



Consolidated Financial Results for the six months of the FYE March 31, 2023 (JGAAP)

October 31, 2022

Company name: SRE Holdings Corporation Stock exchange listing: Tokyo URL: https://sre-group.co.jp/ Stock code: 2980

Representative: Kazuo Nishiyama, President & Chief Executive Officer

Osamu Mashiko, Member of the Board, CFO & Division Director, Corporate Headquarters Contact:

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Scheduled date of dividend payment: -

Scheduled date to submit the Quarterly Report: November 14, 2022

Earnings Supplementary Explanatory Documents: Yes

Holding of financial results presentation meeting: Yes (for institutional investors, analysts)

(Figures of less than one million are rounded down.)

1. Consolidated Results for the six months of the FYE March 31, 2023 (April 1, 2022 - September 30, 2022)

(1) Consolidated operating results (% shows the year-on-year change)

(1) Consolidated oper	ne year-on-ye	ai change)						
	Net sales		Operating profit		Ordinary profit		Quarterly Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2022	6,517	91.2	761	135.2	693	126.8	640	214.9
September 30, 2021	3,408	50.3	323	39.6	305	31.0	203	54.8

(Note) Comprehensive income: Six months ended September 30, 2022: ¥662 million 226.3% Six months ended September 30, 2021: ¥202 million 54.6%

	Basic quarterly profit per share	Diluted quarterly profit per share	
Six months ended	Yen	Yen	
September 30, 2022	41.07	40.75	
September 30, 2021	13.09	12.77	

(2) Consolidated financial condition

	Total assets Net assets		Equity ratio
As of	Million yen	Million yen	%
September 30, 2022	23,303	10,760	45.0
March 31, 2022	23,018	9,798	42.3

(Reference) Equity capital: As of September 30, 2022: ¥10,477 million As of March 31, 2022: ¥9,729 million

2. Dividends

Z. Dividends	Annual dividend per share							
	End of first quarter	End of second quarter	End of third quarter	Year end	Total			
	Yen	Yen	Yen	Yen	Yen			
FYE March 31, 2022	-	0.00	-	0.00	0.00			
FYE March 31, 2023	-	0.00	_					
FYE March 31, 2023 (forecast)			-	0.00	0.00			

3. Consolidated Financial Forecasts for the FYE March 31, 2023 (April 1, 2022 to March 31, 2023)

								(% \$110)	ws the ye	ear-on-year change)
		Net sales		Operating	profit	Ordinary	profit	Profit attribu		! '
				' '		, ,		owners of parent		share
		Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	•	16,300	20.1	1,650	18.5	1,500	15.3	930	4.2	58.35

(Note) Revision of the forecasts most recently announced: No

- * Notes
- (1) Changes in significant subsidiaries during the six months of FYE March 31, 2023 (changes of specified subsidiaries with change of the scope of consolidation): No
 - (Note1) This does not correspond to a specified subsidiary, but from the July 1st of the FYE March 31, 2023, gig sales Co.,Ltd. has been included in the scope of consolidation.
- (2) Changes in accounting principles, changes in accounting estimates, and retrospective restatements
 - (i) Changes in accounting principles accompanying the amendment of accounting standards: Yes
 - (ii) Changes in accounting policies other than (i): None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (3) Number of issued shares (common shares)
 - (i) Number of shares outstanding at end of the period (including treasury shares)

As of September 30, 2022: 16,154,597 shares As of March 31, 2022: 15,937,237 shares

(ii) Number of treasury shares at end of the period

As of September 30, 2022: 173 shares As of March 31, 2022: 173 shares

(iii) Average number of shares during the period

The six months of FYE March 2023: 16,135,506 shares The six months of FYE March 2022: 15,524,866 shares

- * The results are not subject to an audit by a certified public accountant or an auditing firm.
- * Explanation concerning the appropriate use of financial result forecasts and other special notes (Note on forward-looking statements)

Forward-looking statements such as results forecasts provided in this document are prepared based on currently available information and assumptions that are deemed reasonable, but the Company does not intend to guarantee it's achievement. A variety of factors could cause actual results to differ materially from forecasts.

