

- Notes: 1. Revisions to the most recently announced dividend forecast: None
 2. The Company carried out a two-for-one split of its common stock on April 1, 2022, and the dividend amounts for the fiscal year ended March 31, 2022 are the actual dividend amounts before the stock split. If the stock split is not taken into account, the forecast for the annual dividend per share for the fiscal year ending March 31, 2023 is ¥30.

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

(% figures indicate year-on-year changes)

	Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Profit per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2023	17,200	9.9	3,180	15.2	3,180	15.0	2,000	20.2	47.39

- Notes: 1. Revisions to the most recently announced earnings forecasts: None
 2. Profit per share has been calculated without taking into account the effect of treasury shares repurchased by the Company on or after January 1, 2023 as part of the Company's repurchase of treasury shares based on the resolution at the Board of Directors' meeting held on November 4, 2022.

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries affecting the scope of consolidation):
None

- (2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements: None

- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

1) Changes in accounting policies associated with revisions to accounting standards: Yes

2) Changes in accounting policies other than those in item 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatements: None

Note: For details, please refer to "2. Quarterly Consolidated Financial Statements and Important Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)" on page 7 of the attached materials.

- (4) Number of shares issued (common stock)

- 1) The number of shares issued as of the end of the period (including treasury shares)

As of December 31, 2022	46,308,600 shares
As of March 31, 2022	46,308,600 shares

- 2) The number of treasury shares as of the end of the period

As of December 31, 2022	4,491,594 shares
As of March 31, 2022	3,897,394 shares

- 3) Average number of shares outstanding during the period (cumulative from the start of the fiscal year)

Nine months ended December 31, 2022	42,326,905 shares
Nine months ended December 31, 2021	41,887,086 shares

Notes: 1. The number of treasury shares excluded from the calculation of the number of treasury shares as of the end of the period and average number of shares outstanding during the period (cumulative from the start of the fiscal year) include the shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the Employee Stock Ownership Plan (J-ESOP) and those held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for a performance-linked stock compensation program.

2. The Company carried out a two-for-one split of its common stock with an effective date of April 1, 2022. The figures for "the number of shares issued as of the end of the period," "the number of treasury shares as of the end of the period" and "average number of shares outstanding during the period" were calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2022.

* These quarterly financial statements are outside the scope of quarterly review procedures by certified public accountants or audit corporations.

* Explanation regarding proper use of financial forecasts, and other special matters

The earnings forecasts and other forward-looking statements presented in these materials reflect information currently available to the Company and assumptions that are deemed to be reasonable, but the Company does not guarantee the achievement of these targets. Actual results may differ significantly as a consequence of various factors. For more information on the Company's earnings forecasts and underlying assumptions, please refer to "1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements" on page 3 of the attached materials.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

The Japanese economy is gradually recovering. In terms of future prospects, the economy is expected to recover partly owing to the effects of various policies, amid the ongoing transition to a new stage of living with COVID-19. However, amid continued monetary tightening worldwide, there is a risk that a downturn in overseas economies will put downward pressure on Japan's economy. In addition, sufficient heed must be paid to impacts caused by rising prices, supply-side restrictions, changes in the financial and capital markets, etc.

In such an environment, the Group has generated value in a wide range of industries and companies, and created new markets that solve social issues through the synergy of each Group company with "consulting" and "investment" at the center of business. In the Consulting Business, we are engaged in value creation that includes making business strategy, business reform, organizational reform, utilization of digital technology and cloud solutions, project management, development of new business, and promotion of collaboration between companies. Our goal is to provide services toward realization of "Three Innovations" that promote corporate transformation, namely Management Transformation, Digital Transformation, and Service Transformation. In the Investment Business, we promote investment activities primarily in the "Regenerative & Well-being" area, which intersects with a number of industries.

The Group's revenue for the nine months ended December 31, 2022 amounted to ¥12,364 million (up 9.4% year on year).

Selling, general and administrative expenses were ¥3,744 million (up 19.5% year on year) due to the increase in sundry expenses associated with the normalization of face-to-face activities and recruiting expenses.

