Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

May 12, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

Company name: RAKUS Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 3923
URL: https://www.rakus.co.jp/en/
Representative: Takanori Nakamura, Representative Director and President
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Scheduled date of annual general meeting of shareholders: June 23, 2023
Scheduled date to commence dividend payments: June 26, 2023
Scheduled date to file annual securities report: June 26, 2023
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	27,399	32.8	1,656	4.9	1,677	5.1	1,274	18.2
March 31, 2022	20,629	34.1	1,578	(59.5)	1,595	(58.9)	1,078	(63.3)

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥1,275 million [16.8%]
For the fiscal year ended March 31, 2022: ¥1,092 million [(62.8)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	7.03	–	14.0	13.0	6.0
March 31, 2022	5.95	–	13.1	13.8	7.7

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2023: ¥- million
For the fiscal year ended March 31, 2022: ¥- million

Note: Diluted earnings per share are not stated because there are no dilutive shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	14,073	9,548	67.8	52.69
March 31, 2022	11,700	8,617	73.6	47.55

Reference: Equity
As of March 31, 2023: ¥9,548 million
As of March 31, 2022: ¥8,617 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	2,170	(699)	(348)	5,990
March 31, 2022	(11)	(877)	(295)	4,861

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter–end	Second quarter–end	Third quarter–end	Fiscal year–end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	–	0.00	–	1.90	1.90	344	31.9	4.2
Fiscal year ended March 31, 2023	–	0.00	–	1.95	1.95	353	27.7	3.9
Fiscal year ending March 31, 2024 (Forecast)	–	0.00	–	2.00	2.00		–	

3. Consolidated earnings forecasts for the year ending March 31, 2024 (from April 1, 2023 to September 30, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023 (cumulative)	16,808	32.0	989	45.9	1,000	43.4	627	48.2	3.46

Note: For the consolidated earnings forecast for the fiscal year ending March 31, 2024, only the earnings forecast for the six months ending September 30, 2023 has been disclosed because calculation of a reasonable earnings forecast for the full year is difficult at the present time. For details, please refer to “1. Overview of operating results, etc. (4) Future outlook” on page 4 of the attachment.

*** Notes**

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

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	181,216,000 shares
As of March 31, 2022	181,216,000 shares

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

As of March 31, 2023	1,610 shares
As of March 31, 2022	1,494 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	181,214,410 shares
Fiscal year ended March 31, 2022	181,214,507 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	21,299	34.9	1,091	(0.5)	1,081	(2.0)	780	(1.0)
March 31, 2022	15,793	38.2	1,096	(67.4)	1,104	(67.0)	787	(70.1)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2023	4.31	–
March 31, 2022	4.35	–

Note: Diluted earnings per share are not stated because there are no dilutive shares.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	11,350	7,900	69.6	43.60
March 31, 2022	9,726	7,470	76.8	41.23

Reference: Equity
As of March 31, 2023: ¥7,900 million
As of March 31, 2022: ¥7,470 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Note concerning forward-looking statements)

Forward-looking statements such as earnings forecasts contained in this document are based on information currently available to the Company and certain assumptions deemed to be reasonable by the Company and are not intended to be a promise by the Company to achieve them. Furthermore, actual performance, etc. may vary significantly due to a variety of factors. Please refer to “1. Overview of operating results, etc. (4) Future outlook” on page 4 of the attachment for the conditions assumed in earnings forecasts and notes on use of earnings forecasts.

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1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year under review

In the telecommunications service market in which the Company operates, there has been a growing interest in improving business efficiency due to changes in work styles and labor shortages. As a result, the digitization of corporate operations has been progressing, and companies have continued to make active IT investments.

In such a business environment, we work on the medium-term management targets of net sales CAGR of 26% to 30% for the five years from the fiscal year ended in March 2022 to the fiscal year ending in March 2026, profit attributable to owners of parent of ¥10 billion or more and net assets of ¥20 billion or more in the fiscal year ending in March 2026. We will focus mainly on achieving the upper limit of the sales target of 30% CAGR, and plan to strengthen our growth investment by formulating strategies and budgets every half year for the first four years, while promptly responding to external changes and verifying the effectiveness of our measures.

In the second year of our medium-term management targets, the fiscal year ended in March 2023, the cloud business will continue to invest aggressively in advertising and promotion for our core services, while also strengthening our organizational structure to ensure further business growth. For the IT outsourcing business, we have focused on increasing recruitment efforts, as well as increasing number of working engineers and seeking out new clients against a backdrop of strong customer needs.