(Availability of earnings supplementary explanatory documents and information on earnings results briefings) The Company plans to hold a briefing on financial results (online conference) for institutional investors and analysts on November 1, 2022 (Tuesday). The Company plans to disclose the supplementary explanatory documents used on the day of the financial results briefing via TDnet on October 31, 2022 (Monday) as well as publishing them on the Company's website.

o Index for Supplementary Information 1. Quarterly consolidated Financial Statements and Important Notes...... 2 (1) Quarterly consolidated balance sheets..... (2) Quarterly consolidated statements of income and consolidated statements of comprehensive income 3 (Quarterly consolidated statements of income)..... 3 (Quarterly consolidated statements of comprehensive income) (Consolidated statements of Cash Flows)..... (3) Notes to Quarterly Consolidated Financial Statements 7 (Note to going concern assumptions)..... 7 (Notes on significant fluctuations in the amount of shareholders' equity)..... 7 (Change in accounting policy) 7

(Segment information, etc.)

	As of March 31, 2022	As of September 30, 2022
ASSETS		•
Current assets:		
Cash and deposits	2,999,148	3,091,778
Accounts receivable – trade and contract assets	411,868	661,591
Operating investments in capital	649,696	642,071
Inventories	15,813,956	15,410,804
Others	390,538	313,075
Less - allowance for doubtful accounts	(1,196)	(1,196)
Total current assets	20,264,011	20,118,125
Non-current assets:		-, -, -
Property, plant and equipment	615,358	535,963
Intangible assets:	,	
Software	605,052	599,986
Goodwill	151,339	759,954
Others	29,536	21,261
Total intangible assets	785,929	1,381,202
Investments and other assets	1,250,805	1,190,941
Total non-current assets	2,652,093	3,108,108
Deferred Asset	2,002,000	3,100,100
Offering expenses	102,798	77,423
Total deferred Assets		
	102,798	77,423
Total assets	23,018,904	23,303,657
LIABILITIES		
Current liabilities:		
Accounts payable – trade	119,348	157,536
Short-term borrowings	3,797,090	5,587,140
Accounts payable - other	74,182	99,800
Accrued expenses	398,500	292,923
Income taxes payable	249,743	258,860
Accrued compensation	169,632	153,822
Others	332,827	339,085
Total current liabilities	5,141,325	6,889,169
Non-current liabilities:		
Long-term borrowings	7,844,000	5,465,821
Liability for retirement benefits	60,688	63,795
Others	174,557	124,258
Total non-current liabilities	8,079,246	5,653,874
Total liabilities	13,220,571	12,543,044
NET ASSETS		
Shareholders' equity:		
Capital stock	4,088,600	4,142,778
Capital surplus	4,088,600	4,142,778
Retained earnings	1,554,424	2,194,500
Treasury stock, at cost	(1,233)	(1,233)
Total shareholders' equity	9,730,392	10,478,824
Unrealized holding losses on securities	(686)	(1,264)
Total accumulated other comprehensive losses	(686)	(1,264)
Stock acquisition rights	68,626	83,601
Non-controlling shareholder equity	-	199,451
Total net assets	9,798,332	10,760,613
Total liabilities and net assets	23,018,904	23,303,657
	25,010,004	25,000,001

(Unit: Thousand yen)

(2) Quarterly Consolidated statements of income and consolidated statements of comprehensive income (Quarterly Consolidated statements of income)

(Unit: Thousand yen) For the six months ended For the six months ended September 30, 2022 September 30, 2021 Net sales 3,408,682 6,517,340 Cost of sales 1,895,108 3,953,078 Gross profit 1,513,574 2,564,262 Selling, general and administrative expenses 1,189,904 1,803,073 Operating income 323,670 761,188 Non-operating income: Interest income 3 28 Share of profit of entities accounted for using equity 2,964 method 203 Dividend income 149 1,066 Other non-operating income 1,069 Total non-operating income 1,222 4,263 Non-operating expenses: Interest expenses 17,947 45,231 Offering expenses 25,825 Share of losses of entities accounted for using equity 208 method Other non-operating expenses 1,253 1,110 Total non-operating expenses 19,267 72,310 Ordinary income 305,625 693,141 Extraordinary income: Gain on step acquisitions 280,841 Total extraordinary income 280,841 Extraordinary losses: Losses on disposals of fixed assets 62,557 Office relocation related losses 104,266 Total extraordinary losses 166,824 Income before income taxes 305,625 807,157 Income taxes: Current 77,574 214,129 Deferred 24,804 (69,597)Total income taxes 102,378 144,532 Net income 203,246 662,625 22,548 Net income attributable to non-controlling interests Net income attributable to owners of the parent 203,246 640,076