Due to an increase in revenue, gross profit increased by ¥769 million to ¥5,988 million (up 14.7% year on year), operating profit increased by ¥159 million to ¥2,244 million (up 7.6% year on year), and ordinary profit increased by ¥193 million to ¥2,273 million (up 9.3% year on year).

Total income taxes stood at ¥931 million (up 14.8% year on year).

Profit before income taxes came to ¥2,273 million (up 9.3% year on year), and profit attributable to owners of parent came to ¥1,342 million (up 5.7% year on year).

Operating results for each segment are as follows.

(Consulting Business)

The financial results of the Consulting Business for the nine months ended December 31, 2022 shows revenue of ¥12,410 million (up 11.1% year on year) and segment profit of ¥3,744 million (up 18.0% year on year). The Consulting Business was driven by projects supporting corporate transformations, including the formulation of digital transformation strategies, development of new businesses and services, and revitalization of organizations and personnel, for customers mainly in the retail, trading, telecommunications, finance, manufacturing and transportation industries.

On the hiring front, the Consulting Business added 45 mid-career recruits and 36 new graduates in the nine months ended December 31, 2022. The training for new graduates has been completed successfully in a hybrid format combining a remote work environment and face-to-face training. They have started working on their project delivery in October. The number of consultants was 520 as of the end of December 2022. Project satisfaction remained high at 94 points.

The Company transferred all shares of its consolidated subsidiary SXA Inc. by means of management buyout (MBO). Until now, financial results of SXA Inc. have been reported in the financial results of the Consulting Business. However, as a result of this MBO, starting with the fourth quarter of the fiscal year ending March 31, 2023, SXA Inc. will be removed from the Company's scope of consolidation.

(Investment Business)

In May, the Investment Business, which began new investments and other initiatives in earnest, made an investment of approximately ¥200 million in Forest Energy Inc., which develops renewable energy business, such as power generation using wood biomass that was locally produced for local consumption and utilizes domestic wood from forest thinning. In addition, between October and November, the Company acquired the shares of Mental Health Technologies Co., Ltd., which provides health management services for employees of corporate customers, for approximately ¥150 million. Furthermore, in December, the Company invested in DORAEVER Co. Ltd in which SX Capital, Inc., a partner of the Company, invests, and which operates a recruitment website for drivers. The amount invested by the Company is approximately ¥100 million. In September, investee companies eWeLL Co., Ltd. and PROGRIT Inc. were listed on the Growth Market of the Tokyo Stock Exchange, bringing the cumulative balance of investments to approximately ¥2.5 billion, including valuation differences, on December 31.

The financial results of the Investment Business for the nine months ended December 31, 2022 shows revenue of ¥24 million (down 90.6% year on year), and segment loss of ¥205 million (compared to a segment profit of ¥95 million in the same period of the previous fiscal year).

(2) Explanation of Financial Position

(Assets)

Total assets as of December 31, 2022 stood at ¥13,348 million (down ¥1,308 million from the end of the previous fiscal year). This was mainly attributable to a decrease in cash and deposits (down ¥2,000 million from the end of the previous fiscal year) and an increase in operational investment securities (up ¥687 million from the end of the previous fiscal year).

(Liabilities)

Liabilities as of December 31, 2022 totaled ¥3,166 million (down ¥1,188 million from the end of the previous fiscal year). This mainly reflected a decrease in accounts payable - other (down ¥453 million from the end of the previous fiscal year) and a decrease in income taxes payable (down ¥887 million from the end of the previous fiscal year).

(Net assets)

Total net assets as of December 31, 2022 stood at ¥10,182 million (down ¥119 million from the end of the previous fiscal year). This mainly reflected the recording of profit attributable to owners of parent and dividends paid of ¥591 million (¥453 million in the same period of the previous fiscal year).

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements

The consolidated earnings forecasts for the fiscal year ending March 31, 2023 have not changed from the forecasts included in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2022,” released on May 9, 2022.