We have recorded special profits from the company split of our rental server business of our subsidiary, as well as special losses from impairment of affiliated company stocks.

As a result, during the fiscal year under review, net sales were ¥27,399 million (up 32.8% year on year), operating profit was ¥1,656 million (up 4.9% year on year), ordinary profit was ¥1,677 million (up 5.1% year on year) and profit attributable to owners of parent was ¥1,274 million (up 18.2% year on year).

Operating results by segment were as follows.

a. Cloud business

In the cloud business, we have actively promoted advertising such as TV commercials for our core services, Raku Raku Seisan and Raku Raku Meisai, and worked to increase the number of new users.

As a result, net sales were ¥22,276 million (up 33.3% year on year) and segment profit was ¥1,215 million (down 0.9% year on year).

b. IT outsourcing business

In the IT outsourcing business, we have responded to strong customer needs by actively recruiting and strengthening our training in new technological fields and working to increase the number of working engineers.

As a result, net sales were ¥5,122 million (up 30.9% year on year) and segment profit was ¥440 million (up 25.4% year on year)

(2) Overview of financial position for the fiscal year under review

Assets, liabilities and net assets

(Assets)

Current assets during the fiscal year under review were ¥10,479 million, an increase of ¥2,059 million from the previous fiscal year. The main factors were increases of ¥1,128 million in cash and deposits and ¥981 million in accounts receivable - trade. Non-current assets were ¥3,594 million, an increase of ¥313 million from the previous fiscal year. The main factors were decreases of ¥163 million in goodwill and ¥61 million in customer-related assets and increases of ¥245 million in deferred tax assets, ¥164 million in guarantee deposits, and ¥125 million in tools, furniture and fixtures.

As a result, total assets were ¥14,073 million, an increase of ¥2,372 million from the previous fiscal year.

(Liabilities)

Current liabilities during the fiscal year under review were ¥4,347 million, an increase of ¥1,369 million from the previous fiscal year. The main factors were increases of ¥432 million in income taxes payable, ¥365 million in accrued expenses, ¥344 million in accrued consumption taxes, ¥157 million in accounts payable – other and ¥36 million in contract liabilities. Non-current liabilities were ¥178 million, an increase of ¥72 million from the previous fiscal year. This was mainly due to increases of ¥52 guarantee deposits received and ¥23 million in long-term accrued expenses.

As a result, total liabilities were ¥4,525 million, an increase of ¥1,442 million from the previous fiscal year.

(Net assets)

Total net assets during the fiscal year under review were ¥9,548 million, an increase of ¥930 million from the previous fiscal year. This was mainly due to retained earnings decreasing by a decrease of ¥344 million as a result of dividends of surplus, and an increase of ¥1,274 million as a result of recording profit attributable to owners of parent.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents increased by ¥1,128 million year on year to ¥5,990 million in the fiscal year under review. Cash flows and the respective factors contributing thereto during the fiscal year under review were as follows.

(Cash flows from operating activities)

Cash flows from operating activities increased by ¥2,181 million year on year, resulting in ¥2,170 million in net cash used. Increases were mainly attributable to ¥1,839 million in profit before income taxes, ¥422 million in depreciation, ¥388 million in accrued expenses, ¥341 million in accrued consumption taxes and ¥222 in accounts payable-other, and decreases were mainly attributable to ¥902 million in trade receivables and ¥429 million in income taxes paid.

(Cash flows from investing activities)

Cash outflows from investing activities decreased by ¥178 million year on year, resulting in ¥699 million in net cash used. Increases were mainly attributable to ¥161 million in gain on sale of businesses and decreases were mainly attributable to ¥625 million in purchase of property, plant and equipment, ¥312 million in payments of guarantee deposits.

(Cash flows from financing activities)

Cash outflows from financing activities increased by ¥53 million year on year, resulting in ¥348 million in net cash used. This was mainly attributable to ¥344 million in dividends paid.

(4) Future outlook

We had set the medium-term management targets of net sales CAGR of 26% to 30% for the five years from the fiscal year ended in March 2022 to the fiscal year ending in March 2026, profit attributable to owners of parent of ¥10 billion or more and net assets of ¥20 billion or more in the fiscal year ending in March 2026. However, considering the recent situation, we will raise the lower limit for net sales CAGR to 27%.