(Unit: Thousand yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net income	203,246	662,625
Other comprehensive income:		
Unrealized holding losses on securities	(343)	(578)
Total accumulated other comprehensive losses	(343)	(578)
Comprehensive income	202,902	662,047
Comprehensive income attributable to:		
Owners of the parent	202,902	639,498
Non-controlling interests	<u>-</u>	22,548

(Unit: Thousand yen)

Cash flows from operating activities ended september 30, 2022 ended september 30, 2022 Cash flows from operating activities Income before income taxes 305,625 807,157 Depreciation 123,366 135,553 Amortization of goodwill 6,879 18,053 Increase (decrease) in iability for retirement benefits (3,688) 3,106 Offering expenses 6 2,587 Gain on step acquisitions 6 2,557 Casion on step acquisitions 3 (3) Losses on disposals of fixed assets 6 2,557 Office relocation related losses 7 4,255 Interest income (3) (3) Interest income (3) (3) Interest expenses 17,947 45,231 Share of (profit) loss of entities accounted for using equity method 208 (2,964) Decrease (increase) in accounts receivable - trade (22,799) Decrease (increase) in operating investments in capital (553,740) 7,624 Decrease (increase) in accounts receivable - trade (3,589,176) 403,151 </th <th></th> <th></th> <th>(Unit: Thousand yen)</th>			(Unit: Thousand yen)
Description		ended	
Income before income taxes 305,625 807,157 Depreciation 123,366 135,581 Amortization of goodwill 6,879 18,055 Increase (decrease) in accrued compensation (3,472) (15,809) Increase (decrease) in liability for retirement benefits (3,668) 3,106 Offering expenses 2		September 30, 2021	September 30, 2022
Depreciation 123,366 135,581	Cash flows from operating activities		
Amortization of goodwill 6.879 18,053 Increase (decrease) in accrued compensation (3,472) (15,809) Increase (decrease) in liability for retirement benefits (3,668) 3,106 Offering expenses - 25,825 Gain on step acquisitions - (280,841) Losses on disposals of fixed assets - 62,557 Office relocation related losses - 104,266 Interest income (3) (3) Dividend income (149) (203) Interest expenses 17,947 45,231 Share of (profit) loss of entities accounted for using equity method 208 (2,964) Decrease (increase) in accounts receivable - trade (22,799) - Decrease (increase) in operating investments in capital (553,740) 7,624 Decrease (increase) in operating investments in capital (553,740) 7,624 Decrease (increase) in accounts payable - trade (3,881,776) 403,151 Increase (decrease) in accounts payable - atrade (3,889,176) 403,151 Increase (decrease) in accounts payable - atrade (3,889	Income before income taxes	305,625	807,157
Increase (decrease) in accrued compensation (3.472) (15.809) Increase (decrease) in liability for retirement benefits (3.668) 3.106 Offering expenses	Depreciation	123,366	135,581
Increase (decrease) in liability for retirement benefits	Amortization of goodwill	6,879	18,053
Offering expenses - 25,825 Gain on step acquisitions - (280,841) Losses on disposals of fixed assets - 62,557 Office relocation related losses - 104,266 Interest income (3) (3) Dividend income (149) (203) Interest expenses 17,947 45,231 Share of (profit) loss of entities accounted for using equity method 208 (2,964) Decrease (increase) in accounts receivable - trade (22,799) - Decrease (increase) in operating investments in capital (553,740) 7,624 Decrease (increase) in inventories (3,589,176) 403,151 Increase (decrease) in accounts payable - trade (8,081) (54,734) Increase (decrease) in accounts payable - other and accrued expenses (154,553) (132,204) Other, net 72,042 145,908 Subtotal (3,809,575) 1,214,521 Interest income received 3 3 Dividend income received (4) (49 Interest expenses paid (17,947)	Increase (decrease) in accrued compensation	(3,472)	(15,809)
Gain on step acquisitions - (280,841) Losses on disposals of fixed assets - 62,557 Office relocation related losses - 104,266 Interest income (3) (3) Dividend income (149) (203) Interest expenses 17,947 45,231 Share of (profit) loss of entities accounted for using equity method 208 (2,964) Decrease (increase) in accounts receivable - trade (22,799) - Decrease (increase) in accounts receivable - trade and contract assets - (57,182) Decrease (increase) in operating investments in capital (553,740) 7,624 Decrease (increase) in inventories (3,589,176) 403,151 Increase (decrease) in accounts payable - trade (8,081) (54,734) Increase (decrease) in accounts payable - other and accrued expenses (154,553) (132,204) Other, net 72,042 145,908 Subtotal (3,809,575) 1,214,521 Interest income received 3 3 Interest expenses paid (17,947) (45,231)	Increase (decrease) in liability for retirement benefits	(3,668)	3,106