2. Quarterly Consolidated Financial Statements and Important Notes
 (1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	Fiscal year ended March 31, 2022 (As of March 31, 2022)	Nine months ended December 31, 2022 (As of December 31, 2022)
Assets		
Current assets		
Cash and deposits	7,721,528	5,720,885
Notes and accounts receivable - trade, and contract assets	2,017,936	1,911,835
Securities	99,899	99,996
Operational investment securities	1,817,532	2,505,116
Other	505,057	648,128
Allowance for doubtful accounts	(14,520)	—
Total current assets	12,147,433	10,885,962
Non-current assets		
Property, plant and equipment	285,825	271,773
Intangible assets		
Software	241,524	434,836
Software in progress	254,544	28,512
Other	8,242	7,389
Total intangible assets	504,311	470,738
Investments and other assets		
Investment securities	851,962	942,217
Deferred tax assets	323,337	131,364
Other	544,051	646,780
Total investments and other assets	1,719,351	1,720,362
Total non-current assets	2,509,489	2,462,874
Total assets	14,656,922	13,348,837
Liabilities		
Current liabilities		
Accounts payable - trade	185,756	243,458
Accounts payable - other	1,176,042	722,042
Income taxes payable	944,399	56,790
Provision for share awards	242,975	505,131
Other	215,360	201,691
Total current liabilities	2,764,533	1,729,113
Non-current liabilities		
Lease liabilities	10,304	6,874
Provision for share awards	354,834	131,766
Provision for share awards for directors (and other officers)	1,134,524	1,106,107
Asset retirement obligations	86,444	86,444
Other	3,726	105,700
Total non-current liabilities	1,589,834	1,436,893
Total liabilities	4,354,368	3,166,006
Net assets		
Shareholders' equity		
Share capital	4,626,881	3,000,000
Capital surplus	3,147,012	4,784,470
Retained earnings	5,149,207	5,900,390
Treasury shares	(2,628,990)	(3,675,470)
Total shareholders' equity	10,294,111	10,009,390
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,442	173,440
Total accumulated other comprehensive income	8,442	173,440
Total net assets	10,302,554	10,182,830
Total liabilities and net assets	14,656,922	13,348,837

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
 (Quarterly Consolidated Statement of Income)
 (Nine months ended December 31, 2021 and 2022)

(Thousands of yen)

	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Revenue	11,303,650	12,364,507
Cost of revenue	6,084,309	6,375,652
Gross profit	5,219,340	5,988,855
Selling, general and administrative expenses	3,134,427	3,744,739
Operating profit	2,084,913	2,244,116
Non-operating income		
Interest income	3,296	2,920
Share of profit of entities accounted for using equity method	4,529	–
Foreign exchange gains	5,427	–
Lectures fee income	–	33,569
Miscellaneous income	8,558	18,419
Total non-operating income	21,810	54,909
Non-operating expenses		
Interest expenses	1,321	129
Foreign exchange losses	–	17,142
Share issuance costs	21,148	–
Miscellaneous losses	3,890	8,351
Total non-operating expenses	26,360	25,622
Ordinary profit	2,080,363	2,273,402
Profit before income taxes	2,080,363	2,273,402
Income taxes - current	784,741	823,297
Income taxes - deferred	26,093	107,769
Total income taxes	810,835	931,067
Profit	1,269,527	1,342,335
Profit attributable to owners of parent	1,269,527	1,342,335

(Quarterly Consolidated Statement of Comprehensive Income)
(Nine months ended December 31, 2021 and 2022)

	(Thousands of yen)	
	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Profit	1,269,527	1,342,335
Other comprehensive income		
Valuation difference on available-for-sale securities	–	164,997
Total other comprehensive income	–	164,997
Comprehensive income	1,269,527	1,507,332
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,269,527	1,507,332

(3) Notes to Quarterly Consolidated Financial Statements
(Notes Regarding Assumption of a Going Concern)

No applicable matters to report.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

I. Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)

1. Dividends paid

Resolution	Type of shares	Total amount of dividends (Thousands of yen)	Dividend per share (yen)	Record date	Effective date	Appropriated from
April 22, 2021 board resolution	Common stock	453,813	22	March 31, 2021	June 7, 2021	Retained earnings

Note: Total amount of dividends includes ¥35 million of dividends for shares held in trust accounts for the Employee Stock Ownership Plan (J-ESOP) and performance-linked stock compensation program.