We will continue to focus on achieving our upper limit sales target of 30% CAGR and formulate strategies and budgets every half year to respond promptly to external circumstances and evaluate the effectiveness of our policies. As we approach the final year, we will work towards achieving our profit targets by improving organizational productivity and investment efficiency, while continuing to invest in achieving our sales target. We will strive to achieve steady profit growth every fiscal year down the road.

In the first half of the fiscal year ending in March 2024, we will continue to make aggressive investments to achieve high growth by capturing the ongoing demand for IT investment and digitalization. At the same time, we will work on strengthening the organization structure to achieve sustainable business growth by improving productivity and the effectiveness of our deployment strategies.

We plan net sales of ¥16,808 million (up 32.0% year on year), operating profit of ¥989 million (up 45.9% year on year), ordinary profit of ¥1,000 million (up 43.4% year on year) and profit attributable to owners of parent of ¥627 million (up 48.2% year on year).

(5) Basic policy on dividends of surplus and dividends for the fiscal year under review and the next fiscal year

We recognize that providing returns to shareholders is the most important issue for management and have established a basic policy of paying continuous and stable dividends while maintaining internal reserves required for conducting business and strengthening the management base in order to achieve profitable growth.

We will implement dividends of surplus aiming to provide a consolidated dividend payout ratio exceeding 10% based on appropriate distribution of profit according to the expansion of performance and set the lower limit of annual dividends per share at the previous year's level in principle to continually increase dividends with consideration for continuity and stability of dividends.

Based on the above policy, dividends for the fiscal year under review are planned to be a year-end dividend of ¥1.95 per share assuming a resolution is passed in the ordinary general meeting of shareholders to be held in June 2023.

Based on the current business environment, we plan to pay a year-end dividend of ¥2.00 per share for the next fiscal year due to operating a business with high stability and profitability.

2. Basic policy regarding selection of accounting standards

The Group applies Japanese accounting standards to ensure comparability with peer companies within Japan.

3. Consolidated financial statements and notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	4,861	5,990
Accounts receivable - trade	3,104	4,086
Income taxes refund receivable	131	–
Other	333	415
Allowance for doubtful accounts	(11)	(13)
Total current assets	8,419	10,479
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	175	255
Tools, furniture and fixtures, net	710	836
Total property, plant and equipment	886	1,091
Intangible assets		
Goodwill	627	464
Customer relationship	61	–
Software	34	30
Total intangible assets	723	494
Investments and other assets		
Investment securities	0	–
Shares of subsidiaries and associates	52	–
Long-term loans receivable from subsidiaries and associates	36	32
Guarantee deposits	888	1,053
Deferred tax assets	685	930
Other	12	17
Allowance for doubtful accounts	(4)	(25)
Total investments and other assets	1,671	2,008
Total non-current assets	3,281	3,594
Total assets	11,700	14,073

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1	3
Current portion of long-term borrowings	4	4
Accounts payable - other	1,285	1,443
Accrued expenses	754	1,119
Income taxes payable	116	548
Accrued consumption taxes	198	543
Contract liabilities	549	585
Other	67	98
Total current liabilities	2,977	4,347
Non-current liabilities		
Long-term borrowings	36	32
Long-term accrued expenses	69	92
Guarantee deposits received	–	52
Total non-current liabilities	106	178
Total liabilities	3,083	4,525
Net assets		
Shareholders' equity		
Share capital	378	378
Capital surplus	308	308
Retained earnings	7,918	8,848
Treasury shares	(0)	(0)
Total shareholders' equity	8,604	9,534
Accumulated other comprehensive income		
Deferred gains or losses on hedges	2	(3)
Foreign currency translation adjustment	10	17
Total accumulated other comprehensive income	13	13
Total net assets	8,617	9,548
Total liabilities and net assets	11,700	14,073

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

(Consolidated statements of income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	20,629	27,399
Cost of sales	6,598	8,621
Gross profit	14,030	18,777
Selling, general and administrative expenses	12,452	17,121
Operating profit	1,578	1,656
Non-operating income		
Interest income	0	0
Foreign exchange gains	1	24
Compensation income	0	0
Subsidy income	11	8
Insurance claim income	2	–
Other	1	3
Total non-operating income	17	37
Non-operating expenses		
Interest expenses	0	0
Provision of allowance for doubtful accounts for subsidiaries and associates	–	16
Other	0	0
Total non-operating expenses	0	16
Ordinary profit	1,595	1,677
Extraordinary income		
Gain on sale of investment securities	–	10
Gain on sale of businesses	–	200
Settlement income	–	5
Total extraordinary income	–	215
Extraordinary losses		
Loss on retirement of non-current assets	4	0
Loss on valuation of shares of subsidiaries and associates	47	52
Total extraordinary losses	52	52
Profit before income taxes	1,543	1,839
Income taxes - current	621	808
Income taxes - deferred	(156)	(242)
Total income taxes	465	565
Profit	1,078	1,274
Profit attributable to owners of parent	1,078	1,274