Losses on disposals of fixed assets - 62,557 Office relocation related losses - 104,266 Interest income (3) (3) Dividend income (149) (203) Interest expenses 17,947 45,231 Share of (profit) loss of entities accounted for using equity method 208 (2,964) Decrease (increase) in accounts receivable - trade and contract assets - (57,182) Decrease (increase) in operating investments in capital (553,740) 7,624 Decrease (increase) in operating investments in capital (553,740) 7,624 Decrease (increase) in operating investments in capital (553,740) 7,624 Decrease (increase) in accounts payable - trade (8,081) (54,734) Increase (decrease) in accounts payable - trade (8,081) (54,734) Increase (decrease) in accounts payable - other and accrued expenses (154,553) (132,204) Other, net 72,042 145,908 Subtotal (3,809,575) 1,214,521 Interest income received 3 3 Interest expenses paid (17,947	Offering expenses	-	25,825
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Interest income (3) (3) (3) Dividend income (149) (203) Interest expenses 17,947 45,231 Share of (profit) loss of entities accounted for using equity method 208 (2,964) Decrease (increase) in accounts receivable - trade (22,799)	Losses on disposals of fixed assets	-	62,557
Dividend income (149) (203) Interest expenses 17,947 45,231 Share of (profit) loss of entities accounted for using equity method 208 (2,964) Decrease (increase) in accounts receivable - trade (22,799) - Decrease (increase) in accounts receivable - trade and contract assets - (57,182) Decrease (increase) in operating investments in capital (553,740) 7,624 Decrease (increase) in inventories (3,589,176) 403,151 Increase (decrease) in accounts payable - trade (8,081) (54,734) Increase (decrease) in accounts payable - other and accrued expenses (154,553) (132,204) Other, net 72,042 145,908 Subtotal (3,809,575) 1,214,521 Interest income received 3 3 Dividend income received 149 203 Interest expenses paid (17,947) (45,231) Net cash provided by (used in) operating activities (4,100,844) 967,386 Cash flows from investing activities (4,838) (18,871) Purchase of shares of affiliates -	Office relocation related losses	-	104,266
Interest expenses 17,947 45,231 Share of (profit) loss of entities accounted for using equity method 208 (2,964) Decrease (increase) in accounts receivable - trade (22,799)	Interest income	(3)	(3)
Share of (profit) loss of entities accounted for using equity method 208 (2,964) Decrease (increase) in accounts receivable - trade (22,799) - Decrease (increase) in accounts receivable - trade and contract assets - (57,182) Decrease (increase) in operating investments in capital (553,740) 7,624 Decrease (increase) in inventories (3,589,176) 403,151 Increase (decrease) in accounts payable - trade (8,081) (54,734) Increase (decrease) in accounts payable - other and accrued expenses (154,553) (132,204) Other, net 72,042 145,908 Subtotal (3,809,575) 1,214,521 Interest income received 3 3 Dividend income received 149 203 Interest expenses paid (17,947) (45,231) Income taxes paid (273,474) (202,111) Net cash provided by (used in) operating activities (4,100,844) 967,366 Cash flows from investing activities (135,869) (205,555) Purchase of property, plant and equipment (4,838) (18,871) Purchase of	Dividend income	(149)	(203)
Decrease (increase) in accounts receivable - trade (22,799) - Decrease (increase) in accounts receivable - trade and contract assets - (57,182) Decrease (increase) in operating investments in capital (553,740) 7,624 Decrease (increase) in inventories (3,589,176) 403,151 Increase (decrease) in accounts payable - trade (8,081) (54,734) Increase (decrease) in accounts payable - other and accrued expenses (154,553) (132,204) Other, net 72,042 145,908 Subtotal (3,809,575) 1,214,521 Interest income received 3 3 Dividend income received 149 203 Interest expenses paid (17,947) (45,231) Income taxes paid (273,474) (202,111) Net cash provided by (used in) operating activities (4,100,844) 967,386 Cash flows from investing activities (4,838) (18,871) Purchase of property, plant and equipment (4,838) (18,871) Purchase of shares of affiliates - (58,500) Purchase of securities (107,500) </td <td>Interest expenses</td> <td>17,947</td> <td>45,231</td>	Interest expenses	17,947	45,231
