	(779,465)	(178,908)	(958,374)
Balance at December 31, 2023	490,562	1,950	(16,366)	617,699	20,589,992	5,084,014	25,674,007