(Consolidated statements of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,078	1,274
Other comprehensive income		
Deferred gains or losses on hedges	1	(5)
Foreign currency translation adjustment	11	6
Total other comprehensive income	13	0
Comprehensive income	1,092	1,275
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,092	1,275

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	378	308	7,157	(0)	7,842
Changes during period					
Dividends of surplus			(317)		(317)
Profit attributable to owners of parent			1,078		1,078
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	761	(0)	761
Balance at end of period	378	308	7,918	(0)	8,604

	Accumulated other comprehensive income			Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	0	(1)	(0)	7,842
Changes during period				
Dividends of surplus				(317)
Profit attributable to owners of parent				1,078
Purchase of treasury shares				(0)
Net changes in items other than shareholders' equity	1	11	13	13
Total changes during period	1	11	13	775
Balance at end of period	2	10	13	8,617

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	378	308	7,918	(0)	8,604
Changes during period					
Dividends of surplus			(344)		(344)
Profit attributable to owners of parent			1,274		1,274
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	930	(0)	930
Balance at end of period	378	308	8,848	(0)	9,534

	Accumulated other comprehensive income			Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	2	10	13	8,617
Changes during period				
Dividends of surplus				(344)
Profit attributable to owners of parent				1,274
Purchase of treasury shares				(0)
Net changes in items other than shareholders' equity	(5)	6	0	0
Total changes during period	(5)	6	0	930
Balance at end of period	(3)	17	13	9,548

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,543	1,839
Depreciation	399	422
Amortization of goodwill	163	163
Increase (decrease) in allowance for doubtful accounts	(4)	22
Interest income	(0)	(0)
Interest expenses	0	0
Foreign exchange losses (gains)	(0)	(0)
Loss (gain) on sale of investment securities	–	(10)
Loss (gain) on sale of businesses	–	(200)
Settlement income	–	(5)
Loss on valuation of shares of subsidiaries and associates	47	52
Loss on retirement of non-current assets	4	0
Decrease (increase) in trade receivables	(680)	(902)
Decrease (increase) in inventories	0	–
Increase (decrease) in trade payables	0	2
Increase (decrease) in accounts payable - other	501	222
Increase (decrease) in accrued expenses	282	388
Increase (decrease) in accrued consumption taxes	(445)	341
Increase (decrease) in guarantee deposits received	–	52
Other, net	(54)	71
Subtotal	1,758	2,461
Interest and dividends received	0	0
Interest paid	(0)	(0)
Settlement income	–	5
Income taxes paid	(1,770)	(429)
Income taxes refund	–	132
Net cash provided by (used in) operating activities	(11)	2,170
Cash flows from investing activities		
Purchase of property, plant and equipment	(413)	(625)
Purchase of intangible assets	(12)	(9)
Proceeds from sale of investment securities	–	11
Payments of guarantee deposits	(315)	(312)
Proceeds from refund of guarantee deposits	5	71
Loan advances	(41)	–
Proceeds from collection of loans receivable	0	4
Purchase of shares of subsidiaries and associates	(100)	–
Proceeds from sale of businesses	–	161
Net cash provided by (used in) investing activities	(877)	(699)
Cash flows from financing activities		
Proceeds from long-term borrowings	41	–
Repayments of long-term borrowings	(0)	(4)
Market change expenses	(19)	–
Purchase of treasury shares	(0)	(0)
Dividends paid	(317)	(344)
Net cash provided by (used in) financing activities	(295)	(348)
Effect of exchange rate change on cash and cash equivalents	10	6
Net increase (decrease) in cash and cash equivalents	(1,173)	1,128
Cash and cash equivalents at beginning of period	6,035	4,861
Cash and cash equivalents at end of period	4,861	5,990

(5) Notes to consolidated financial statements

(Notes regarding assumption of going concern)

Not applicable.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

   The Group's reportable segments are based on financial information separate by component of the Group, and subject to periodic reviews by the Board of Directors to determine the allocation of management resources and assessment of performance.