Decrease (increase) in accounts receivable - trade and contract assets - (57,182) Decrease (increase) in operating investments in capital (553,740) 7,624 Decrease (increase) in inventories (3,589,176) 403,151 Increase (decrease) in accounts payable - trade (8,081) (54,734) Increase (decrease) in accounts payable - other and accrued expenses (154,553) (132,204) Other, net 72,042 145,908 Subtotal (3,809,575) 1,214,521 Interest income received 3 3 Dividend income received 149 203 Interest expenses paid (17,947) (45,231) Income taxes paid (273,474) (202,111) Net cash provided by (used in) operating activities (4,100,844) 967,386 Cash flows from investing activities (4,838) (18,871) Purchase of property, plant and equipment (4,838) (18,871) Purchase of shares of affiliates - (58,500) Purchase of securities (107,500) (30,000) Proceeds for the acquisition of shares of a subsidiary with a change in	Share of (profit) loss of entities accounted for using equity method	208	(2,964)
Decrease (increase) in operating investments in capital (553,740) 7,624 Decrease (increase) in inventories (3,589,176) 403,151 Increase (decrease) in accounts payable - trade (8,081) (54,734) Increase (decrease) in accounts payable - other and accrued expenses (154,553) (132,204) Other, net 72,042 145,908 Subtotal (3,809,575) 1,214,521 Interest income received 3 3 Dividend income received 149 203 Interest expenses paid (17,947) (45,231) Income taxes paid (273,474) (202,111) Net cash provided by (used in) operating activities (4,100,844) 967,386 Cash flows from investing activities (4,838) (18,871) Purchase of property, plant and equipment (4,838) (18,871) Purchase of shares of affiliates - (58,500) Purchase of shares of affiliates - (58,500) Purchase of securities (107,500) (30,000) Proceeds for the acquisition of shares of a subsidiary with a change in the scope of consolidation	Decrease (increase) in accounts receivable - trade	(22,799)	-
Decrease (increase) in inventories (3,589,176) 403,151 Increase (decrease) in accounts payable - trade (8,081) (54,734) Increase (decrease) in accounts payable - other and accrued expenses (154,553) (132,204) Other, net 72,042 145,908 Subtotal (3,809,575) 1,214,521 Interest income received 3 3 Dividend income received 149 203 Interest expenses paid (17,947) (45,231) Income taxes paid (273,474) (202,111) Net cash provided by (used in) operating activities (4,100,844) 967,386 Cash flows from investing activities (4,838) (18,871) Purchase of property, plant and equipment (4,838) (18,871) Purchase of shares of affiliates - (58,500) Purchase of shares of affiliates - (58,500) Purchase of securities (107,500) (30,000) Proceeds for the acquisition of shares of a subsidiary with a change in the scope of consolidation - 351,361 Expenditures for the acquisition of shares of a subsidiary with a change	Decrease (increase) in accounts receivable - trade and contract assets	-	(57,182)
Increase (decrease) in accounts payable - trade (8,081) (54,734) Increase (decrease) in accounts payable - other and accrued expenses (154,553) (132,204) Other, net 72,042 145,908 Subtotal (3,809,575) 1,214,521 Interest income received 3 3 Dividend income received 149 203 Interest expenses paid (17,947) (45,231) Income taxes paid (273,474) (202,111) Net cash provided by (used in) operating activities (4,100,844) 967,386 Cash flows from investing activities Purchase of property, plant and equipment (4,838) (18,871) Purchase of shares of affiliates - (58,500) Purchase of securities (107,500) (30,000) Proceeds for the acquisition of shares of a subsidiary with a change in the scope of consolidation Expenditures for the acquisition of shares of a subsidiary with a change in the scope of consolidation Expenditures for the acquisition of shares of a subsidiary with a change in the scope of consolidation Cother, net (21,914) (174,503)	Decrease (increase) in operating investments in capital	(553,740)	7,624