2. Dividends whose record date falls in the nine months ended December 31, 2021, but whose effective date comes after December 31, 2021.

No applicable matters to report.

3. Significant changes in the amount of shareholders' equity

On May 10, 2021, the Company received payment from ITOCHU Corporation for a third-party allocation of shares. As a result, share capital and legal capital surplus both increased by ¥1,778 million in the nine months ended December 31, 2021, reaching ¥4,626 million and ¥2,876 million, respectively, by December 31, 2021.

II. Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)

1. Dividends paid

Resolution	Type of shares	Total amount of dividends (Thousands of yen)	Dividend per share (yen)	Record date	Effective date	Appropriated from
May 9, 2022 board resolution	Common stock	591,152	26	March 31, 2022	June 6, 2022	Retained earnings

Note: Total amount of dividends includes ¥39 million of dividends for shares held in trust accounts for the Employee Stock Ownership Plan (J-ESOP) and performance-linked stock compensation program.

2. Dividends whose record date falls in the nine months ended December 31, 2022, but whose effective date comes after December 31, 2022.

No applicable matters to report.

3. Significant changes in the amount of shareholders' equity

Based on the resolution of the 14th Annual General Meeting of Shareholders held on June 24, 2022, the Company conducted a capital reduction without compensation and reduced share capital by ¥ 1,626 million and legal capital surplus by ¥ 1,626 million, respectively, effective July 29, 2022, and transferred the amount to other capital surplus. As a result of this and other factors, share capital, legal capital surplus and other capital surplus stood at ¥3,000 million, ¥1,250 million and ¥3,534 million, respectively, as of December 31, 2022.

(Changes in Accounting Policies)

Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement

The Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Implementation Guidance on Fair Value Measurement") is applied from the beginning of the first quarter of the fiscal year ending March 31, 2023, and the new accounting methods stipulated in the Implementation Guidance on Fair Value Measurement are applied into the future in accordance with the transitional treatment provided for in paragraph 27-2 of the Implementation Guidance on Fair Value Measurement. The impact of this change in accounting policy is immaterial.

(Segment Information, etc.)

[Segment information]

I. Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)

Information on the amounts of revenue and profit or loss for each reportable segment

(Thousands of yen)

	Reportable Segment			Adjustments (Note 1)	Quarterly Consolidated Statement of Income (Note 2)
	Consulting Business	Investment Business	Total		
Revenue					
Revenue from external customers	11,094,882	208,768	11,303,650	–	11,303,650
Internal revenue or transfer among segments	75,567	48,045	123,612	(123,612)	–
Total	11,170,449	256,813	11,427,263	(123,612)	11,303,650
Segment profit	3,173,965	95,194	3,269,160	(1,184,246)	2,084,913

Notes: 1. Adjustments of segment profit consist of company-wide expenses, etc. of negative ¥1,181 million and the elimination of intersegmental transactions of negative ¥2 million.

2. Segment profit is adjusted with operating profit recorded in the quarterly consolidated statement of income.

II. Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)

Information on the amounts of revenue and profit or loss for each reportable segment

(Thousands of yen)

	Reportable Segment			Adjustments (Note 1)	Quarterly Consolidated Statement of Income (Note 2)
	Consulting Business	Investment Business	Total		
Revenue					
Revenue from external customers	12,352,339	12,168	12,364,507	–	12,364,507
Internal revenue or transfer among segments	57,750	12,060	69,810	(69,810)	–
Total	12,410,089	24,228	12,434,317	(69,810)	12,364,507
Segment profit (loss)	3,744,190	(205,951)	3,538,238	(1,294,122)	2,244,116

Notes: 1. Adjustments of segment profit (loss) consist of company-wide expenses, etc. of negative ¥1,297 million and the elimination of intersegmental transactions of ¥2 million.

2. Segment profit (loss) is adjusted with operating profit recorded in the quarterly consolidated statement of income.