   The Group conducts business activities in two businesses: the cloud business and the IT outsourcing business. Therefore, the Group uses the "cloud business" and the "IT outsourcing business" as its two reportable segments.

   The "cloud business" segment includes cloud products such as Raku Raku Seisan, Raku Raku Meisai, Raku Raku Hambai, Mail Dealer and Hai Hai Mail.

   The "IT outsourcing business" is a business centered on dispatching IT engineers. The business provides advance technical capabilities by specializing in the areas of web system development, infrastructure/networking, machine learning and quality assurance.

2. Methods of calculation of the amounts of net sales, profit or loss, assets, liabilities and other items by reportable segment

   The methods of accounting for the reported business segments use methods in accordance with accounting policies used for preparation of the consolidated financial statements, and the profit of reportable segments is based on operating profit. Intersegmental net sales and transfers are based on third-party trading prices. The Group does not allocate assets to business segments, but the depreciation of such assets is allocated to business segments according to reasonable standards based on the state of use thereof.

3. Information on the amounts of net sales, profit or loss, assets, liabilities and other items by reportable segment

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment			Adjustment	Amount on consolidated statements of income
	Cloud business	IT outsourcing business	Total		
Net sales					
Net sales to external customers	16,716	3,912	20,629	–	20,629
Intersegmental net sales and transfers	0	64	64	(64)	–
Total	16,716	3,976	20,693	(64)	20,629
Segment profit	1,227	351	1,578	(0)	1,578
Other items					
Depreciation	366	31	398	0	399
Amortization of goodwill	163	–	163	–	163

Note: Adjustments are as follows:

(1) The adjustment of ¥ (0) million for segment profit is operating expenses unable to be allocated, which is not attributable to the reportable segments.

(2) The adjustment of ¥0 million for depreciation is depreciation not attributable to the reportable segments.

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment			Adjustment	Amount on consolidated statements of income
	Cloud business	IT outsourcing business	Total		
Net sales					
Net sales to external customers	22,276	5,122	27,399	–	27,399
Intersegmental net sales and transfers	0	29	29	(29)	–
Total	22,276	5,152	27,429	(29)	27,399
Segment profit	1,215	440	1,656	0	1,656
Other items					
Depreciation	384	37	421	0	422
Amortization of goodwill	163	–	163	–	163

Note: Adjustments are as follows:

(1) The adjustment of ¥0 million for segment profit is operating expenses unable to be allocated, which is not attributable to the reportable segments.

(2) The adjustment of ¥0 million for depreciation is depreciation not attributable to the reportable segments.

[Related information]

Fiscal year ended March 31, 2022

1. Information by product and service

   This information has been omitted because the same information is disclosed in segment information.

2. Regional information

   (1) Net sales

   This has been omitted because net sales to external customers in Japan account for more than 90% of net sales on the consolidated statements of income.

   (2) Property, plant and equipment

   This has been omitted because the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

   This has been omitted because there are no external customers whose net sales account for 10% or more of net sales on the consolidated statements of income.

Fiscal year ended March 31, 2023

1. Information by product and service

   This information has been omitted because the same information is disclosed in segment information.

2. Regional information

   (1) Net sales

   This has been omitted because net sales to external customers in Japan account for more than 90% of net sales on the consolidated statements of income.

   (2) Property, plant and equipment

   This has been omitted because the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

   This has been omitted because there are no external customers whose net sales account for 10% or more of net sales on the consolidated statements of income.

[Information on impairment losses on non-current assets by reportable segment]

Not applicable.

[Information on the amount of amortization of goodwill and the unamortized balance by reportable segment]

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment			Total
	Cloud business	IT outsourcing business	Total	
Amount of amortization during current period	163	–	163	163
Balance at end of period	627	–	627	627

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment			Total
	Cloud business	IT outsourcing business	Total	
Amount of amortization during current period	163	–	163	163
Balance at end of period	464	–	464	464

[Information on gain on bargain purchase by reportable segment]

Not applicable.

(Per share information)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Net assets per share	¥47.55	¥52.69
Basic earnings per share	¥5.95	¥7.03

Notes: 1. Diluted earnings per share are not stated because there are no dilutive shares.

2. The basis for calculation of basic earnings per share is as follows.

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Profit attributable to owners of parent (Millions of yen)	1,078	1,274
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent of common shares (Millions of yen)	1,078	1,274
Average number of shares of common shares during the period	181,214,507	181,214,410

(Significant subsequent events)

Not applicable.