Increase (decrease) in accounts payable - other and accrued expenses (154,553) (132,204) Other, net 72,042 145,908 Subtotal (3,809,575) 1,214,521 Interest income received 3 3 Dividend income received 149 203 Interest expenses paid (17,947) (45,231) Income taxes paid (273,474) (202,111) Net cash provided by (used in) operating activities (4,100,844) 967,386 Cash flows from investing activities (4,838) (18,871) Purchase of property, plant and equipment (4,838) (18,871) Purchase of shares of affiliates - (58,500) Purchase of securities (107,500) (30,000) Proceeds for the acquisition of shares of a subsidiary with a change in the scope of consolidation - 351,361 Expenditures for the acquisition of shares of a subsidiary with a change in the scope of consolidation - (130,545) - Other, net (21,914) (174,503)	Decrease (increase) in inventories	(3,589,176)	403,151
Other, net 72,042 145,908 Subtotal (3,809,575) 1,214,521 Interest income received 3 3 Dividend income received 149 203 Interest expenses paid (17,947) (45,231) Income taxes paid (273,474) (202,111) Net cash provided by (used in) operating activities (4,100,844) 967,386 Cash flows from investing activities (4,838) (18,871) Purchase of property, plant and equipment (4,838) (205,555) Purchase of shares of affiliates - (58,500) Purchase of securities (107,500) (30,000) Proceeds for the acquisition of shares of a subsidiary with a change in the scope of consolidation - 351,361 Expenditures for the acquisition of shares of a subsidiary with a change in the scope of consolidation (130,545) - Other, net (21,914) (174,503)	Increase (decrease) in accounts payable - trade	(8,081)	(54,734)
Subtotal (3,809,575) 1,214,521 Interest income received 3 3 Dividend income received 149 203 Interest expenses paid (17,947) (45,231) Income taxes paid (273,474) (202,111) Net cash provided by (used in) operating activities (4,100,844) 967,386 Cash flows from investing activities (4,838) (18,871) Purchase of property, plant and equipment (4,838) (205,555) Purchase of shares of affiliates - (58,500) Purchase of securities (107,500) (30,000) Proceeds for the acquisition of shares of a subsidiary with a change in the scope of consolidation - 351,361 Expenditures for the acquisition of shares of a subsidiary with a change in the scope of consolidation (130,545) - Other, net (21,914) (174,503)	Increase (decrease) in accounts payable - other and accrued expenses	(154,553)	(132,204)
Interest income received 3 3 3 Dividend income received 149 203 Interest expenses paid (17,947) (45,231) Income taxes paid (273,474) (202,111) Net cash provided by (used in) operating activities (4,100,844) 967,386 Cash flows from investing activities Purchase of property, plant and equipment (4,838) (18,871) Purchase of intangible assets (135,869) (205,555) Purchase of shares of affiliates - (58,500) Purchase of securities (107,500) (30,000) Proceeds for the acquisition of shares of a subsidiary with a change in the scope of consolidation Expenditures for the acquisition of shares of a subsidiary with a change in the scope of consolidation Cother, net (21,914) (174,503)	Other, net	72,042	145,908
Dividend income received 149 203 Interest expenses paid (17,947) (45,231) Income taxes paid (273,474) (202,111) Net cash provided by (used in) operating activities (4,100,844) 967,386 Cash flows from investing activities Purchase of property, plant and equipment (4,838) (18,871) Purchase of intangible assets (135,869) (205,555) Purchase of shares of affiliates - (58,500) Purchase of securities (107,500) (30,000) Proceeds for the acquisition of shares of a subsidiary with a change in the scope of consolidation Expenditures for the acquisition of shares of a subsidiary with a change in the scope of consolidation Other, net (21,914) (174,503)	Subtotal	(3,809,575)	1,214,521
Interest expenses paid (17,947) (45,231) Income taxes paid (273,474) (202,111) Net cash provided by (used in) operating activities (4,100,844) 967,386 Cash flows from investing activities Purchase of property, plant and equipment (4,838) (18,871) Purchase of intangible assets (135,869) (205,555) Purchase of shares of affiliates - (58,500) Purchase of securities (107,500) (30,000) Proceeds for the acquisition of shares of a subsidiary with a change in the scope of consolidation Expenditures for the acquisition of shares of a subsidiary with a change in the scope of consolidation Other, net (21,914) (174,503)	Interest income received	3	3
Income taxes paid (273,474) (202,111) Net cash provided by (used in) operating activities (4,100,844) 967,386 Cash flows from investing activities Purchase of property, plant and equipment (4,838) (18,871) Purchase of intangible assets (135,869) (205,555) Purchase of shares of affiliates - (58,500) Purchase of securities (107,500) (30,000) Proceeds for the acquisition of shares of a subsidiary with a change in the scope of consolidation Expenditures for the acquisition of shares of a subsidiary with a change in the scope of consolidation Other, net (21,914) (174,503)	Dividend income received	149	203
Net cash provided by (used in) operating activities Cash flows from investing activities Purchase of property, plant and equipment Purchase of intangible assets Purchase of shares of affiliates Purchase of securities Purchase of securities (135,869) Purchase of securities (107,500) Proceeds for the acquisition of shares of a subsidiary with a change in the scope of consolidation Expenditures for the acquisition of shares of a subsidiary with a change in the scope of consolidation Other, net (130,545) (174,503)	Interest expenses paid	(17,947)	(45,231)
Cash flows from investing activities Purchase of property, plant and equipment (4,838) (18,871) Purchase of intangible assets (135,869) (205,555) Purchase of shares of affiliates - (58,500) Purchase of securities (107,500) (30,000) Proceeds for the acquisition of shares of a subsidiary with a change in the scope of consolidation Expenditures for the acquisition of shares of a subsidiary with a change in the scope of consolidation Other, net (21,914) (174,503)	Income taxes paid	(273,474)	(202,111)
Purchase of property, plant and equipment (4,838) (18,871) Purchase of intangible assets (135,869) (205,555) Purchase of shares of affiliates - (58,500) Purchase of securities (107,500) (30,000) Proceeds for the acquisition of shares of a subsidiary with a change in the scope of consolidation Expenditures for the acquisition of shares of a subsidiary with a change in the scope of consolidation Other, net (21,914) (174,503)	Net cash provided by (used in) operating activities	(4,100,844)	967,386
Purchase of intangible assets Purchase of shares of affiliates Purchase of securities Purchase of securities Proceeds for the acquisition of shares of a subsidiary with a change in the scope of consolidation Expenditures for the acquisition of shares of a subsidiary with a change in the scope of consolidation Consolidation Other, net (135,869) (107,500) (30,000)	Cash flows from investing activities		
Purchase of shares of affiliates - (58,500) Purchase of securities (107,500) (30,000) Proceeds for the acquisition of shares of a subsidiary with a change in the scope of consolidation Expenditures for the acquisition of shares of a subsidiary with a change in the scope of consolidation Other, net (21,914) (174,503)	Purchase of property, plant and equipment	(4,838)	(18,871)
Purchase of securities (107,500) (30,000) Proceeds for the acquisition of shares of a subsidiary with a change in the scope of consolidation Expenditures for the acquisition of shares of a subsidiary with a change in the scope of consolidation Other, net (130,545) (174,503)	Purchase of intangible assets	(135,869)	(205,555)
Proceeds for the acquisition of shares of a subsidiary with a change in the scope of consolidation Expenditures for the acquisition of shares of a subsidiary with a change in the scope of consolidation Other, net (130,545) - (174,503)	Purchase of shares of affiliates	· · · · · -	(58,500)
Proceeds for the acquisition of shares of a subsidiary with a change in the scope of consolidation Expenditures for the acquisition of shares of a subsidiary with a change in the scope of consolidation Other, net (130,545) - (174,503)	Purchase of securities	(107,500)	(30,000)
in the scope of consolidation (130,545) Other, net (21,914) (174,503)	· · · · · · · · · · · · · · · · · · ·	-	351,361
Other, net (21,914) (174,503)	Expenditures for the acquisition of shares of a subsidiary with a change	(130,545)	-
		(21,914)	(174,503)
	Net cash provided by (used in) investing activities	(400,667)	(136,070)

	For the six months ended	For the six months ended
	September 30, 2021	September 30, 2022
Cash flows from financing activities		
Increase in short-term borrowings	(232,000)	(411,411)
Proceeds from long-term borrowings	4,051,000	1,518,344
Repayment of long-term borrowings	(489,489)	(1,940,807)
Proceeds from issuance of shares	73,026	66,720
Other, net	(599)	(1,532)
Net cash provided by (used in) financing activities	3,401,937	(768,686)
Net increase (decrease) in cash and cash equivalents	(1,099,574)	62,630
Cash and cash equivalents at the beginning of the year	2,637,195	2,999,148
Cash and cash equivalents at the end of the year	1,537,621	3,061,778

(3) Notes to Quarterly Consolidated Financial Statements (Note to going concern assumptions)

Not applicable.

(Notes on significant fluctuations in the amount of shareholders' equity) Not applicable.

(Change in accounting policy)

Application of the "Guidance on Accounting Standard for Measurement of Fair Value" (ASBJ Guidance No. 31, September 17, 2021. Hereafter "Guidance of Accounting Standard for Measurement of Fair Value") has been applied since the beginning of FYE March 2023, and the new accounting policy prescribed by the "Guidance of Accounting Standard for Measurement of Fair Value" is applied prospectively in accordance with the transitional treatment prescribed in paragraph 27-2 of the "Guidance of Accounting Standard for Measurement of Fair Value".

This change has no impact on the quarterly consolidated financial statements.

(Segment information, etc.)

[Segment information]

- I. For the six months ended September 30, 2021
 - 1. Information on net sales and profit or loss amounts by reportable segment

(Unit: Thousand yen)

	ſ	Reportable segmen	t	,	Amount on
	Al Cloud & Consulting	Real Estate Tech	Total	Adjustment (Note 1)	consolidated statement of income (Note 2)
Net sales					
Sales to third parties	635,655	2,773,027	3,408,682	-	3,408,682
Inter-segment sales and transfers	177,573	-	177,573	(177,573)	-
Total	813,229	2,773,027	3,586,256	(177,573)	3,408,682
Segment profit	344,094	27,154	371,248	(47,578)	323,670

- (Notes) 1. The adjustment to segment profit of (47,578) thousand yen represents the elimination of intersegment transactions.
 - 2. The segment profit or loss has been adjusted to the operating profit stated in the quarterly consolidated income statement.
- II. For the six months ended September 30, 2022
 - 1. Information on net sales and profit or loss amounts by reportable segment

(Unit: Thousand yen)

	Reportable segment				Amount on
	Al Cloud & Consulting	Real Estate Tech	Adjustment Total (Note 1)		consolidated statement of income (Note 2)
Net sales					
Sales to third parties	1,075,390	5,441,949	6,517,340	-	6,517,340
Inter-segment sales and transfers	319,502	21,848	341,351	(341,351)	-
Total	1,394,893	5,463,798	6,858,691	(341,351)	6,517,340
Segment profit	557,630	279,215	836,845	(75,657)	761,188

- (Notes) 1. The adjustment to segment profit of (75,657) thousand yen represents the elimination of intersegment transactions.
 - 2. The segment profit or loss has been adjusted to the operating profit stated in the quarterly consolidated income statement.
- 2. Significant fluctuations in the amount of goodwill

In the "Al Cloud & Consulting", due to the additional acquisition of shares of gig sales Co.,Ltd. and included in the scope of the consolidation, the amount of goodwill has increased by 614,615 thousand yen. The amount of goodwill is tentatively calculated since the allocation of the acquisition cost has not been completed as of September 30, 2022.